



Fwusow Industry Co., Ltd.

2022 Annual Report

Notice to readers

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

Annual Report is available at: <http://mops.twse.com.tw>
<http://www.fwusow.com.tw>

Printed in May, 2023

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II. Headquarter, Branch Office & Plant Address & Phone Number

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Taichung Harbor Plant	No.98, Zi-Chiang Rd., Wuqi District, Taichung City, Taiwan	04-2639-3111
Lukang Biotech Fertilizer Plant	No. 7, Lukang Rd., Lukang Township, Changhua County, Taiwan	04-7810-159
Kaohsiung Plant	No. 60, Chenggong N. Rd., Qiaotou Dist., Kaohsiung City Taiwan	07-6113-311
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III. Stock Transfer Agent

Name: KGI Securities

Address: 5F, No.2, Sec. 1, Chongqing S. Rd., Zhongzheng Dist., Taipei City

Tel: 02-2389-2999

Website: <http://www.kgiworld.com.tw>

IV. Auditors

Firm: Solomon & Co., CPAs

Auditors: Song Yu Lu, Chien Mong Wu

Address: 32F., No.787, Zhongming S. Rd., South Dist., Taichung City

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Website: <http://www.slmcpas.com.tw>

V. Overseas Securities Exchange: None

VI. Corporate Website: <http://www.fwusow.com.tw>

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Appendix 1: Audited Consolidated Financial Statement with the Audit Report

Appendix 2: Audited Financial Statement with the Audit Report

I. Letter to Shareholders

Dear shareholders, ladies, gentlemen and all guests:

Welcome and thank you for taking your precious time in attending the 2022 Annual Shareholders' Meeting.

Since the outbreak of the COVID-19 pandemic, institutions both domestically and internationally were pessimistic on the overall view in the economic growth of major countries worldwide. With countries gradually lifting restrictions and living with Covid, the global economy has entered a "new norm". But it was hit by geopolitical pressure, including the Russia-Ukraine war, which disrupted the recovery of the global supply chain. Extreme weather events are also driving food and energy crises, exacerbating the impact on the overall economy and leading to sustained high global inflation. The World Economic Forum's "Global Risks Report 2023" has pointed out that the increase in the cost of living will be the most severe risk over the next two years, especially coupling with the inflationary pressures in energy and food prices, which have disproportionately hitting those that can least afford it.

For most companies in the food industry, 2022 was a year full of challenges with the soaring costs in raw material and shipping, and government efforts to maintain price stability. The industry was faced with product prices that could not timely reflect costs, which resulted in significant operational pressures and profit margin squeeze. Because our company emphasizes risk management, we adjust operational and procuring strategies accordingly to stabilize our supply chain, and improve our product quality; thus, we were able to stay ahead and maintain our competitiveness. Moreover, Charming Food, our subsidiary, was making progress inching with market share. Despite the difficulties, we achieved our annual business goals. In 2022, Fwusow Industry had a 15% growth compared with the previous year; the operating revenue was NT\$16,999,408,000; net income of NT\$321,930,000.

Moving forward, creating brand value and enhancing brand competitiveness will be our critical success factors in the post-pandemic era. First, we will continue to implement digital transformation, to renovate our Shalu Plant and Taichung Harbor Plant including upgrading hardware equipment, improving the working environment, and launching a new ERP system to integrate internal resources and optimize organizational structure, thus improving work efficiency. Second, in response to the diversified trends of the market, we have adjusted our business strategies and expanded into the B2C market, to meet the increasing consumer demand and enhance brand recognition. Third, with our mission to develop a green business, we

will continue to replace energy-saving equipment, adopt energy management systems, conduct greenhouse gas inventories, and expand the scope of application of the circular agriculture economy system.

Our sustainable efforts have shown some results, as we were awarded the "National Sustainable Development Award" by the Executive Yuan in 2022; the "2021 Agricultural Technology Enterprise Innovation Award" by the Council of Agriculture; and for four consecutive years, we have received the "TCSA Corporate Sustainability Report Award", including two consecutive years of gold awards. We were also selected as one of the "Top 100 Carbon Competitive Enterprises" by Business Today; and we received the "Corporate Sustainability Innovation Award" for the 2022 Food Innovation Awards by FoodNEXT. These recognitions affirm our ESG efforts, and we hope through continuous transformation and ESG performance enhancement to create stable returns for our shareholders and allow Fwusow Industry to continue growing and achieve sustainability in this era of fierce competition.

Again, we offer our sincerest gratitude for the trust and continuing support and invite you to stay with us as we move forward and commit to optimize your investment return.

Wish you all happiness and prosperity! Healthy food Healthy people!

Fwusow Industry Co., Ltd.
Chairman, Hung, Yau-Kuen

I. 2022 Business Report

1. Operating Performance

Unit: NT\$ thousands

	2022	2021	Percent Change (%)
Net sales	16,999,408	14,778,782	15.0
Operating Profit	309,946	302,712	2.4
Pre-tax income	376,123	353,737	6.3
Net income	321,930	322,817	(0.3)

2. Finance Income and Costs and Profitability Analysis

(1) Finance Income and Costs

A. 2022 interest income was NT\$3,853,000 which is from bank deposits.

B. 2022 interest expense was NT\$56,762,000 which is from bank borrowings & leases.

(2) Profitability Analysis

Item	2022	2021
Return on assets (%)	3.61	3.51
Return on owners' equity (%)	6.95	6.38
Ratio of profit before income tax to paid-in capital	11.68	10.99
Profit margin (%)	1.80	1.9
Earnings Per Share (NT\$)	1.00	1.00

3. Budget Implementation: In accordance with the Regulations Governing the Publication of Financial Forecast of Public Companies, the Company does not have to prepare financial forecasts to the public.

4. Research and Development

Participating in domestic and international exhibitions, conferences, and market surveys, allow us to understand the product market trend with new product ideas, and evaluate the potentials for the development of the new product. Through our research and development, new product evaluation, and manufacturing processes, we develop diversified products to meet the market needs which include the following:

(1) Manufacture various small packaging products of edible oil and grain food to fulfill the small family's needs and the single trend.

(2) Accelerate the development of microbial biotechnological strains and their applications; promote the wide array use of biological resources.

(3) Continue to expand on the circular agri-food economy system, to add value to these circular economy products, and increase the efficiency and operating value.

(4) To collect and analyze data with the assistance of AI and intelligent monitoring systems, to achieve an optimal environmental setting for breeding, and planting; thus, create advantageous benefits.

(5) Strengthen industry-university cooperation to develop pet health product series; and the use of probiotic powder for animals and plants to reduce the risk of contracting diseases.

II. 2022 Business Plan

1. Business Objectives

As we enter the post-epidemic era of Covid-19, countries around the world have once again opened their borders to a certain extent. Our country has also lifted some controls, and the economy is showing signs of reviving. However, the ongoing Russia-Ukraine war, the Federal Reserve's interest rate hike, inflation, US-China trade war, combined with the food crisis caused by extreme weather and property losses from the natural disasters, are all affecting the domestic and international political and economic environment.

We use our internal resources flexibly, expand the scope of the circular agri-food economy, and maximize the use of our resources. We closely monitor the international raw material market trends for diversified procurement; additionally, we increase the sourcing amount of locally grown grain to ensure stable raw material supply. Moreover, we renovate the old plants, replace energy-saving equipment, improve processes, quantify greenhouse gas emission inventory and adopt AI technology with digital transformation, and international food safety management systems to ensure product quality. By staying abreast of international politics and economics and consumer market trends, we actively expand our virtual and physical channels via integration, and brand marketing to deepen the consumers' brand recognition.

2. Operations Strategy:

(1) Continue with the implementation of smart operations and smart production, and adoption of various international food safety management systems to ensure precise production and consistent product quality.

(2) Continue to expand the scope of the circular agricultural economy, increase media promotion to raise consumer loyalty.

(3) Develop new products that meet the market demand; use diverse product strategies and channel marketing to increase sales.

(4) Respond to the United Nations Sustainable Development Goals (SDGs), and climate risks, we strategize corporate development with goals and to meet the net zero policy, we quantify the greenhouse gas inventory

regularly to ensure carbon reduction.

- (5) Disclose the company's ESG-related information to offer transparency, communicate directly with the stakeholders, and promote sustainable business operations.
- (6) Continue with the promotion of digital transformation, replace the company's enterprise resource planning system, ERP, and create a good working environment with efficient business operation.

3. Sales forecast and sales policy

In accordance with past performance and market demand changes, 2023 projected sales volume to be of 796,000 tons.

III. Development Strategy and Policy

1. Monitor the global grain commodity market, closely follow the geopolitics issues to ensure precision procurement to lower the cost of operations. Adjust the procurement strategies via supply chain diversification and increase the sourcing amount of locally grown grain to mitigate the procurement risks to ensure continuous production.
2. Continue with the digital transformation, to apply the analytical techniques in smart operations, smart manufacturing and smart farming to raise operational efficiency and productivity.
3. Implement sustainable procurement by increasing the amount of purchase of US SSAP certified soybean, RSPO palm oil, and FSC certified cardboards to integrate the supply chain and achieve carbon reduction.
4. Implement risk management analysis and identification. Incorporate emerging risk issues and formulate response strategies to reduce risk to ensure smooth operation.
5. B2C model is the leading market trend; adopt B2C product concepts to increase B2C market share.

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

In 2022, with the ongoing Russia-Ukraine war, the further spreading of the Covid-19 in Taiwan, US Federal Reserve rate hike, inflation, and the constant updates in food safety regulations, all factors lead us to adjust our operational strategies accordingly but with the effective procurement of grain commodity and the efforts from our teams, we were able to achieve our annual goals. As Taiwan's economy regained some ground, the changes in consumer purchase behavior post-pandemic motivated new product innovation, renovated old plants,

upgraded machinery, smart devices assisted in decision-making, and expanded the scope of circular agri-food economy; these efforts supported our sustainable growth.

We continue to comply with laws and regulations, food safety culture policy, food safety management system to ensure product quality and safety. At the same time, in responding to Taiwan 2050 Net Zero, we will continue to pursue effective measures in carbon reduction, energy conservation, greenhouse gas emissions, application of circular agri-food economy, and the extension of useful life of resources to increase the operational value. In 2022, we received numerous recognitions for our achievements in sustainable business development, carbon reduction, and digital transformation. We enhanced our corporate image and brand recognition through media, advertisements, and creative marketing strategies.

In a time of uncertainties, whether supply chain, market trends, geopolitical issues, or inflations, we adapt to the changes with flexible operating strategies. As Taiwan actively prepares to take steps toward achieving net zero carbon emissions by 2050, all organizations are faced with the upcoming compliance issues. We are committed to improve our operational capacities and business technology through digital transformation, machinery upgrades, and factory renovations to conserve energy and reduce carbon emissions. Additionally, we will strengthen our organizational knowledge-sharing culture to reinforce the importance of carbon reduction, and ESG implementation toward a sustainable business.

II. Company Profile

1. Date of Incorporation: February 7, 1955

2. Company History

1920

Hung brothers (Doe Hung, Jay Hung, Cheng Hung, Ben Hung, Boo Hung & Kuar Hung) established Chia Fa Oil Press Factory to produce peanut oil & sesame oil.

1931

Established the first peanut shelling factory in Taiwan.

1951

Chia Fa Oil Press Factory added a new expeller pressing machine, first step toward automatic oil press era.

1955

Reorganization occurred to become Chia Fa Oil Press Co., Ltd.

1958

First privately owned solvent extraction plant established and was designated as the US Aid soybean solvent extraction plant to produce soy flour and soybean oil.

1965

Company renamed as Chia Fa Industry Co., Ltd., and registered Fwusow as the trademark.

1971

Signed a technology cooperation contract with Kyodo Shiryō Co., Ltd. (for livestock feed).

1972

Affiliated entity, Chia Fa Chung Agricultural Chemical Co., Ltd, a feed processing plant, established in Qiaotou Village, Kaohsiung.

1978

Belief of 'what you take from society, you give back to society' led to the establishment of "Fwusow Society Welfare Foundation", active participation in charities and public welfare events.

1980

Established & expanded main feed plant (including livestock & poultry feed, micronized feed, grain steam cooking/ toasting, animal nutrients and by-product processing).

1982

Established Taichung Harbor cooking oil plant (at Taichung Harbor Guanlian Industrial Park).

- 1984
Technology cooperation with Toshoku Corporation & Kyodo Shiryō Co., Ltd (for pet food).
- 1985
Company renamed as Fwusow Industry Co., Ltd.
- 1986
Technology cooperation with Honen Seiyu Kabushiki (for cooking oil).
- 1988
Joint venture with Marutomo Japan to establish Marutomo Taiwan (to produce dried bonito flakes).
- 1989
Signed a technology cooperation contract with Kadoya Sesame Mills Incorporated (for cooking oil).
- 1990
Company stock listing approved by Securities & Exchange Commission.
Both oil refinery & food processing units at Taichung Harbor plant awarded GMP certifications.
- 1992
Investment made to establish Xiamen Fwusow Food Co., Ltd.
- 1994
Established Taipei Business Center.
- 1995
Invested in Central Union Oil Corp.
- 1996
Established Lukang plant – Biotech Fertilizer (at Changhua Coastal Industrial Park).
Shalu main feed plant & Taichung Harbor plant received ISO-9002 certification.
- 1998
Invested in Chia Ton Co., Ltd.
- 2000
Started the e-commerce for Pet Food to expand B2B and B2B2C customer base.
- 2001
Lukang plant (Biotech Fertilizer) awarded ISO 9001 certification, first company in Taiwan to be certified for organic fertilizer plant, obtained superior Level A qualification.
- 2003
Approved for the merger of Fwusow Industry Co., Ltd & Chia Fa Chung Agricultural Chemical Co., Ltd.

2004

Established Xiamen Fwusow Pet Care Co., Ltd.

2010

Awarded with Bronze in Taiwan Talent Quality-management System, TTQS, from Labor Committee.

The oil refinery production line at Taichung Harbor received Good Manufacturing Practice (GMP) Superior Certification.

2011

New pet food plant officially in operation and certified for ISO 22000:2005.

Active development of ecological farm in Nantou, providing & selling organic products.

2013

Taichung Harbor plant received ISO-22000 & HACCP for all products & lines of production.

Invested in Charming Food.

2014

Started the annual Taiwan-Japan Pet Management Workshop & the annual Cerear Table Tennis Tournament.

2015

Published first CSR report (2014 issue).

Taichung Harbor plant, one of the first food manufacturing companies, awarded TQF certification.

Established Fwusow Mart to provide fine products, and offer convenience to consumers.

2016

Completion of Charming Food plant - the one and only air-chilled slaughterhouse and broiler processing facility in Taiwan.

Completion of oil refining building at Taichung Harbor Plant.

Completion of R&D Center at Taichung Harbor Plant.

Sesame oil obtained carbon footprint certification.

Taichung Harbor plant obtained the FSSC 22000, ISO 22000, and HACCP certifications for all products and the production lines.

2017

Dried bonito flakes & peanut oil obtained carbon footprint certifications.

2018

Collaborated with ITRI & III to implement AI smart manufacturing & operational systems.

First food manufacturing company to be certified of the SGS 「BS 8001:2017」 with

optimizing business model.

Established Wugu Fine Cuisine Interactive Kitchen (at Taipei Business Center) & company museum at Taichung Harbor.

Automated packaging center in Taichung Harbor in operation.

15 products of Greens series of pet food obtained Carbon-Footprint labels.

2019

Received Asia Pacific Entrepreneurship Award (APEA), 1111 Happiness Corporate Award, and Taiwan Academy of Corporate Sustainability (TCSA) “2019 Taiwan Corporate Sustainability Awards” – Bronze.

Taichung Harbor plant obtained SGS SQF certification for all series of food products and all the production lines.

Shalu plant and Taichung Harbor plant obtained ISO 45001 certifications.

Recognition from Agriculture and Food Agency Council of Agriculture for “Excellent Enterprise in Promoting of Agricultural Products for 2019”.

Developed IIOT integration platform with the technical collaboration of ITRI and Fwusow APP with Institute for Information Industry, III.

Signed Industry-Academia Cooperation Project Agreement with Feng Chia University.

2020

Obtained Laboratory Accreditation from Taiwan Accreditation Foundation, TAF.

Obtained Accreditations for ISO 14064-1, Quantification and Reporting of Greenhouse Gas Emissions and Removals, and ISO 50001, Energy Management System, Accreditation, for both Shalu Plant and Taichung Harbor Plant.

Celebrated company’s 100th anniversary.

Received 13th annual Taiwan Corporate Sustainability Awards (TCSA) – Silver.

Received 17th annual Taiwan Golden Root Award.

Recognition from Agriculture and Food Agency Council of Agriculture for “Excellent Enterprise of Local Grown Rice and Grains - Paramount Achievement”.

Received 6th annual GOOD award for Cerear’s Health Passion Teriyaki flavored rice cracker.

Awarded “The Commendation of Excellent Exporters/Importers of 2019” from the Bureau of Foreign Trade (BOFT).

Completed the development of smart monitoring and disaster prevention system with ITRI.

2021

Applied and certified as RSPO member

Established Won Gee Sheng Agricultural Technology for animal husbandry and meat products sales

Awarded TSAA Taiwan Sustainable Activity Award – Bronze

Awarded 14th Annual TCSA Taiwan Corporate Sustainable Award – Gold

Awarded 4th Annual Taichung City Low Carbon Sustainable City Outstanding Contribution Award

Awarded 1111 Job Bank – Happy Enterprise Award – Gold

Obtained Task Force on Climate-Related Financial Disclosures (TCFD) Third Level Practitioner Certification

Awarded 2021 Outstanding Contribution Award in promoting Agricultural products

Awarded Procurement and Sales Recognition of Local Grown Dent Corn for the year of 2020

2022

Awarded 2022 "National Sustainable Development Award" by the Executive Yuan

Awarded 15th Annual TCSA Taiwan Sustainable Enterprise Report Award – Gold

2022 Food Innovation Award - Corporate Sustainability Innovation Award" by FoodNext Media

Awarded Top 100 Carbon Competitive Enterprises" by Business Weekly

Awarded 1111 Job Bank – Happy Enterprise Award – Gold

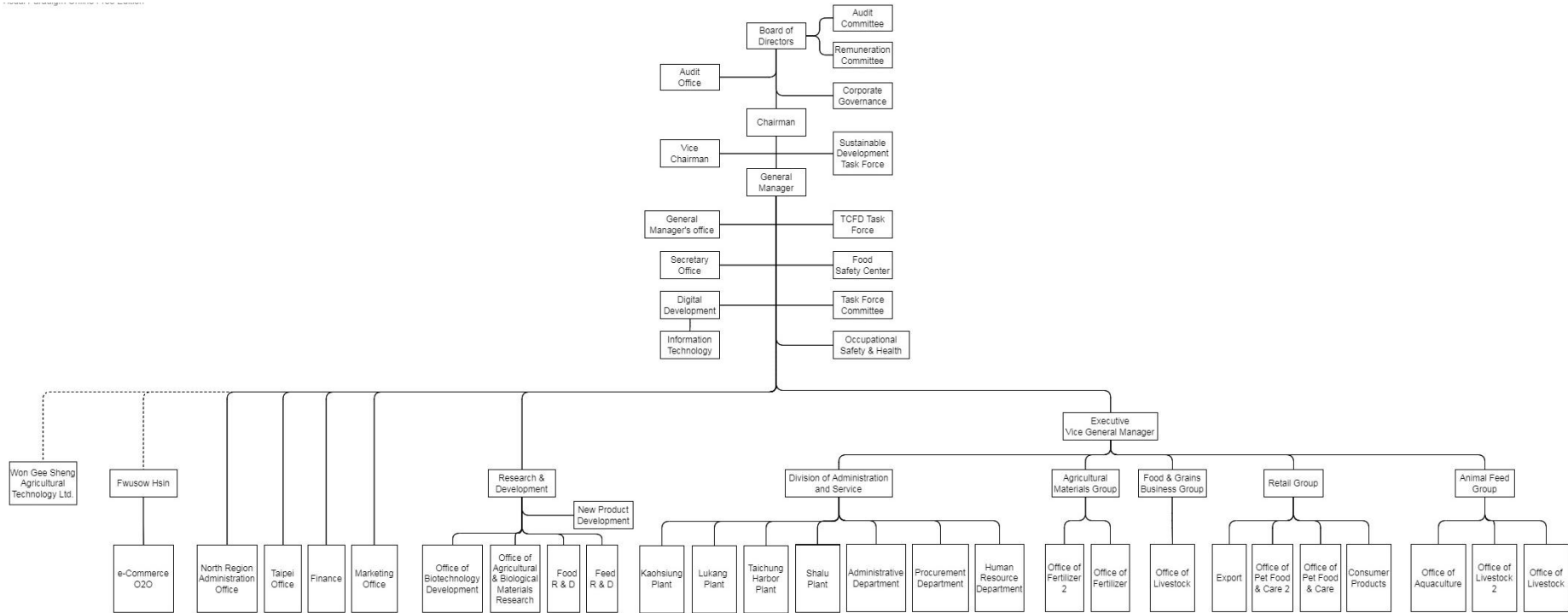
Strategic alliance with National Taipei University of Technology in establishing a Digital Research & Development Center

Awarded for Friendly Workplace for Middle-aged Group by Taichung City

III. Corporate Governance Report

3.1 Organization

3.1.1 Organizational Chart



3.1.2 Major Corporate Function

Department	Functions
Livestock & Poultry Business Department	<ol style="list-style-type: none"> 1. Responsible for product manufacturing and production capacity; efficient allocation of resources, meeting the sales forecast within the projected budgets; 2. Sales & manufacturing strategies for livestock, poultry & aquaculture feed
Consumer Products Business Group	<ol style="list-style-type: none"> 1. Responsible for product manufacturing and production capacity; efficient allocation of resources, meeting the sales forecast within the projected budgets; 2. Sales & manufacturing strategies for products for export and its related website maintenance
Food & Grains Business Group	<ol style="list-style-type: none"> 1. Responsible for product manufacturing and production capacity; efficient allocation of resources, meeting the sales forecast within the projected budgets; 2. Sales & manufacturing strategies for cooking oil, cereal grain products, & dried fish bonito flakes
Agricultural Materials Group	<ol style="list-style-type: none"> 1. Responsible for product manufacturing and production capacity; efficient allocation of resources, meeting the sales forecast within the projected budgets; 2. Sales & manufacturing strategies for organic fertilizer, garden soil & fertilizer, and bio-pesticides
Division of Administration and Service	<ol style="list-style-type: none"> 1. Planning and execution of general affairs, factory affairs, and information systems. 2. Responsible for the planning and implementation of production equipment, procurement of production equipment 3. Responsible for internal & external announcement, compliance and documentation 4. Management and supervision of matters relating to human resources of each unit including educational training 5. Purchasing of commodities and other supplies.
Research & Development Division	<ol style="list-style-type: none"> 1. Responsible for R&D of new products and technologies, product quality improvement research, cost reduction research, new product business evaluation; 2. Strategic alliance in technology; intellectual property development and management. 3. Technical skill transfer, intellectual property in law review and performance evaluation

Audit Office	<ol style="list-style-type: none"> 1. To identify deficiencies in the internal control system, assess the effectiveness and efficiency of operations, and provide appropriate improvement suggestions to ensure the effectiveness of the internal control system as well as for continuous improvement. 2. Implementation of all major cycles of internal audits as per the annual audit program; supervision of the implementation and amendment of internal audit system of the organization and subsidiaries; proposition of improvement recommendations; 3. Implementation of project investigation, follow-up, and improvements of anomalies.
General Manager's Office	<ol style="list-style-type: none"> 1. Strategic planning and implementation; business operation analysis, and special project monitoring and follow-ups. 2. System development and business process reengineering; promoting various company-related matters, and management of information technology. 3. Preview, monitor and promote the corporate social responsibility activities; set operating goals, arrange and supervise various departments to handle the business. 4. Law consultation, intellectual property issues and collection of past due accounts receivable 5. Cross-departmental coordination, project management evaluation and initiation
Digital Development	<ol style="list-style-type: none"> 1. Responsible for all related operations and training in AI technology, new system implementation, 2. Internal AI talent retention and training, educational AI-related courses for related staff.
Information Technology Department	<ol style="list-style-type: none"> 1. Oversee & maintenance of the hardware and software for the company's operations; supporting and maintaining of ERP; 2. Information and network system management.
Marketing Group	<ol style="list-style-type: none"> 1. In charge of product designs, and implementing marketing strategies. 2. Responsible for promoting corporate image, maintaining and enhancing public relations, corporate marketing activities, 3. Participate in all relevant trade shows and exhibitions.

Finance Department	Responsible for the summary of transaction accounting and bookkeeping, cost calculation, budget management, business and investment analysis, annual budgeting, credit control, and stocks services.
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3.2 Directors, Supervisors and Management Team

3.2.1 -1Directors

04/11/2023

Title	Nationality/ Country of Origin	Name	Gender	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
							Director	ROC	Hua Shao Investment Co		06/17/2020	3	06/07/2002	4,463,667			1.39	4,982,667	1.55
Director	ROC	Representative Hung, Yau-Kuen	M 61-70	06/17/2020	3	05/06/1999	14,476,669	471	14,235,669	4.42	709,797	0.22	0	0	Tamkang University, Master's degree, Council for Industrial & Commercial Development, Chairman, Taiwan Vegetable Oil Manufactures Association, Chairman, Taiwan Feed Industry Association, Chairman	Chairman of Fwusow Industry, President of Central Union Oil Corp, Chairman of Taiwan Vegetable Oil Manufactures Association, Director of Fwusow Hsin Co., Ltd., Chairman of Hua Shao Investment Co.	NA	NA	NA
Director	ROC	Hung, Yau-Hsin	M 61-70	06/17/2020	3	06/03/2005	6,230,424	1.93	7,094,976	2.20	136,712	0.04	0	0	Komazawa University; Executive Vice General Manager of Fwusow Industry	Vice Chairman of Fwusow Industry; Chairman of Charming Food; Director of Central Union Oil Corp	NA	NA	NA

Director	ROC	Hung, Yau-Chih	M 61-70	06/17/2020	3	06/03/2005	8,447,292	2.62	8,447,292	2.62	83,229	0.03	0	0	0	Eastern Michigan University, Technology Studies, MS	Chairman of Fwusow Hsin	NA	NA	NA
Director	ROC	Cheng Rong Investment Co.		06/17/2020	3	06/26/2014	133,627	0.04	221,627	0.07	0	0	0	0			NA	NA	NA	
		Representative Hsiao, Min-Ju	F 61-70	06/17/2020	3	06/17/2020	1,485,107	0.46	1,485,107	0.46	7,102,065	2.21	0	0	0	Providence University	Chairwoman of Cheng Rong Investment Co.	NA	NA	NA
Director	ROC	Ann Dar Hsin Investment Co.		06/17/2020	3	06/22/11	1,486,058	0.46	1,486,058	0.46	0	0	0	0			NA	NA	NA	
		Representative Yeh, Tzu-Ling*	F 50 and under	06/17/2020	3	09/14/2020	100,020	0.03	100,020	0.03	0	0	0	0	National Changhua University of Education Accounting manager of Shin Tai Industry Co., Ltd., Chairwoman of Tai Sheng Ocean Development Co., Ltd., Practicing Land administration agent		NA	NA	NA	
Director	ROC	Taisun Yuan Co., Ltd		06/17/2020	3	06/17/2020	86,000	0.27	86,000	0.03	0	0	0	0			NA	NA	NA	
		Liu, Wei Chen*	M 51-60	06/17/2020	3	11/09/2020	0	0	0	0	0	0	0	0	National Taiwan University of Science and Technology, Graduate Institute of Finance, MA, Finance Manager, Spokesperson & Convenor of Corporate Governance of Taisun Enterprise Co., Ltd.	Supervisor of Taisun Yuan, Director of Taisun Foods (Zhangzhou), Supervisor of Nikomart, Supervisor of Centrol Union Oil Corp.	NA	NA	NA	

Independent Director	ROC	Huang, Tsun-Sun	M 70 and above	06/17/2020	3	06/20/17	0	0	0	0	0	0	0	0	0	0	National Chengchi University, Graduate Institute of Public Finance, MA, Ministry of Finance, Senior Executive Officer, Associate professor at Chung Hsing University, Taiwan Financial Services Reoundtable Tax Committee member, Chunghua Association of Public Finance director	Remuneration Committee member of Fwusow Industry	NA	NA	NA
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Independent Director	ROC	Ren, Yao-Ting	M 61-70	06/17/2020	3	06/20/17	0	0	0	0	0	0	0	0	0	University of Tokyo, Graduate School of Agricultural & Life Sciences, PhD, Researcher at Institute of International Relations of National ChengChi University, Honorary professor & dean of Graduate Institute of Japanese Political and Economic Studies at Tamkang University	Audit Committee member & Remuneration Committee member of Fwusow Industry	NA	NA	NA
Independent Director	ROC	Huang, Shi Ping	F 51-60	06/17/2020	3	06/17/2020	0	0	0	0	0	0	0	0	0	Kun Shan University,	Audit Committee member of Fwusow Industry	NA	NA	NA

*Note: 1. Ann Dar Hsin Investment Co. appointed Yeh, Tzu-Ling as the new representative on 9/14/2020

*Note: 2. Taisun Yuan Co., Ltd. Appointed Liu, Wei Chen as the new representative on 11/09/2020

3.2.1-2 Major shareholders of the institutional shareholders:

04/11/2023

Name of Institutional Shareholders	Major Shareholders
Hua Shao Investment Co.	Hung, Yau-Kuen (78.03%). Shen, Kuay-Shaun (14.64%)
Cheng Rong Investment Co.	Hsiao, Min-Ju (33.34%). Hung, Cheng-Fang (33.33%). Hung, Zhao-Long (33.33%)
Ann Dar Hsin Investment Co.	Won-Nun Lin (60.00%). Won-Ying Lin (30.00%)
Taisun Yuan Co., Ltd.	Taisun Enterprise Co., Ltd. (100%)

3.2.1-3 Major shareholders of the Company's major institutional shareholders

Name of Institutional Shareholders	Major Shareholders
Taisun Enterprise Co., Ltd.	Long Bon International Co., Ltd (26.95%). Everwin Investment Co., Ltd. (6.29%). Ju Yu Investment Co. (5.03%). Hunya Foods Co., Ltd (4.23%). Wang, Kuay-Tzeng (3.44%). Yuanta Bank in care of Taisun Enterprise Co., Ltd Trust (2.74%). Jing Shiun Investment Co. (2.09%). Pin-Tai Distribution Enterprise Co., Ltd. (2.07%). Chiu, Hsian-Dao (1.47%). Kandlee Trading Co., Ltd. (1.41%).

3.2.1-4 Directors

Name	Criteria	Professional qualification requirements and work experience (Note 1)	Independence Criteria(Note 2)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Director: Yau-Kuen Hung, Hua Shao Investment Co., Representative	<ol style="list-style-type: none"> 1. Former Chairman of Council for Industrial and Commercial Development 2. Former Chairman of Taiwan Vegetable Oil Manufactures Association 3. Former Chairman Taiwan Feed Industry Association 4. Possess the following abilities: ability to make operational judgments ability to conduct management administration ability to conduct crisis management knowledge of the industry an international market perspective 	<ol style="list-style-type: none"> 1. Chairman of Fwusow Industry Co., Ltd. 2. The person who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names of issued shares of the company, please refer to Directors (1) 3. Not a professional who provides audits or commercial, legal, financial, accounting, or other related services with compensation within the past two years to the company. Please refer to the Remuneration of Directors (Range tier and name disclosure) 	0	
Director: Hung, Yau-Hsin	<ol style="list-style-type: none"> 1. Director of Central Union Oil Corp 2. Possess the following abilities: ability to perform accounting and financial analysis ability to conduct management administration 	<ol style="list-style-type: none"> 1. Vice Chairman of Fwusow Industry Co., Ltd. 2. The person who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names of issued shares of the company, please refer to Directors (1) 3. Not a professional who provides audits or commercial, legal, financial, accounting, or other related services with compensation within the past two years to the company. Please refer to the Remuneration of Directors (Range tier and name disclosure) 	0	
Director: Hung, Yau-Chih	<ol style="list-style-type: none"> 1. Chairman of Fwusow Hsin, an e-commerce company 2. Possess the following abilities: ability to make operational judgments ability to conduct management administration 	<ol style="list-style-type: none"> 1. Assistant Vice President of Fwusow Industry Co., Ltd. 2. The person who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names of issued shares of the company, please refer to Directors (1) 3. Not a professional who provides audits or commercial, legal, financial, accounting, or other related services with compensation within the past two years to the company. Please refer to the Remuneration of Directors (Range tier and name disclosure) 	0	

Director: Hsiao, Min-Ju Cheng Rong Investment Co., Representative	<ol style="list-style-type: none"> Chairwoman of Cheng Rong Investment Co. Possess the following abilities: ability to conduct management administration 	<ol style="list-style-type: none"> The person not an employee of the company or any of its affiliates The person who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names of issued shares of the company, please refer to Directors (1) Not a professional who provides audits or commercial, legal, financial, accounting, or other related services with compensation within the past two years to the company. Please refer to the Remuneration of Directors (Range tier and name disclosure) 	0
Director: Yeh, Tzu-Ling Ann Dar Hsin Investment Co. Representative	<ol style="list-style-type: none"> Chairwoman of Tai Sheng Ocean Development Co., Ltd. Possess the following abilities: ability to conduct management administration and investment 	<ol style="list-style-type: none"> The person not an employee of the company or any of its affiliates The person does not hold shares of the company Not a professional who provides audits or commercial, legal, financial, accounting, or other related services with compensation within the past two years to the company. Please refer to the Remuneration of Directors (Range tier and name disclosure) 	0
Director: Liu, Wei Chen Taisun Yuan Co., Ltd., Representative	<ol style="list-style-type: none"> Finance Manager, Spokesperson & Convenor of Corporate Governance of Taisun Enterprise Co., Ltd Possess the following abilities: ability to perform accounting and financial analysis knowledge of corporate governance 	<ol style="list-style-type: none"> The person not an employee of the company or any of its affiliates The person does not hold shares of the company Not a professional who provides audits or commercial, legal, financial, accounting, or other related services with compensation within the past two years to the company. Please refer to the Remuneration of Directors (Range tier and name disclosure) 	0
Independent Director: Huang, Tsun-Sun	<ol style="list-style-type: none"> Taiwan Financial Services Roundtable Tax Committee member; Ministry of Finance - Senior Executive Officer; Associate professor at Chung Hsing University, and, Chunghua Association of Public Finance Director Possess the following abilities: ability to perform accounting and financial analysis ability to conduct management administration knowledge of business law 	<ol style="list-style-type: none"> The person not an employee of the company or any of its affiliates The person does not hold shares of the company Not a professional who provides audits or commercial, legal, financial, accounting, or other related services with compensation within the past two years to the company. 	0
Independent Director: Ren, Yao-Ting	<ol style="list-style-type: none"> Honorary professor & dean of Graduate Institute of Japanese Political and Economic Studies at Tamkang University Possess the following abilities: Knowledge and ability to perform financial analysis 	<ol style="list-style-type: none"> The person not an employee of the company or any of its affiliates The person does not hold shares of the company Not a professional who provides audits or commercial, legal, financial, accounting, or other related services with compensation within the past two years to the company. 	0
Independent Director: Huang, Shi-Pin	<ol style="list-style-type: none"> Former Business VP at SinoPac Securities Chairwoman at Jin Tai Technology Co., Ltd Possess the following abilities: ability to conduct management administration knowledge of business law ability to perform accounting and financial analysis ability to make operational judgments 	<ol style="list-style-type: none"> The person not an employee of the company or any of its affiliates The person does not hold shares of the company Not a professional who provides audits or commercial, legal, financial, accounting, or other related services with compensation within the past two years to the company. 	0

3.2.1-5 Director Diversity and Independence:

Diversity of board members:

Diversity include professional background in business operations, finance, accounting, tax, agricultural economics and development needs to be formulated and include, without being limited to, professional knowledge and skills. All members of the board shall have the knowledge, skills, and experience necessary to perform their duties. Total of 3 female board of directors, 33.3% of the entire board members.

Independence of the Board of Directors:

Three independent directors (including one female independent director), 33.3% of the entire board members. The Board has the highest governing power in the ruling of business operations, strategic decision-making and performance of the company; thus, the company has specified the avoidance of conflicts of interest policy in the “Rules of Procedure for Board Meetings” and meeting minutes are taken at each meeting. There was no conflict of interest among the board members in 2022.

3.2.2 Management Team

04/11/2022

Title	Nationality/ Country of Origin	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remarks
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
General Manager	ROC	Hung, She-Pin	F	06/17/2020	3,159,000	0.98	0	0	0	0	University of California, Irvine, Microbiology & Molecular Genetics, PhD	Director of Fwusow Hsin & Charming Foods				Refer to Note
Executive Vice General Manager	ROC	Lin, Tien-Fong	M	11/16/2020	34,833	0	0	0	0	0	National Taiwan Ocean University	Supervisor of Central Union Oil Corp.				Dec 2022 retired
Vice General Manager	ROC	Tsai, Chia-Kang	M	03/16/2017	56,000	0.02	0	0	0	0	National Taiwan Ocean University	Director of Chiaton Corporation				
Vice General Manager	ROC	Yang, Chun-Hsien	M	11/16/2020	0	0	2,000	0	0	0	National Yunlin University of Science and Technology, MS	None				
Vice General Manager	ROC	Chang, Zen-Yau	M	08/01/2012	0	0	0	0	0	0	Tung Hai University, MS	None				Aug 2022 retired
AVP	ROC	Hung, Yau-Chih	M	08/01/2012	8,447,292	2.62	83,229	0.02	0	0	Eastern Michigan University, Technology Studies, MS	Chairman of Fwusow Hsin				

AVP	ROC	Chang, Chong-Ha	M	04/01/2014	0	0	0	0	0	0	National Chung Hsing University, MS	None				
AVP	ROC	Wang, Ren-Chih	M	01/01/2015	0	0	0	0	0	0	National Kaohsiung Marine University	None				
AVP	ROC	Lee, Chih-Hong	M	09/16/2017	0	0	0	0	0	0	National Sun Yat-sen University, MS	None				
AVP	ROC	Lin, Mau-Shen	M	08/01/2019	880	0	0	0	0	0	Oriental Institute of Technology	None				
AVP	ROC	Chen, Chi-Wen	M	11/16/2020	888	0	0	0	0	0	Southern Taiwan University of Science and Technology	None				
AVP	ROC	Hsu, Pei-Yu	F	03/29/2022	0	0	0	0	0	0	National Chung Cheng University	None				
AVP	ROC	Hsieh, Min-Chih	M	11/16/2020	0	0	0	0	0	0	Tamsui Institute of Business Administration	None				
Finance Manager/ corporate governance manager	ROC	Dai, Jan-Hui	F	03/22/2019 /	0	0	0	0	0	0	Tung Hai University, MS	Supervisor of Chiaton Corporation				

Note: Company's Chairman and General Manager are not the same person nor spouses nor first kins

3.3 Compensations for Directors, Supervisors and Management Team

3.3.1-1 Remuneration of Directors (Disclosure of Individual Compensation): Not Applicable

3.3.1-2 Remuneration of Directors (Aggregate Compensation with Individual Names Disclosed):

Unit: NT\$ thousands

Title	Name	Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees						Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary						
		Base Compensation (A)		Severance Pay (B)		Bonus to Directors (C)		Allowances (D)				Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Profit Sharing- Employee Bonus (G)										
		The company	All companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements			The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements				The company	Companies in the consolidated financial statements	The company		The company	Companies in the consolidated financial statements
																							Cash	Stock		
Director (Note 1)	Hung, Yau-Kuen	0	0	0	0	21,112	21,112	1,440	1,440	22,552 7.00%	22,552 7.00%	4,865	4,865	0	0	0	0	0	0	27,417 8.52%	27,417 8.52	None				
Director	Hung, Yau-Hsin																									
Director	Hung, Yau-Chih																									
Director (Note 2)	Hsiao, Min-Ju																									
Director (Note 3)	Yeh, Tzu-Ling																									
Director (Note 4)	Liu, Wei-Chen																									

3.3.1-3 Range of Remuneration for Directors

Range of Remuneration	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements
Under NT\$ 1,000,000	Huang, Tsun-Sun / Ren, Yao-Ting / Huang, Shi-Pin	Huang, Tsun-Sun / Ren, Yao-Ting / Huang, Shi-Pin	Huang, Tsun-Sun / Ren, Yao-Ting / Huang, Shi-Pin	Huang, Tsun-Sun / Ren, Yao-Ting / Huang, Shi-Pin
NT\$1,000,000 (incl) ~ NT\$2,000,000				
NT\$2,000,000 (incl) ~ NT\$3,500,000				
NT\$3,500,000 (incl) ~ NT\$5,000,000				
NT\$5,000,000 (incl) ~ NT\$10,000,000	Hung, Yau-Hsin/ Hung, Yau-Chih/ Hua Shao Investment Co/ Cheng Rong Investment Co/ Ann Dar Hsin Investment Co / Taisun Yuan Investment Co.,Ltd	Hung, Yau-Hsin/ Hung, Yau-Chih/ Hua Shao Investment Co/ Cheng Rong Investment Co/ Ann Dar Hsin Investment Co / Taisun Yuan Investment Co.,Ltd	Hung, Yau-Hsin/ Hung, Yau-Chih/ Hua Shao Investment Co/ Cheng Rong Investment Co/ Ann Dar Hsin Investment Co / Taisun Yuan Investment Co.,Ltd	Hung, Yau-Hsin/ Hung, Yau-Chih/ Hua Shao Investment Co/ Cheng Rong Investment Co/ Ann Dar Hsin Investment Co / Taisun Yuan Investment Co.,Ltd
NT\$10,000,000 (incl) ~ NT\$15,000,000				
NT\$15,000,000 (incl) ~ NT\$30,000,000				
NT\$30,000,000 (incl) ~ NT\$50,000,000				
NT\$50,000,000 (incl) ~ NT\$100,000,000				
Over NT\$100,000,000				
Total	9	9	9	9

3.3.2-1 Remuneration for Supervisors (Disclosure of Individual Compensation): Not Applicable

3.3.2-2 Remuneration for Supervisors (Aggregate Compensation with Individual Names Disclosed): Not Applicable

3.3.2-3 Range of Remuneration for Supervisors: Not Applicable

3.3.3-1 Remuneration of Management Team (Disclosure of Individual Compensation): Not Applicable

3.3.3-2 Remuneration of Management Team (Aggregate Compensation with Individual Names Disclosed):

Unit: NT\$ thousands

Title	Name	Remuneration										Ratio of Total Remuneration (A+B+C+D) to Net Income (%)	Compensation Paid to Management Team from an Invested Company Other than the Company's Subsidiary	
		Base Compensation (A)		Bonus to Supervisors (B)		Allowances (C)		Employee Compensation (D)						
		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The Company		Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements	
						Cash Amount	Stock Amount	Cash Amount	Stock Amount					
GM	Hung, She-Pin	8,509	8,509	0	0	2,188	2,188	0	0	0	0	10,697 3.32%	10,697 3.32%	0
Executive Vice GM	Lin, Tien-Fong													
Vice GM	Tsai, Chia-Kang													
Vice GM	Yang, Chun-Hsien													
Vice GM	Chang, Zen-Yau													

3.3.3-3 Range of Remuneration for Management Team:

Range of Remuneration for GM & Vice GM	Name of GM & Vice GM	
	The company	Companies in the consolidated financial statements
Under NT\$ 1,000,000		
NT\$1,000,000 (incl) ~ NT\$2,000,000		
NT\$2,000,000 (incl) ~ NT\$3,500,000	Hung, She-Pin/ Lin, Tien-Fong / Yang, Chun-Hsien/ Tsai, Chia-Kang/ Chang, Zen-Yau	Hung, She-Pin/ Lin, Tien-Fong / Yang, Chun-Hsien/ Tsai, Chia-Kang/ Chang, Zen-Yau
NT\$3,500,000 (incl) ~ NT\$5,000,000		
NT\$5,000,000 (incl) ~ NT\$10,000,000		
NT\$10,000,000 (incl) ~ NT\$15,000,000		
NT\$15,000,000 (incl) ~ NT\$30,000,000		
NT\$30,000,001 ~ NT\$50,000,000		
NT\$50,000,001 ~ NT\$100,000,000		
Over NT\$100,000,000		
Total	5	5

3.3.4 Remuneration of the Top 5 Management Team Members (Disclosure of Individual Compensation & Names): Not Applicable

3.3.5 Distribution of compensation to Company management

Unit: NT\$ thousands

	Title	Name	Employee Bonus - in Stock (Fair Market Value)	Employee Bonus - in Cash	Total	Ratio of Total Amount to Net Income (%)
Management Officers	GM	Hung, She-Pin	Note1	Note1	Note1	Note1
	Executive Vice GM	Lin, Tien-Fong				
	Vice GM	Tsai, Chia-Kang				
	Vice GM	Yang, Chun-Hsien				
	Vice GM	Chang, Zen-Yau				
	AVP	Hung, Yau-Chih				
	AVP	Chang, Chong-Ha				
	AVP	Wang, Ren-Chih				
	AVP	Lee, Chih-Hong				
	AVP	Lin, Mau-Shen				
	AVP	Chen, Chi-Wen				
	AVP	Hsu, Pei-Yu				
	AVP	Hsieh, Min-Chih				
	Manager	Dai, Jen-Hui				

Note1: 2022 Earning Distribution hasn't been approved by the General Shareholders' Meeting

3.3.6 Comparison of Remuneration for Directors, Supervisors, Presidents and Vice Presidents in the Most Recent Two Fiscal Years and Remuneration Policy for Directors, Supervisors, Presidents and Vice Presidents

3.3.6-1 The ratio of total remuneration paid by the Company and by all companies included in the consolidated financial statements to the net income.

Year	2022 Ratio of total remuneration paid to net income (%)		2021 Ratio of total remuneration paid to net income (%)	
	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements
Directors (note)	8.52	8.52	8.44	8.44
GM & Vice GM	3.32	3.32	0.43	0.43

3.3.6-2 The policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and the correlation with business performance.

(1) The compensation to directors was determined by the Remuneration Committee of the Company in accordance with the individual performance, and the stipulations in the Articles of Incorporation

(2) The compensation of general manager & vice general manager was measured based on each individual personal achievements, contribution made to the business operation, the years of service at the company, the work experiences and the stipulations in the Articles of Incorporation.

(3) The compensation to the employees was determined by the individual capability, contribution made to the business and individual performance. Company also offers 2% profit sharing and performance bonus accordingly with performance appraisal.

3.4 Implementation of Corporate Governance

3.4.1 Board of Directors

3.4.1-1 A total of 6 meetings (A) of the Board of Directors were held in the previous period. The attendance of director and supervisor were as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) (B/A)	Remarks
Chairman	Hua Shao Investment Co., Representative: Yau-Kuen Hung,	6	0	100.00	6/17/2020 Re-elected
Vice Chairman	Hung, Yau-Hsin	5	1	83.33	6/17/2020 Re-elected
Director	Hung, Yau-Chih	6	0	100.00	6/17/2020 Re-elected
Director	Cheng-Rong Investment Co.; Representative: Hsiao, Min-Ju	6	0	100.00	6/17/2020 newly elected
Director	Ann Dar Hsin Investment Co., Representative: Yeh, Tzu-Ling	6	0	100.00	9/14/2020 Change of Representative
Director	Taisun Yuan Co., Representative: Liu, Wei Chen	4	2	66.67	11/09/2020 Change of Representative
Independent director	Huang, Tsun-Sun	6	0	100.00	6/17/2020 Re-elected
Independent director	Ren, Yao-Ting	6	0	100.00	6/17/2020 Re-elected
Independent director	Huang, Shi-Pin	5	1	83.33	6/17/2020 newly elected

Other mentionable items:

- In the event of either of the following situations, dates, sessions, contents of resolutions of the Board Meetings, opinions from all independent directors, and Company responses to their opinions should be noted:
 - Issues specified in Article 14-3 of the Securities and Exchange Act: Significant issues were approved & ratified by the Independent Directors
 - Other issues opposed by independent directors or about which said directors have reservations should be recorded in writing in the meeting minutes of the Board: None
- If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: None
- Status of Self (or Peer) Evaluation conducted by the Board of Directors in terms of frequency, period, area of assessment, methods and contents: Please refer to Form 2 The Board Performance Evaluation (see the following page).

4. During this and recent past fiscal years, measures taken to strengthen the functionality of the board:

(1) On March 22, 2019, Board members approved its “Standard Operating Procedure for Handling Director’s Request”

(2) On May 12, 2020, Board members approved its’ “Regulations Governing the Board Performance Evaluation”

(3) Monitor all levels of management; ensure the effectiveness of internal control, review company financial reports and abide by and execute according to the rules and regulations listed in the Article of Incorporations .

(4) Company’s board of directors meet all above prescribed functionalities.

3.4.1-2 Performance Evaluation of the Board of Director

Evaluation Cycle	Evaluation Period	Scope	Method of Assessment	Assessment Items
Conducted once a year	01/01/2022~ 12/31/2022	Performance evaluation of the Board of Directors, independent directors & functional task committee members	Self-evaluation by board members	<ol style="list-style-type: none"> 1. Participation in company operations 2. Improve the decision-making quality of the Board of Directors 3. Structures of Board of Directors 4. Professional and continuing education of directors 5. Internal controls
Conducted once a year	01/01/2022~ 12/31/2022	Assessment of each individual board members	Board member self-assessment	<ol style="list-style-type: none"> 1. Mastery of company goals and tasks 2. Fully knowledgeable and understanding of the responsibilities of Board of directors 3. Participation in company operations, 4. Internal relationship management and communication 5. Board operation, professional and continuing education of directors 6. Internal controls
Conducted once a year	01/01/2022~ 12/31/2022	Board performance evaluation	Remuneration Committee	<ol style="list-style-type: none"> 1. Participation in company operations 2. Improve the decision-making quality of the Board of Directors 3. Structures of Board of Directors 4. Professional and continuing education of directors 5. Internal controls
Conducted once a year	01/01/2022~ 12/31/2022	Functional task force committee performance evaluation	Audit Committee member self-assessment	<ol style="list-style-type: none"> 1. Participation in company operations 2. Cognition of responsibilities by functional task force committee directors. 3. Improve the decision-making quality of the Directors 4. Structures & formation of functional task force committee directors 5. Internal controls
Conducted once a year	01/01/2022~ 12/31/2022	Functional task force committee performance evaluation	Remuneration Committee self-assessment	<ol style="list-style-type: none"> 1. Participation in company operations 2. Cognition of responsibilities by functional task force committee directors. 3. Improve the

				decision-making quality of the Directors 4. Structures & formation of functional task force committee directors 5. Internal controls
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3.4.2 Operations of the Audit Committee

3.4.2-1 Information regarding Audit Committee Operations

- (1) Adoption or amendment of an internal control system pursuant to Article 14-1 of Securities and Exchange Act.
- (2) Assessment of the effectiveness of the internal control system.
- (3) Adoption or amendment, pursuant to Article 36-1 of Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.
- (4) A matter bearing on the personal interest of a director.
- (5) A material asset or derivatives transaction.
- (6) A material monetary loan, endorsement, or provision of guarantee.
- (7) The offering, issuance, or private placement of any equity-type securities.
- (8) The hiring or dismissal of a certified public accountant, or the compensation given thereto.
- (9) The appointment or discharge of a financial, accounting, or internal auditing officer.
- (10) Annual and quarterly financial reports
- (11) Any other material matter so required by the company or the Competent Authority

3.4.2-2 In 2022, a total of 6 (A) Audit Committee meetings were held. The attendance of the independent directors was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) (B/A)	Remarks
Independent director	Huang, Tsun-Sun	6	0	100.00	Re-elected
Independent director	Ren, Yao-Ting	6	0	100.00	Re-elected
Independent director	Huang, Shi-Pin	5	1	83.33	Newly elected

Other mentionable items:

1. In the event of either of the following situations, dates, sessions, contents of resolutions of the Board Meetings, opinions from all audit committee directors, and Company responses to their opinions should be noted:
 - (1) For matters listed in Article 14-5 of the Securities and Exchange Act: Audit committee approved & ratified
 - (2) Items were not approved by the Audit Committee but were approved by two thirds or more of all directors: None
2. If there are independent directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: None
3. Communications between the independent directors, the Company's chief internal auditor and CPAs (e.g. the items, methods and results of audits of corporate finance or operations, etc.)
 - (1) The internal audit manager attends the Board meetings and has communicated the result of the audit reports to the members of the Audit Committee.
 - (2) The audit reports are presented to the independent directors: all the findings, and the necessary follow-ups on a quarterly basis.
 - (3) After reading the audit reports, the independent directors can inquire the internal audit manager should there be any questions or concerns.
 - (4) Through the board meetings, reports from the Audit committee and the internal audits, the independent directors will have an understanding of company operations, financial status and the internal audit activities. Also, the independent auditors will have communication channel with the company's CPA.

3.4.2-3 Operations & Major resolutions of the Audit Committee meeting in 2022:

Date of Board Meetings	Proposals & Resolutions	Opinions	The Company's response to the Audit Committee
3/21/2022 (13 th meeting in 2 nd session)	<ol style="list-style-type: none"> 1. The financial statements of year 2021 2. Approved the date of 2022 Annual Shareholders' meeting, place and convene matters 3. To revise Company's "Articles of Incorporation" 4. To revise Company's "Rules & Procedures of General Shareholders Meeting" 5. The statement of internal control 6. The evaluation of the independence of Company's CPA firm 7. Adopt Company's "Human Rights Policy" 8. To revise Company's "Corporate Governance Procedures" 9. To revise Company's "Corporate Social Responsibility Procedures" Policy 10. Conduct derivatives trading business with Cathay United Bank for USD \$500,000 for one year in preparation of the capital raising 11. The credit limit with the banks to be expired between Apr~Jun 2022; thus, need to discuss the renewals. 12. To extend the endorsement and guarantee for the subsidiary, Charming Food, for one additional year which were to expire between May~Jun 2022 	The proposals were deemed approved	Those opinions were raised at the Company's Board for discussion
4/27/2022 (14 th meeting 2 nd session)	<ol style="list-style-type: none"> 1. Approved the distribution of retained earnings for year 2021 2. Approved the contents of 2022 General Shareholders Meeting 3. Conduct derivatives trading business with Chang Hwa Bank for USD \$500,000; authorization was given to the Chairman, Hung, Yau-Kuen, to sign contract and renew 	The proposals were deemed approved	Those opinions were raised at the Company's Board for discussion
5/12/2022 (15 th meeting 2 nd session)	<ol style="list-style-type: none"> 1. The consolidated financial statements for first quarter of 2022 2. The credit limit with the banks to be expired between Jul~Aug 2022; thus, need to discuss the renewals 3. To endorse and guarantee for the subsidiary, Charming Food, for one additional year 4. Conduct derivatives trading business or 	The proposals were deemed approved	Those opinions were raised at the Company's Board for discussion

	<p>engage in derivatives trading for USD \$2,000,000; authorization was given to the Chairman, Hung, Yau-Kuen, to sign contract and renew</p> <p>5. Conduct derivatives trading business with Cooperative Bank for USD \$1,000,000; authorization was given to the Chairman, Hung, Yau-Kuen, to sign contract and renew</p> <p>6. Conduct derivatives trading business with First Bank for USD \$1,000,000; authorization was given to the Chairman, Hung, Yau-Kuen, to sign contract and renew</p>		
8/10/2022 (16 th meeting 2 nd session)	<ol style="list-style-type: none"> 1. The consolidated financial statements for the second quarter of 2022 2. Adopt "Risk Management Policy & Procedures" 3. Adopt "Integrity & Ethical Code of Conduct Procedures & Guidelines" 4. Amend "Code of Conduct" Policy 5. The credit limit with the banks to be expired between Sep~Nov 2022; thus, need to discuss the renewals 6. Borrow a 5-year term loan for NTD \$300,000,000 with First Bank in preparation of the capital raising 7. Conduct derivatives trading business with E.Sun Bank for USD \$500,000; authorization was given to the Chairman, Hung, Yau-Kuen, to sign contract and renew 8. Apply for a comprehensive credit line of NTD\$300,000,000 with E.Sun Bank for one year and renewal 9. To extend the endorsement and guarantee for the subsidiary, Charming Food, for one additional year which were to expire between Sep~Nov 2022 	The proposals were deemed approved	Those opinions were raised at the Company's Board for discussion
11/09/2022 (17 th meeting 2 nd session)	<ol style="list-style-type: none"> 1. The consolidated financial statements for third quarter of 2022 2. Internal auditing proposal for year 2023 3. Proposed Seal Management Measure 4. The credit limit with the banks to be expired by Jan 2023; thus, need to discuss the renewals. 5. Apply for a comprehensive credit line of NTD\$400,000,000 with Taiwan Business Bank for one year and renewal 	The proposals were deemed approved	Those opinions were raised at the Company's Board for discussion

	<p>6. Earning distribution for the first half of 2022</p> <p>7. To extend the endorsement and guarantee for the subsidiary, Charming Food, for one additional year which were to expire by Jan 2023</p> <p>8. Raise capital for subsidiary, Won Gee Sheng Agricultural Technology Co., Ltd</p>		
<p>12/20/2022 (18th meeting 2nd session)</p>	<p>1. Budget Plan for 2023</p> <p>2. Amend "Insider Trading Prevention Management" Policy</p> <p>3. The credit limit with the banks to be expired in Mar~Apr 2023; thus, need to discuss the renewals</p> <p>4. Conduct derivatives trading business with Cathay United Bank for USD \$500,000; authorization was given to the Chairman, Hung, Yau-Kuen, to sign contract and renew</p> <p>5. Monitor and audit personnel handling derivative tradings</p>	<p>The proposals were deemed approved</p>	<p>Those opinions were raised at the Company's Board for discussion</p>

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

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	✓		The Company has established and revised the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and approved in the Board meeting on 3/21/2022. The information has been disclosed on the Company’s website and MOPS.	None
2. Shareholding structure & shareholders’ rights				
(1) Does the company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure?	✓		In order to ensure shareholders 'rights, the company has spokespersons, to handle shareholders' suggestions, doubts, disputes and litigation.	None
(2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	✓		The company shall regularly obtain the latest register of shareholders from the stock affairs agency: the list of major shareholders and the list of ultimate owners and periodically reports the changes of internal shareholdings.	None

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(3) Does the company establish and execute the risk management and firewall system within its conglomerate structure?	✓		Rules are made to strictly regulate the activities of trading, endorsement and loans between the Company and its affiliates. The assets, business, and finance between the company and affiliates shall be split clearly and operated independently	None
(4) Does the company establish internal rules against insiders trading with undisclosed information?	✓		The Company has established a “Corporate Insider Trading Prevention and Management Program” that the company personnel shall follow the security law: not to trade with undisclosed information nor expose undisclosed information to others, in order to prevent others from using such information to engage in insider trading. Additionally, no transactions should take place 15 days prior to the release of quarterly and annual reports; designated personnel will email to reiterate the importance of no insider trading rules and policy.	None

3. Composition and Responsibilities of the Board of Directors

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(1) Does the Board develop and implement a diversified policy for the composition of its members	✓		<p>1. The Company's Corporate Governance Principle has stated the Board objectively chooses candidates to meet the goal of member diversification with an appropriate policy based on the company's business operations, operating dynamics, and development.</p> <p>2. Developed a diversified policy for the composition of the board members in terms of professional experience, skills and knowledge. The board members will include at least one female director. The directors concurrently serving as company officers not to exceed one-third of the total number of the board members. (refer to Note 1)</p> <p>Our board members have diverse background and experiences including management, finance, taxation, and agricultural economics. The various domain knowledge enable the board to assist in strategic decision-makings. We have 3 female board members, 33.3% of the board of directors.</p>	None

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?	✓		<p>1. The company has set up the Remuneration Committee and the Audit Committee according to law.</p> <p>2. We also have Sustainable Development, and TCFD task force committees to monitor climate risk management and promote sustainable development strategies.</p>	None
(3) Does the company establish a standard to measure the performance of the Board, and implement it annually?	✓		The board meeting in May 2020 had approved the rules and procedures for "Measures for the Performance Evaluation of Directors". Effective in 2021, the performance evaluation of the Directors will be conducted annually. The evaluation standard will be based on rule#7 of the “Measures for the Performance Evaluation of Directors”. The results of the evaluation will be submitted to the board meeting for review and for future improvements.	None

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(4) Does the company regularly evaluate the independence of CPAs?	✓		<p>1. In compliance to the Corporate Governance Best Practice Principles for TWSE/ TPEX Listed Companies, the Company evaluates the independence and suitability of CPAs engaged by the company annually. The accountants of Solomon & Co., CPAs through our evaluation has met the standard of independence and are qualified to be our company's CPA (refer to Note 2)</p> <p>2. The result is reported to the Audit Committee and further has received approval by the Board of Directors on 03/23/2022.</p>	None
4. Does the listed company appoint an exclusively (or concurrently) responsible unit or personnel to be in charge of corporate governance affairs (including but not limited to furnishing information required for business execution by directors and supervisors, and handling, in accordance with relevant laws, matters	✓		The appointed personnel shall be responsible for handling matters related to the Board of Directors and shareholders' meeting in accordance with laws, drawing up agendas of the board meetings and shareholders' meetings, assisting induction of directors and independent directors, providing directors with the information required to carry out business, and assisting directors and independent directors to comply with ordinance.	

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
related to board meetings and shareholders' meetings, business registration and changes to the registration, and for preparing minutes of board meetings and shareholders' meetings)?			<p>Be responsible for checking the release of the major information related to the important resolutions made by the Board of Directors, and ensure the legality and accuracy of the contents of such information, to reinforce and implement corporate governance.</p> <p>I. 2022 Business Activities:</p> <ol style="list-style-type: none"> 1. Board meetings 2. Release of material information approved by BoD 3. Continuing education of the board of directors (hours are reported on MOPS) 4. All related preparation to General Shareholders Meeting 5. Announcement of Resolutions at General Shareholders Meeting 6. Evaluation & Criteria of Corporate Governance <p>II. Continuing Education: in 2022, completed 12 hours of training course</p>	
5. Has the company established a	✓		The Company has created a “Stakeholders” section in the	None

Evaluation Item	Implementation Status ¹		Abstract Illustration	Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
communication channel with stakeholders (including but not limited to shareholders, employees, customers, and suppliers)? Has a stakeholders' area been established in the company's website? Are major Corporate Social Responsibility (CSR) topics that the stakeholders are concerned with addressed appropriately by the company?			corporate website providing detailed contact information, telephone numbers and email addresses. Ensuring that various interested parties, employees, consumers and suppliers, have channels to communicate with the Company. Please refer to our CSR report about the aspects that the stakeholders are most concerned about.	
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	✓		The Company has appointed KGI Securities to handle affairs of the shareholders' meeting	None
7. Information Disclosure				
(1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance?	✓		The Company has established a Chinese/ English website (www.fwusow.com.tw) to disclose information regarding the Company's financials, business and corporate governance status.	None

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	✓		<p>1. for English: https://www.fwusow.com.tw/en/</p> <p>2. The company has a spokesperson and a deputy spokesperson. The Company has assigned a dedicated person to handle information collection and disclosure.</p> <p>3. Investor conference was held at Taiwan Stock Exchange 1F on 9/2/2022; information was disclosed on MOPS and the corporate website.</p>	None
(3) Does the Company announce and report the annual financial statements within two months after the end of the fiscal year, and announce and report the first, second, and third quarter financial statements as well as the operating status of each month before the prescribed deadline?	✓		The Company announced and reported the financial statements, each quarter financial statements as well as the operating status of each month before the prescribed deadline	None

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
8. Is there any other important information to facilitate a better understanding of the company’s corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors’ and supervisors’ training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	✓		<p>1. Employee's rights and wellness: The company values greatly the harmonious labor relations, and effective communication channels.</p> <p>2. Investor relations: the company discloses all the information on Market Observation Post System (MOPS) in accordance with acts and regulations to protect rights of investors. The company continues to maintain good interactions with investors, including financial information disclosure, communication with investors regularly (for example, via spokesperson).</p> <p>3. Supplier relations: With equality and mutual benefits principle in practice, the company and the suppliers establish and maintain a long-term, stable and cooperative relationship with mutual trust, jointly pursuing sustainable growth. Furthermore, the company carries out supplier evaluation on a regular basis and selects good suppliers as partners</p> <p>4. Customer policy: The company strives to provide safe, healthy and good quality products for our consumers. Food</p>	None

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			<p>safety and health food certification are our obligations to our customers. The Company has established a customer services hotline to deal with the consumer complaints and protect consumer rights.</p> <p>5. Continuing education of directors: the directors of the company are qualified with professional skills and they attend training courses periodically.</p> <p>6. Stakeholders' rights: the company maintains a smooth communication channel for the stakeholders' rights, and respects and maintains their legitimate rights. If there is any dispute about the legitimate rights of the stakeholders, the company shall abide by the principle of sincerity and settle the disputes properly</p> <p>7. Purchase of liability insurance for directors and corporate auditors by the company: The Company has purchased Directors & Officers insurance for its directors.</p>	

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
9. Please state the improved situation according to the corporate governance evaluation results released by the Corporate Governance Center of TWSE in the latest year, and put forward priority items and measures for those which have not been improved:				
Item No.	Evaluation Indicator			Improvement Status
1.6	Did the company hold the Annual General Meeting before the end of May?			Will hold the meeting before end of June
1.15	Did the company adopt bylaws prohibiting insiders, including directors and employees, from using information not publicly disclosed in the market to trade securities, with content including (but not limited to) a prohibition against directors trading the company’s stock during a blackout period of 30 days before the publication of the company’s annual financial report and 15 days before the publication of each quarterly financial report, and were those bylaws and the status of their implementation disclosed on the company's website?			To upload 30 days prior to the AGMFor the board meeting on 3/21/2022, plan to revise article 10 on the “Corporate Governance Practice Policy in prohibiting insiders, including directors and employees, from using information not publicly disclosed in the market to trade securities
2.7	Did the company's independent directors reach one-third or more of all of the directors?			We have 3 independent directors and it reaches one-third of all of the directors.

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
2.14			Has the company established a non-statutory functional committee, the number of which is not less than three, more than half of the members are independent directors, and more than one member has the professional ability required by the committee, and its composition, responsibilities and operation have been disclosed?	As of now, we haven’t nominated the committee nor the risk management committee
2.22			Does the company adopt risk management policies and procedures approved by the board of directors, disclose the scope of risk management, organizational structure and its operation, and report to the board of directors at least once a year?	BoD approved the adoption of “Risk Management Policy and Procedures” and corporate governance manager will report the status annually
2.23			Have the rules adopted by the company for assessing the performance of the board of directors been passed by the board, with the express requirement that an external assessment be carried out at least once every three years, and has it furthermore carried out the assessment within the time limit under its rules, and disclosed the implementation status and assessment results on its website or in its annual report?	The Board Meeting approved the “Regulations Governing the Board Performance Evaluation” and the results were disclosed in the annual reports.
2.25			Have all the company independent directors completed the required training in accordance with the hours specified in the "Implementation for Advanced Training for Directors and Supervisors of Listed Companies"?	The independent directors will complete the number of hours of continuing education as required by the Directions for the Implementation of Continuing

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
				Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies; meet the requirement in 2022
2.27			Does the company adopt an intellectual property management plan linked to operational goals, disclose the implementation status on the company website or annual report, and report to the board of directors at least once a year?	12/20/2022 reported to the BoD and also disclosed on the company website
3.8			Did the company voluntarily disclose its financial forecast quarterly, without having any corrections ordered by the competent authority or having any demerits imposed by the TWSE or TPEX?	No voluntary disclosure plan for now; no demerits as well
3.13			Did the company voluntarily disclose the individual remuneration details of each director and supervisor in its annual report?	No voluntary disclosure
3.18			Does the company build an English website to disclose financial, business operations, corporate governance and other related information?	We have an English website and relevant information are disclosed.
3.20			Did the company attend or voluntarily hold investor conferences at least two times in the year being evaluated, and were the first and last investor conferences in the year held at least 3 months apart?	We conduct only one investor conference annually.
3.21			Did the company voluntarily disclose in the annual report the individual remuneration	No voluntary disclosure

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
	details of the general manager (chief executive officer) and assistant general manager(s)?			
4.2			Whether the company has set up a full-time (part-time) unit to promote corporate integrity management, responsible for the implementation and supervision of the integrity management policy and prevention plan, and explain the operation on the company website and annual report, and report to the board of directors at least once a year ?	Company has the Code of Conduct Guidelines and Policy. The corporate governance manager is responsible for the implementation and monitoring and reporting to the Board of Directors once a year. It was last reported on Nov 9, 2022.
4.6			Did the company, following the International Bill of Human Rights, adopt policies and concrete management plans to protect human rights, and disclose them on the company website and in its annual report?	Plan to approve and adopt Human Rights Policy on the board meeting on 3/21/2022 and will be disclosed on the company website.

Note 1: Implementation of diversification of Board of Directors

Name	Nationality	Gender	Company Employee	Years Served as the Company's Independent Directors	Age Group				Industry Knowledge					Professional Knowledge					
					<50	51-60	61-70	>70	Agriculture, Forestry, Fishery and animal husbandry	Food Science	Securities Consultants	Commodity Trading	Academia	Management	Leadership	Accounting	Finance	Economic	Law
Hung, Yau-Kuen	ROC	Male					v			v				v	v			v	
Hung, Yau-Hsin	ROC	Male					v			v		v					v		
Hung, Yau-Chih	ROC	Male	v				v			v				v			v		
Hsiao, Min-Ju	ROC	Female					v		v							v			
Yeh, Tzu-Ling	ROC	Female			v						v					v			
Liu, Wei Chen	ROC	Male				v				v				v	v	v			
Huang, Tsun-Sun	ROC	Male		6				v			v					v	v	v	
Ren, Yao-Ting	ROC	Male		6			v						v	v			v	v	v
Huang, Shi-Pin	ROC	Female		3		v					v					v	v	v	

Note 2: Evaluation of Independence of external CPAs

Items that may affect the independence of CPAs	Yes(No)
1.Review and evaluate CPA credentials	Yes
2.Evaluate CPA firm’s size and reputation	Yes
3.Whether the CPAs are involved with decision-making management functions of the Company (taking roles as board of directors, or senior managers)?	Yes
4.Whether the CPAs are spouses, lineal relatives, relatives by marriage, or relatives within the second degree of kinship to managerial officers of the Company?	Yes
5. Whether the CPAs have remained unchanged for seven years, up till the latest audit?	Yes
6. Does the CPA provide the statement of independence?	Yes
7. Review the quality and timeliness of audit and tax services	Yes
8. No litigation or corrective actions pending with of the authorities	Yes
9.Good interaction & communication with the management and the internal audit supervisor	Yes
10. Whether the CPAs have significant financial interests in the Company?	Yes
11. Whether the CPAs own shares of the Company or its associates?	Yes

Period Evaluated: year of 2022

Evaluation Result: CPAs met the Company’s standards for independence

3.4.4 Composition, Responsibilities and Operations of the Remuneration Committee

3.4.4-1 The company has a Remuneration Committee of three members.

3.4.4-2 The term of the committee member: June 17, 2020 to June 16, 2023

Two Remuneration Committee meetings were held in 2022 (A), and the qualifications of the members and their attendance were as follow:

Title	Name	Attendance in person (B)	Proxy Attendance	Attendance Rate (B/A)	Remarks
Independent Director	Ren, Yao-Ting	2	0	100%	Re-elected
Independent Director	Huang, Tsun-Sun	2	0	100%	Re-elected
Committee Member	Huang, Chu-Min	2	0	100%	Elected

Other matters:

I. If the Board of Directors chooses not to adopt or revise recommendations proposed by the Remuneration Committee, the date of the meeting, term, agenda, resolution results, and the company's response to the comments provided by the Remuneration Committee shall be described: None

II. If the resolutions to which the members of the Remuneration Committee have an objection or reservation are recorded or written, please state the date and session of the meeting of the Remuneration Committee, proposals, opinions of the members, and handling of the opinions: None.

III. Discussions and resolutions of the Remuneration Committee: see below

Date of Meeting	Proposals	Resolutions	Company's Response
4/27/2022 (4 th meeting 4 th session)	Report on the Distribution Status of the Compensation of Employees and Directors for 2021	Approved	Remuneration committee's opinion approved at the Company's Board meeting
12/20/2022 (5 th meeting 4 th session; workshop)	how should the company counteract in a period of global inflation, to retain, cultivate, and attract talents with competitive compensation package	1. The Russian-Ukrainian war has caused the cost of raw materials to go up along with global inflation. The Fed has raised interest rates by 4.25% since the start of the year. Although it tamed inflation a bit, the worry of entering a global recession increased. Thus, we foresee some operating risks into next year. Therefore, a competitive compensation package (such as performance bonuses based on employee KPI) would be necessary to retain and attract talents. 2. At a market downturn, cutting workforce seems to be the top choice in reducing operation costs; thus, it will have an effect on the employee morale and productivity. Therefore, we will not take that approach..	All board members approved at the Board meeting

Professional Qualifications and Independence Analysis of Remuneration Committee Members

Title	Criteria Name	Professional Qualification Requirements, and Work Experience	Independence Criteria	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Remuneration Committee Member	Remarks
Independent Director (Convenor)	Ren, Yao-Ting	1. Honorary professor & dean of Graduate Institute of Japanese Political and Economic Studies at Tamkang University 2. Possess the following abilities: Knowledge and ability to perform financial analysis	1. The person is company's independent director 2. The person does not hold shares of the company 3. Not a professional who provides audits or commercial, legal, financial, accounting, or other related services with compensation within the past two years to the company. Please refer to the Remuneration of Directors.	0	
Independent Director	Huang, Tsun-Sun	1. Taiwan Financial Services Roundtable Tax Committee member; Ministry of Finance - Senior Executive Officer; Associate professor at Chung Hsing University, and, Chunghua Association of Public Finance Director 2. Possess the following abilities: ability to perform accounting and financial analysis ability to conduct management administration knowledge of business law	1. The person is company's independent director 2. The person does not hold shares of the company 3. Not a professional who provides audits or commercial, legal, financial, accounting, or other related services with compensation within the past two years to the company. Please refer to the Remuneration of Directors.	0	
Committee Member	Huang, Chu-Min	1. Former Project Manager at a brokerage firm assisting company to IPO 2. Possess the following abilities: Ability to conduct management administration Knowledge and ability to perform financial analysis	1. The person is the company's finance consultant. 2. The person does not hold shares of the company. 3. A professional who provides financial, and accounting services with compensation within the past two years to the company, NTD\$600,000/yr	0	

3.4.5 Corporate Social Responsibility

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
1. Does the Company follow materiality principle to conduct risk assessment for environmental, social and corporate governance topics related to company operation, and establish risk management related policy or strategy?	✓		<p>Since 2014, the chairman acted as the convener for the CSR Task Force, a cross-departmental task force. In 2021, CSR Task Force is renamed to Sustainable Development Task Force.</p> <p>To ensure the company actively adhere to the materiality principle, significant and operational issues related to environmental, social and governance. The Chairman called for a cross-functional task force to promote strategies related to sustainable development, evaluate the performance, issue sustainability report and report to the Board of Directors.</p> <p>The task force reported to the Board of Directors twice in 2022 (5/12/2022 & 8/10/2022) on issues of timeline for publishing Sustainability Report, goals, operational impacts and performance appraisals.</p>	None
2. Does the company establish exclusive (or concurrently) dedicated first-line managers authorized by the board to be in charge of proposing the corporate social responsibility policies and reporting to the board?	✓		<p>The Committee reports the results on the performance of sustainable development, and risk assessment from Jan 2022 to Dec 2022 to the board of directors including the subsidiaries, Fwusow Hsin, Charming Food and Won Gee Sheng Agricultural Technology.</p> <p>The ESG related material issues and operational related topics are disclosed in the 2022 Sustainability Report, and we also have corrective action plans and strategies to reduce risk impacts.</p>	None
3. Environmental Topics				

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
(1) Has the Company set an environmental management system designed to industry characteristics?	✓		1. We continue to pursue improved environmental and energy use performance. 2. We further employ environment management programs and energy baseline surveys and the establishment of management systems to strengthen environmental and energy management and to reduce carbon emission intensity via ISO 14064-1. The results of carbon reduction are disclosed in the sustainability report and the company website.	None
(2) Is the Company committed to improving resource efficiency and to the use of renewable materials with low environmental impact?	✓		1. We adopt ISO 50001 for energy management 2. We are actively researching ways of reusing waste and resources, and hope to find alternatives for natural resources and raw materials. While seeking to reduce the unit energy consumption of our products, in 2022, we reduce electricity usage by 380.66 tonsCO ₂ e , estimated cost saving of \$2,580,970. 3. Increase the purchase of FSC cardboard boxes. In 2022, purchased 136,890 counts and that’s 25% of the total cardboard box purchases.	None
(3) Does the Company evaluate current and future climate change potential risks and opportunities and take measures related to climate related topics?	✓		We conducted the quantification of Greenhouse Gas Emissions Inventory and obtained product carbon footprints and verifications. In 2022, we implemented TCFD after data collection, risk assessment and evaluation. We also came up with strategies to respond to these potential risks. We had identified 3 risks with possible corrective actions. The action plans are disclosed in the Sustainability Report.	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons																
	Yes	No	Abstract Explanation																	
(4) Does the Company collect data for greenhouse gas emissions, water usage and waste quantity in the past two years, and set energy conservation, greenhouse gas emissions reduction, water usage reduction and other waste management policies?	✓		<p>Ongoing process in quantifying greenhouse gas emissions inventory and carbon reduction programs. Via SGS verification, we passed the ISO 14064-1 & ISO 50001, to reduce the impact on the resources and the environment.</p> <p>(1) Greenhouse Gas Emissions: In 2022, the scope of greenhouse gas emissions include the manufacturing plant; thus the amount of emissions increased. The goals for emission intensity were set for 2025 and 2030, respectively based off on the number from 2019 to reduce by 30%. In 2022, the emission intensity is 1.43kgCO₂/thousand\$, a reduction of 10.6%. We plan to reduce 1% of electricity usage each year which equate to 148tons CO₂e emission.</p> <p style="text-align: center;">Unit: ton CO₂e</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Year</th> <th>Scope 1</th> <th>Scope 2</th> <th>Scope 3</th> </tr> </thead> <tbody> <tr> <td>2021</td> <td>7,536.4</td> <td>11,081.7</td> <td>4,185.8</td> </tr> <tr> <td>2022</td> <td>7,378.8</td> <td>11,707.7</td> <td>4,361.7</td> </tr> <tr> <td>% change</td> <td>-2.1%</td> <td>5.6%</td> <td>4.2%</td> </tr> </tbody> </table> <p>In 2021, GHG quantification were completed for Taichung Harbor plant and Shalu plant. In 2022, included Lukang plant in the scope of GHG quantification; thus, the total emissions inventory increased as a whole. Projecting that by April 2023, all of our plants would complete the GHG quantification.</p>	Year	Scope 1	Scope 2	Scope 3	2021	7,536.4	11,081.7	4,185.8	2022	7,378.8	11,707.7	4,361.7	% change	-2.1%	5.6%	4.2%	None
Year	Scope 1	Scope 2	Scope 3																	
2021	7,536.4	11,081.7	4,185.8																	
2022	7,378.8	11,707.7	4,361.7																	
% change	-2.1%	5.6%	4.2%																	

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons												
	Yes	No	Abstract Explanation													
			<p>(2) Reuse of water collected from steam condenser: 2021: 17,767 tons 2022: 15,621 tons % change: 12.07% reduction</p> <p>Charming Food, a subsidiary, certified for ISO 14046:2014 – environmental management – water footprint At the onset of Covid-19, all water faucets were replaced with sensor faucets to reduce transmission and conserve water.</p> <p>(3) Operation-Induced Waste Generated: (tons)</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Hazardous Waste</th> <th>Non-Hazardous Waste</th> <th>% change</th> </tr> </thead> <tbody> <tr> <td>2021</td> <td>0.105</td> <td>457.8</td> <td>-</td> </tr> <tr> <td>2022</td> <td>0.053</td> <td>435.95</td> <td>-4.78%</td> </tr> </tbody> </table> <p>For all operation-induced wastes, they are classified by category then waste management company filed report and transported to respective sites. We also conduct spot inspections to ensure waste management company is complying with the laws and regulations. Moreover, we conduct waste recycle and reuse such as food waste, poultry manure and spent bleaching clay to implement agri-food circular economy model.</p>	Year	Hazardous Waste	Non-Hazardous Waste	% change	2021	0.105	457.8	-	2022	0.053	435.95	-4.78%	
Year	Hazardous Waste	Non-Hazardous Waste	% change													
2021	0.105	457.8	-													
2022	0.053	435.95	-4.78%													

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
4. Social Topic				
(1) Does the Company set policies and procedures in compliance with regulations and internationally recognized human rights principles?	✓		Fwusow Industry supports and complies with International Bill of Human Rights, including the United Nations Universal Declaration of Human Rights, the United Nations Global Compact and the International Labor Organization Declaration on Fundamental and Rights at Work. We place the utmost value on human rights, and we treat all people with the same dignity and respect. The Human Rights Policy is published on the company website. The company strictly abides by the labor law and upholds the international human rights standard. The Company expects its subsidiaries, joint ventures, suppliers, and business partners to adhere to the policy to protect human rights.	None
(2) Has the Company established appropriately managed employee welfare measures (include salary and compensation, leave and others), and link operational performance or achievements with employee salary and compensation?	✓		<p>The company has established appropriately managed employee welfare measures (include salary, compensation, and leave of absence), and link operational performance or achievements to employee salary and compensation.</p> <p><u>Employee Salary</u> Based on educational level, domain knowledge, performance evaluation, the market value and market economy. Company also offers 2% profit sharing and performance bonus accordingly with performance appraisal.</p> <p><u>Vacation Policy</u> Vacation policy abides by the labor laws and the policy is part of the Work</p>	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			<p>Guidelines in the company bulletin.</p> <p><u>Employee Benefits</u> We have all kinds of employee benefits programs including premium annual physical check-up, employee activities, gifts and subsidies, physical fitness facility, and retirement planning activities. We also have employee stock ownership trust with 39% participation in 2022.</p> <p><u>Fair Pay and Diversification</u> Not to discriminate against gender, race, political stances, and etc. In 2022, female employees consist of 28% of our total employees and female managers consist of 12.8% of total employees.</p>	
(3) Does the Company provide employees with a safe and healthy working environment, with regular safety and health training?	✓		<p>The company is certified with ISO 45001 – Health and safety management standard. The company organizes regular health checkup, safety education and onsite fire drill training to enhance the enterprise safety culture through systematic and continuous improvements; thus, provides a healthy and safe workplace for the labors.</p> <p>In 2022, the disabling frequency rate (FR) was 3.0, 3 people (0.5% of total employees) which was a decrease of 24% in comparison to 2021 FR of 3.95. Responding to occupational accidents, we provide basic first aid to injured employees on the spot then seek for emergency medical services to minimize the risk of further injury.</p> <p>Education and training courses would be the focal point in the management of occupational safety and health.</p>	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons												
	Yes	No	Abstract Explanation													
			<p>Occupational Safety and Health Training for the past 3 years</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Accumulated Training staff count</th> <th>Training Hours</th> </tr> </thead> <tbody> <tr> <td>2020</td> <td>1,571</td> <td>3,542</td> </tr> <tr> <td>2021</td> <td>1,043</td> <td>1,924</td> </tr> <tr> <td>2022</td> <td>1,569</td> <td>3,680</td> </tr> </tbody> </table>	Year	Accumulated Training staff count	Training Hours	2020	1,571	3,542	2021	1,043	1,924	2022	1,569	3,680	
Year	Accumulated Training staff count	Training Hours														
2020	1,571	3,542														
2021	1,043	1,924														
2022	1,569	3,680														
(4) Has the Company established effective career development training plans?	✓		<p>In our pursuit of professionalism, we outline the blueprint for talent cultivation from the perspective of practicality and long-term operation. We provide abundant learning resources and talent-oriented work plan for the employees. Moreover, the company expands its plans and vision, expecting to cultivate professionals and leaders internally. We also offer internal e-learning self-study courses. By doing so, we wish to achieve individual career development alongside enterprise development.</p> <p>In 2022, accumulated training staff count of 4,070; total training hours of 9,893 hours.</p>	None												
(5) Does the Company's product and service	✓		The company embraces product responsibility and value marketing ethics. In the process of procurement, production, operation, and service, the Company	None												

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
comply with related regulations and international rules for customers' health and safety, privacy, sales, labelling and set policies to protect consumers' rights and consumer appeal procedures?			shall ensure the transparency and safety of product labeling and service information. The Company shall also define and disclose our consumer rights policy and benefits so as to prevent our products or services from harming the rights, benefits, health, or safety of consumers. We set up a consumer service hotline to respond to customer complaints.	
(6) Does the Company set supplier management policy and request suppliers to comply with related standards on the topics of environmental, occupational safety and health or labor right, and their implementation status?	✓		<ol style="list-style-type: none"> 1. Given food safety is the most important matter to protect the consumer rights and benefits, all food-related suppliers must be lawfully registered with the governmental agency and preferably with the food-related safety certifications. 2. Regular on-site visit to key suppliers have been conducted, and supplier evaluation has been implemented to understand the current management status of the suppliers. Sustainability evaluation items include labor conditions, occupational safety and health, environment, norms of ethics, and management system. In 2022, did onsite inspection on 13 out of 134 vendors (those with the certifications) and all meet the criteria. 	None
5. Enhancing Information Disclosure Does the company reference internationally	✓		The sustainability report framework was based on the Global Reporting Initiative (GRI) and the supplemental indicators were from the food processing industry. Via a third party verification, an independent limited assurance was	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
accepted reporting standards or guidelines, and prepare reports that disclose non-financial information of the company, such as corporate social responsibility reports? Do the reports above obtain assurance from a third party verification unit?			conducted on this report. The contents are published on both the company website and MOPS. We also have TCFD and follow SASB in our disclosures. Solomon & Co., CPAs provided limited assurance.	
<p>6. If the Company has established the corporate social responsibility principles based on “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies”, please describe any discrepancy between the Principles and their implementation: No material difference exists in our “Sustainability Development Best Practice Principles” and the implementation. A Sustainability report is issued annually.</p>				

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
<p>7. Other important information to facilitate better understanding of the Company’s corporate social responsibility practices :</p> <p>(1) Social</p> <p>a. 8th Annual Cerear Table Tennis Tournament</p> <p>b. 7th Annual Taiwan-Japan Pet Workshop</p> <p>c. For consecutive 16 years, we participated in Huichung Winter Charity Event. We not only sponsored cooking oil but also organized a team of volunteers to assist in handing out the charitable items. In an effort to show, actions speak louder than words. Total of 64 volunteer hours.</p> <p>d. Continuous financial and material donations to Andrew Charity Association and Taiwan People’s Food Bank Association</p> <p>(2)Environmental</p> <p>a. Lukang plant certified for ISO 14064-1 in December 2022 with the GHG emissions quantification.</p> <p>b. Increased procurement of local grown dent corn in an effort to reduce carbon emission if imported</p> <p>c. Continue to be certified for SQF, FSSC22000, ISO 22000, and TQF food safety management system in 2022</p> <p>d. Charming Food, the subsidiary, certified for ISO 14046: 2014 water footprint.</p> <p>e. Purchased high efficiency motor, energy efficient LED, electric forklifts (4) and energy efficient air compressor, estimated total CO₂ reduction of 379.53 tons.</p> <p>f. Company has obtained 22 carbon footprint labels for our various products: 5 in sesame oil, 2 in bonito flakes and 15 in Grace series pet food</p> <p>(3)Awards & Recognitions</p> <p>2022 National Sustainability Development Award from Executive Yuan; 2021 Agricultural Products Outstanding Marketing Contribution Enterprise Award; Agricultural Technology Enterprise Innovation Award from Council of Agriculture; 15th Annual TCSA Sustainability Report – Gold; 1111 Job Bank Happy Enterprise Award – Gold; “Top 100 Carbon Competitive Enterprises” from Business Today and “Corporate Sustainability Innovation Award” for the 2022 Food Innovation Awards by FoodNEXT</p> <p>(4)Corporate Social Responsibility Report: please refer to our company website http://csr.fwusow.com.tw/index.php/2016-07-15-10-17-15</p>				

3.4.6 Ethical Corporate Management

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
1. Establishment of ethical corporate management policies and programs				
(1) Does the company declare its ethical corporate management policies and procedures in its guidelines and external documents, as well as the commitment from its board to implement the policies?	✓		The Company has established the “Ethical Corporate Management Best Practice Principles”. The principles are disclosed in the annual report, the company website and MOPS. The Board of Directors and the management place the greatest importance in adopting the highest standards of integrity and ethics in corporate management and employee work conduct.	None
(2) Does the company establish appropriate precautions against high-potential unethical conduct or listed activities stated in Article 2, Paragraph 7 of the ethical corporate management best-practice principles for TWSE listed companies?	✓		The company adopted “The Procedures for Ethical Management and Guidelines for Conduct” and approved by the BoD. The company has established precautions against high-potential unethical conducts and state the relevant operating procedures in guiding the implementation.	None

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(3) Does the company establish policies to prevent unethical conduct with clear statements regarding relevant procedures, guidelines of conduct, punishment for violation, rules of appeal, and the commitment to implement the policies?	✓		The Company’s Ethical Corporate Management Best-Practice Principles have established preventive measures, procedures, guidelines, and punishment for violation against unethical conducts. Furthermore, hotlines have been established for employees to use in reporting any ethical irregularities for investigation; all employees must disclose any matters that have or may have the appearance of undermining the Principle, such as any actual or potential conflict of interest.	None
2. Fulfill ethical management				

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(1) Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts?	✓		The Company practices due diligence before trading with upstream and downstream companies to minimize the risks of unethical conducts and conveys our integrity requirements to all our business partners. In addition, an ethic-related clause is included in every business contract. If there is any breach of the clause, the Company may terminate the partnership at any time without any further obligation or compensation.	None
(2) Does the company establish an exclusively dedicated unit supervised by the Board to be in charge of corporate ethical management and report to the board on a regular basis? (at least once a year)	✓		Under the supervision of the Board of Directors, the Audit Committee overlooks the company's operational integrity and reports to the Board regularly.	None

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(3) Does the Company establish policies to prevent conflicts of interest and provide appropriate communication channels for complaints and implement the policies?	✓		The Company has made a hotline available for reporting of any acts of conflicts of interest and has established internal control systems to ensure integrity in our operations. Guidelines and procedures are disclosed in “The Procedures for Ethical Management and Guidelines for Conduct”	None
(4) Has the company established effective systems for both accounting and internal control to facilitate ethical corporate management, and are they audited by either internal auditors or CPAs on a regular basis?	✓		The company has established effective accounting and internal control systems to fulfill ethical management and assigned internal auditors to audit regularly. The audit reports are then reported to the Board of Directors.	None
(5) Does the company regularly hold internal and external educational trainings on ethical management?	✓		The Company carries out regular training for employees. For new employees, training on ethical rules, conflicts of interest, business morals, and all other related subjects are carried out during their orientation. All vendors and suppliers	None

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			are advocated and informed of the importance of business integrity.	
3. Whistleblower Policy				
(1) Does the company establish a clear whistleblowing and reward system and set up a convenient channel for reporting unethical activities? Can the accused be reached by an appropriate person for follow-up?	✓		The Company establishes various reporting channels so that employees and relevant people can report improper business behaviors through the system. After a confidential investigation, anyone who violates the regulations on operational integrity will be punished according to the Company’s regulations on reward and punishment. In cases of illegal conduct, legal actions will be taken as well.	None

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(2) Does the company establish standard operating procedures for confidential reporting on investigating accusation cases?	✓		The Company has SOPs in place which would be applied to any confidential reporting and investigations.	None
(3) Does the company provide proper whistleblower protection?	✓		The Company takes whistleblower protection seriously since the core purpose is to protect diligent employees who step forward to identify potential wrongdoing from unlawful reprisal.	None
4. Strengthening information disclosure				
(1) Does the company disclose its ethical corporate management policies and the results of its implementation on the company’s website and MOPS?	✓		The Company discloses the Company’s Ethical Corporate Management Policies and the results of our implementations in the annual reports, the corporate website, and MOPS for the investors to download the relevant information	None
5. If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation. The Company has established "Ethical Corporate Management Principle" based on the Ethical Corporate Management Best Practice				

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
Principles for TWSE Listed Companies. Therefore, there have been no differences. The Company and the subsidiaries follow the ethical principle to implement the corporate ethics in internal control system and relevant mechanism				
<p>6. Other important information to facilitate a better understanding of the company’s ethical corporate management policies (e.g., review and amend its policies).</p> <p>(a) The Company has established the “The Procedures for Ethical Management and Guidelines for Conduct”</p> <p>(b) The Company has amended “Code of Ethics Policy” to include a preventive plan, scope, implementation and disclosure according to the rules and regulations governing TWSE/TPEX listed companies.</p> <p>(c) The implementation of Code of Conducts is reported to Board of Directors annually (last reported on 11/9/2022)</p> <p>(d) The Company always observes the Company Act, Securities and Exchange Act, Business Entity Accounting Act, relevant rules and regulations governing TWSE/TPEX listed companies, and other business behaviors to implement fair and transparency.</p>				

3.4.7 Corporate governance rules, regulations, and disclosures of the Company:

The Company discloses its ethical corporate management policies and results of its implementation on the MOPS (<http://mops.twse.com.tw>) and the company's website (<http://www.fwusow.com.tw>)

3.4.8 Other Significant Information that will provide a better understanding of the company's implementation of corporate governance may also be disclosed

- (1) To implement carbon reduction & energy conservation, we obtained the certifications of ISO 14061 & ISO 50001 and carbon footprints for 22 products
- (2) To enforce the importance of occupational safety, we were certified for ISO 45001
- (3) To meet the sustainable operational management needs, we established selection criteria for the board members, and succession planning standards
- (4) Acquisition of licenses and certificates designated by competent authorities by personnel in relation to financial transparency.
 - a. Certified Internal Auditor (CIA): 1 person
 - b. Internal Auditor of Republic of China certified: 1 person
 - c. The Internal Control Business Basic Ability: 5 persons

3.4.9 Implementation Status of Internal Control System

- (1) Statement of Internal Control: Please see next page
- (2) If the company has commissioned external auditors to review the company's internal control system, the external auditor's report should be disclosed:
None.

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

Statement of Internal Control

Fwusow Industry Co., Ltd. Statement of Internal Control

3/13/2022

With reference to the 2022 self-assessment of the internal control system, we hereby declare:

1. We acknowledge and understand that it is the responsibility of our Board of Directors and the managers to establish, implement, and maintain the internal control system. The Company has established the internal control system to provide a reasonable assurance for the realization of operating effectiveness and efficiency (including profitability, performance, and security of assets), the reliability, timeliness, transparency, and compliance of reports, and the conformity to relevant laws and regulations.
2. The internal control system has inherent limitations. An effective internal control system can only ensure the three aforementioned goals are achieved. Due to the changes in the environment and conditions, the effectiveness of an internal control system could change at any time. Our internal control system is designed with self-monitoring mechanisms; therefore, we can take immediate corrective actions upon identifying any nonconformity.
3. To determine the effectiveness of the design and implementation of our internal control system, we based the criteria as specified in "Regulations Governing Establishment of Internal Control Systems by Public Companies" (referred to as "the Criteria" hereinafter). The Criteria divided the internal control system into 5 elements: (1) environment control (2) risk assessment (3) control activities (4) information and communication (5) monitoring. Each element is further subdivided into different audit items. Please refer to the Criteria for the details of the said items.
4. We have evaluated the effectiveness of design and implementation of our internal control system with such criteria aforementioned.
5. With the aforementioned assessment results, the company's internal control system as of December 31, 2022 (the supervision and management of subsidiaries), including the understanding of business performance and efficiency, the reliability, timeliness, transparency, and regulatory compliance of reports, the conformity to governing regulations, and the design and enforcement are effective and feasible to ensure the realization of the aforementioned objectives.
6. This statement of internal control shall be an integral part of our annual report and the prospectus to be disclosed as public information. If there are any fraud, concealment and unlawful practices found in the above contents, we shall be held liable under Article 20, Article 32, Article 171 and Article 174 of the Securities and Exchange Act.
7. We hereby declare that this statement of declaration was approved unanimously by the nine directors at the board meeting on March 13, 2023.

Fwusow Industry Co., Ltd
Chairman: Yau-Kuen Hung
General Manager: She-Pin Hung

3.4.11 Major Resolutions of Shareholders' Meeting and Board Meetings for the most recent year and to the date of annual report publication:

3.4.11-1 Major resolutions of 2022 General Shareholders Meeting

Date of the Shareholders' Meeting: June 17, 2022

Resolutions	Implementation & Execution
Resolutions & Results: (1) Submission of the 2021 business reports and financial statements of the company for approval (2) Submission of 2021 earning distribution plan for approval	(1) Accepted, disclosed and reported to the relevant agencies (2) Cash dividend NT\$1.10 per share, total of \$353,814,876; ex-dividend date: 7/12/2022; payment date of cash dividend: 7/21/2022
Discussion: (1) Amendments to Articles of Incorporation (2) Amendment to the Rules for Procedure of Shareholders Meeting (3) Amendments to the Procedures for Acquisition or Disposal of Fixed Assets	(1) Ministry of Economic Affairs approved on 8/5/2022 and disclosed on company website (2) Effective after revision and approval; posted and disclosed on MOPS and company website (3) Effective after revision and approval; posted and disclosed on MOPS and company website

3.4.11-2 Major resolutions of 2022 Board Meetings

Date	Major Resolutions
3/21/2022 13 th session 13 th meeting	1. Performance evaluation of Board of Directors and functional committees reports of 2021 2. Approval of the 2021 business report and financial statements. 3. The resolution on the date and agenda and other related matters of 2022 shareholders' general meeting of the company was passed 4. Approved Amendment to Articles of Incorporation 5. Approved Amendment to the Rules for Procedure of Shareholders Meeting 6. The resolution on the Internal Control Statement was passed 7. The evaluation of CPA's independence was passed 8. Approved the adoption of "Human Rights Policy" 9. Approved the amendment to Corporate Governance Policy 10. The resolution on the rename of Corporate Social Responsibility Policy to Sustainable Development Policy was passed 11. The resolution on the approval to get new loans from Cathay United Bank 12. The resolution on the approval for loan renewals from banks 13. The resolution to endorse and guarantee for the subsidiary, Charming Food was passed
4/27/2022 13 th session 14 th meeting	1. Report on the coverage of Board of Directors with D&O Insurance 2. Approved the 2021 earning distribution plan of the company 3. Approved the 2021 profit sharing plan for employees and board directors of the company 4. Added discussion contents to 2022 Annual Shareholders'

	<p>Meeting</p> <p>5. Conduct derivatives trading business or engage in derivatives trading in accordance with regulations governing the acquisition and disposal of assets upon maturity</p>
5/12/2022 13 th session 15 th meeting	<p>1. Reported on the status of 2021 Corporate Social Responsibility Report</p> <p>2. Reported on the schedule of GHG quantifications</p> <p>3. Approved the consolidated financial statements for first quarter of year 2022</p> <p>4. The resolution on the approval for loan renewals from banks</p> <p>5. The resolution to endorse and guarantee for the subsidiary, Charming Food was passed</p> <p>6. Approved the renewal of conducting derivatives trading business upon maturity</p>
8/10/2022 13 th session 16 th meeting	<p>1. Reported on the completion of 2021 Corporate Social Responsibility Report</p> <p>2. Approved the consolidated financial statements for second quarter of year 2022</p> <p>3. Approved the adoption of "Risk Management and Procedures"</p> <p>4. Approved the adoption of "The Procedures for Ethical Management and Guidelines for Conduct"</p> <p>5. Approved the amendment on "Ethical Conduct Policy"</p> <p>6. The approval for loan renewals from banks</p> <p>7. Approved mid to long term loan from First Bank</p> <p>8. Approved to conduct derivatives trading business</p> <p>9. Approved to get a comprehensive credit line with E.Sun Bank</p> <p>10. Approved to extend the endorsement and guarantee for the subsidiary, Charming Food</p>
11/9/2022 13 th session 17 th meeting	<p>1. Reported on the implementation of "Ethical Conduct Policy"</p> <p>2. Reported on the schedule of GHG quantifications</p> <p>3. The consolidated financial statements for third quarter of 2022</p> <p>4. Approved internal auditing proposal for year 2023</p> <p>5. Approved Proposed Seal Management Measure</p> <p>6. The approval for loan renewals from banks.</p> <p>7. Approved to get a comprehensive credit line from Taiwan Business Bank and renew</p> <p>8. Approved the earning distribution for the first half of 2022</p> <p>9. Approved to extend the endorsement and guarantee for the subsidiary, Charming Food</p> <p>10. Raise capital for subsidiary, Won Gee Sheng Agricultural Technology Co., Ltd</p>
12/20/2022 13 th session 18 th meeting	<p>1. Intellectual Property Management plan and implementation report.</p> <p>2. Budget Plan for 2023</p> <p>3. Approved the revision of "Insider Trading Prevention Management" Policy</p> <p>4. Approval of the renewal of credit limit with the banks</p> <p>5. Approved to conduct derivatives trading business with Cathay United Bank and renew</p> <p>6. Monitor and audit personnel handling derivative tradings</p>
3/21/2023 13 th	<p>1. Performance evaluation of Board of Directors and functional committees reports of 2022</p> <p>2. Reported on the schedule of GHG quantifications</p>

	<p>3. Approval of the 2022 business report and financial statements.</p> <p>4. The resolution on the date and agenda and other related matters of 2023 shareholders' general meeting of the company was passed</p> <p>5. Approved the list of nominated candidates for the 14th Term Election of Board of Directors</p> <p>6. Approved the release of “non-competition” clause for the newly elected board members.</p> <p>7. The resolution on the 2022 Internal Control Statement was passed</p> <p>8. The resolution on the evaluation of the independence of CPAs was passed.</p> <p>9. Approved the revision of “Internal Materiality Disclosure Procedures”</p> <p>10. Approved the revision to “Insider Trading Preventive Management Policy”</p>
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3.4.12 Major Issues of Record or Written Statements Made by Any Director or Supervisor Dissenting to Important Resolutions Passed by the Board of Directors: None

3.4.13 Resignation or Dismissal of the Company’s Key Individuals, Including the Chairman, CEO, and Heads of Accounting, Finance, Internal Audit and R&D: None

3.5 Information Regarding the Audit Fee

3.5.1 The amount of the non-audit fees paid to a CPA, a CPA firm, and its affiliates above one-fourth of the audit fee disclosed as follow:

Unit: NT\$ thousands

Accounting Firm	Name of CPA	Period Covered by CPA's Audit	Audit Fee	Non-audit Fee					Total
				System of Design	Company Registration	Human Resource	Consulting	Subtotal	
Solomon & Co., CPAs	Lu, Song Yu; Chen, Tzu Yu	2022.01.01~2022.12.31	3,568	-	4	-	925	929	4,497

3.5.2 Where the CPA firm was replaced, and the audit fees in the fiscal year when the replacement was made were less than that in the previous fiscal year before replacement, the amount of audit fees paid before replacement and reasons for paying this amount shall be disclosed: Not applicable.

3.5.3 Where audit fee paid for the year was more than 15% less than that of the previous year, the amount, proportion, and cause of the reduction shall be disclosed: None

3.6 Replacement of CPA

3.6.1 Regarding the former CPA: Not Applicable

3.7 The chairman, president and/or managerial officers in charge of finance or accounting positions served at the firm(s) or affiliate(s) of the auditing CPAs in the preceding year: None

3.8 Changes in Shareholding of Directors, Managers and Major Shareholders over 10% of the outstanding shares in the preceding year and by the date of report publication

3.8.1 Recent changes of holding of directors, managers & major shareholders

Title	Name	2022		As of Apr. 11, 2023	
		Holding Increase (Decrease)	Pledged Holding Increase/(Decrease)	Holding Increase (Decrease)	Pledged Holding Increase/(Decrease)
Director	Hua Shao Investment Co.,	200,000	0	0	0
Director	Hung, Yau-Kuen	(123,000)	0	0	
Director	Hung, Yau-Hsin	0	0	0	0
Director	Hung, Yau-Chih	0	0	0	0
Director	Cheng-Rong Investment Co.,	62,000	0	10,000	0
Director	Hsiao, Min-Ju	0	0	0	0
Director	Ann Dar Hsin Investment Co.,	0	0	0	0
Director	Yeh, Tzu-Ling	0	0	0	0
Director	Taisun Yuan Investment Co.,	0	0	0	0
Director	Liu, Wei Chen	0	0	0	0
Independent Director	Huang, Tsun-Sun	0	0	0	0
Independent Director	Ren, Yao-Ting	0	0	0	0
Independent Director	Huang, Shi-Pin	0	0	0	0
General Manager	Hung, She-Pin	0	0	0	0
Executive Vice General Manger	Lin, Tien-Fung	0	0	0	0
Vice General Manager	Tsai, Chia-Kung	0	0	0	0
Vice General Manager	Yang, Chun-Hsien	0	0	0	0
Vice General Manager	Chang, Zen-Yau	0	0	0	0
AVP	Chang, Chong-Ha	0	0	0	0
AVP	Wang, Ren-Chih	0	0	0	0
AVP	Lee, Chih-Hong	0	0	0	0
AVP	Lin, Mau-Shen	0	0	0	0

AVP	Chen, Chi-Wen	0	0	0	0
AVP	Hsu, Pei-Yu	0	0	0	0
AVP	Hsieh, Min-Chih	0	0	0	0
Accounting Manager	Dai, Jen-Hui	0	0	0	0

3.8.2 Shares Trade with Related Parties

Name	Reason for Transfer	Date of Transaction	Transferee	Relationship between Transferee and Directors, Supervisors, Managers and Major Shareholders	Shares	Transaction Price (NT\$)
None						

3.8.3 Shares Pledge with Related Parties

Name	Reason for Pledge	Date of Transaction	Transferee	Relationship between Transferee and Directors, Supervisors, Managers and Major Shareholders	Shares	Shares holding %	Shares Pledged %	Pledged Amount
None								

3.9 Relationship among the Top Ten Shareholders

As of 12/31/2022

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Hung, Yau-Kuen	14,235,669	4.43	709,797	0.22	0	0	-	-	
Shen, Sher-Shaun	9,090,002	2.83	6,370,000	1.98	0	0			
Hung, Yau-Chih	8,447,292	2.63	83,229	0.03	0	0	Chiang, Ling-Yu	Mother & Son	
							Hung, Yau-Hao & Hung, Yau-Tzer	Siblings	
Hung, Yau-Hao	7,442,930	2.31	0	0	0	0	Chiang, Ling-Yu	Mother & Son	
							Hung, Yau-Chih & Hung, Yau-Tzer	Siblings	
Hung, Yau-Tzer	7,429,352	2.31	0	0	0	0	Chiang, Ling-Yu	Mother & Son	
							Hung, Yau-Chih & Hung, Yau-Hao	Siblings	
Chiang, Ling-Yu	7,224,194	2.25	6,665,255	2.071	0	0	Hung, Tzen-Fa	Spouse	
							Hung, Yau-Chih, Hung, Yau-Hao & Hung, Yau-Tzer	Mother & Son	
Hung, Cheng-Fang	7,102,065	2.21	1,485,107	0.46	0	0			
Hung, Yau-Hsin	7,094,976	2.20	136,712	0.04	0	0	Hung, Yau-Hsi	Siblings	
Hung, Yau-Hsi	7,089,183	2.20	0	0	0	0	Hung, Yau-Hsin	Siblings	
Hung, Tzen-Fa	6,665,255	2.07	7,224,194	2.25	0	0	Chiang, Ling-Yu	Spouse	
							Hung, Yau-Chih, Hung, Yau-Hao & Hung, Yau-Tzer	Father & Son	

3.10 Total Percentage of Ownership of Investees

12/31/2022 Unit: shares/ %

Investment Business	Ownership by the Company		Direct or Indirect Ownership by Directors, Supervisors, Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
Fwusow Hsin Co., Ltd	5,473,703	99.07%	12,849	0.23%	5,486,552	99.30%
Wonderful Investment	10,785,000	85.70%	0	0	10,785,000	85.70%
Zillion Holding Group Corp	183,000	100%	0	0	183,000	100%
Central Union Oil Corp	19,399,028	32.33%	0	0	19,399,028	32.33%
Chiaton Industry Co., Ltd	3,562,501	37.50%	0	0	3,562,501	37.50%
Charming Food	29,100,000	72.75%	0	0	29,100,000	72.75%
Won Gee Sheng Agricultural Technology Co., Ltd	19,781,000	98.91%	0	0	19,781,000	98.91%

IV. Capital Overview

4.1 Capital and Shares

4.1.1 Source of Capital

4.1.1-1 Issued Shares

Date		Par Value (NT\$)	Authorized Capital		Paid-in Capital		Sources of Capital	Other
Year	Month		Shares	Amount (NT\$)	Shares	Amount (NT\$)		
1991	08	10	165,000,000	1,650,000,000	165,000,000	1,650,000,000	Cash capital increase \$250,000,000 Capitalization of retained earnings \$87,500,000 Capitalization of capital reserves \$62,500,000	1991.08.02(80) Tai Tsai Cheng (1) No.02144
1992	09	10	230,000,000	2,300,000,000	181,500,000	1,815,000,000	Capitalization of retained earnings \$33,000,000 Capitalization of capital reserves \$132,000,000	1992/09/19(81) Tai Tsai Cheng (1) No.02428
1994	06	10	230,000,000	2,300,000,000	190,575,000	1,905,750,000	Capitalization of capital reserves \$90,750,000	1994/06/20(83) Tai Tsai Cheng (1) No.28037
1995	06	10	230,000,000	2,300,000,000	200,103,000	2,001,037,000	Capitalization of capital reserves \$95,287,000	1995/06/05(84) Tai Tsai Cheng(1) No.32960
1996	06	10	230,000,000	2,300,000,000	230,000,000	2,300,000,000	Cash capital increase \$198,911,000 Capitalization of retained earnings \$100,052,000	1996/06/08(85) Tai Tsai Cheng(1) No.33629
1997	05	10	276,000,000	2,760,000,000	241,500,000	2,415,000,000	Capitalization of retained earnings \$46,000,000 Capitalization of capital reserves \$69,000,000	1997/05/26(86) Tai Tsai Cheng(1) No.42244
1998	06	10	276,000,000	2,760,000,000	246,330,000	2,463,300,000	Capitalization of retained earnings \$48,300,000	1998.06.20(87) Tai Tsai Cheng(1) No.48089
2002	06	10	276,000,000	2,760,000,000	245,026,000	2,450,260,000	Capital Reduction via Treasury Stocks Buyback	2002/06/10(91)Tai Cheng Son Tzu No.012923
2003	02	10	276,000,000	2,760,000,000	272,229,000	2,722,294,000	Capitalization \$306,000,000 Capital reduction via Treasury Stocks Buyback \$33,966,000	2002/10/24(91) Tai Tsai Cheng(1) No.0910154807
2006	09	10	276,000,000	2,760,000,000	266,318,000	2,663,184,000	Capital reduction via Treasury Stocks Buyback \$59,110,000	2006/09/25 Tai Cheng Son Tzi No.0950025510

2008	07	10	276,000,000	2,760,000,000	274,308,000	2,743,080,000	Capitalization of retained earnings \$53,264,000 Capitalization of capital reserves \$26,632,000	2008/07/22 Jin Kuan Cheng 1 Tzi No.0970036894
2010	07	10	320,000,000	3,200,000,000	283,909,000	2,839,087,000	Capitalization of retained earnings \$96,008,000	2010/07/14 Jin Kuan Cheng Fa Tzi No.0990036618
2011	07	10	320,000,000	3,200,000,000	292,426,000	2,924,260,000	Capitalization of retained earnings \$85,173,000	2011/07/18 Jin Kuan Cheng Fa Tzi No.1000033218
2012	06	10	320,000,000	3,200,000,000	307,047,000	3,070,473,000	Capitalization of retained earnings \$146,213,000	2012/06/29 Jin Kuan Cheng Fa Tzi No.1010028796
2013	07	10	320,000,000	3,200,000,000	313,188,000	3,131,882,000	Capitalization of retained earnings \$61,409,000	2013/07/05 Jin Kuan Cheng Fa Tzi No.1020026261
2015	07	10	320,000,000	3,200,000,000	318,825,000	3,188,256,000	Capitalization of retained earnings \$56,373,000	2015/07/06 Jin Kuan Cheng Fa Tzi No.1040025322
2017	08	17	350,000,000	3,500,000,000	322,013,000	3,220,138,000	Capitalization of retained earnings \$31,882,000	2017/08/17 Jin So Sun Tzi No.10601117260

Remark: No property other than cash is used to purchase the shares

4.1.1-2 Type of Stock

Type of Share	Authorized Capital				Remarks
	Issued Shares	Treasury Stock	Un-issued Shares	Total Shares	
Registered Common Stock	321,649,887	364,000	177,986,113	500,000,000	Listed Stock

4.1.1-3 Information for Shelf Registration: None

4.1.2 Structure of Shareholdings

As of 04/11/2023

Item	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	0	0	212	42,704	74	
Shareholding (shares)	0	0	26,244,118	282,444,826	13,324,943	
Percentage	0	0	8.15	87.72	4.13	

Note: treasury stock 364,000 shares

4.1.3 Shareholding Distribution

4.1.3-1 Common Shares

As of 04/11/2023

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1 ~ 999	24,485	1,595,577	0.50
1,000 ~ 5,000	14,515	30,058,162	9.33
5,001 ~ 10,000	2,101	17,439,540	5.42
10,001 ~ 15,000	530	6,888,742	2.14
15,001 ~ 20,000	422	7,950,734	2.47
20,001 ~ 30,000	344	8,958,546	2.78
30,001 ~ 40,000	142	5,157,731	1.60
40,001 ~ 50,000	112	5,276,401	1.64
50,001 ~ 100,000	161	11,423,837	3.55
100,001 ~ 200,000	69	9,724,983	3.02
200,001 ~ 400,000	29	8,380,212	2.60
400,001 ~ 600,000	18	9,310,758	2.89
600,001 ~ 800,000	7	5,199,015	1.61
800,001 ~ 1,000,000	5	4,497,472	1.40
1,000,001 or over	50	190,152,177	34.04
Total	42,990	322,013,887	100.00

Note: treasury stock 364,000 shares

4.1.3-2 Preferred Shares: Not Applicable

4.1.4 List of Major Shareholders: Shareholding >5% / top 10 major shareholders

As of 04/11/2023

Shareholder's Name	Shareholding	
	Shares	Percentage
Hung, Yau-Kuen	14,235,669	4.43
Shen, Sher-Shaun	9,090,002	2.83
Hung, Yau-Chih	8,447,292	2.63
Hung, Yau-Hao	7,442,930	2.31
Hung, Yau-Tzer	7,429,352	2.31
Chiang, Ling-Yu	7,224,194	2.25
Hung, Cheng-Fang	7,102,065	2.21
Hung, Yau-Hsin	7,094,976	2.21
Hung, Yau-Hsi	7,089,183	2.20
Hung, Tzen-Fa	6,665,255	2.07

4.1.5 Share Price, Net Value, Earnings, Dividends, and other relevant information for the last two years

Unit: NT\$, shares, %

Items	Year		2021	2022
Market price per share	Highest		30.45	28.90
	Lowest		18.30	18.30
	Average		21.49	20.62
Net worth per share	Before Distribution		13.70	13.62
	After Distribution		12.60	(Note 1)
Earnings per share	Weighted average shares		322,013,887	322,013,887
	Earnings per share	Earnings per share (undiluted)	1.0	1.0
		Earnings per share (diluted) Note2	1.0	(Note 1)
Dividends per share	Cash Dividends		1.1	(Note 1)
	Stock Dividends	Dividends from Retained Earnings	0	(Note 1)
		Dividends from Capital Reserve	0	(Note 1)
	Accumulated Undistributed Dividends		0	(Note 1)
Return on Investment	Price / Earnings Ratio (Note 3)		21.49	(Note 1)
	Price / Dividend Ratio (Note 4)		19.54	(Note 1)
	Cash Dividend Yield Rate (Note 5)		5.12	(Note 1)

Note 1: Earning distribution subject to the approval of annual shareholders' meeting

Note 2: A reverse adjustment is required for stock dividend - disclose the EPS before and after the adjustment.

Note 3: Price / Earnings Ratio = Average Market Price / Earnings per Share

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

Note 5: Cash Dividend Yield Rate = Cash Dividends per Share / Average Market Price

4.1.6 Dividend Policy and Implementation Status

4.1.6-1 Dividend Policy

The business environment of the company is constantly changing but its life cycle is at a stable and mature stage. The annual earnings distribution should consider the following factors: future capital needs, long-term financial planning, and the expectations and demands of shareholders for cash inflows. If there are available earnings for distribution at the end of each fiscal year, after offsetting any loss from prior year(s) and paying all taxes and dues, 10% of the remaining net earnings shall be set aside as legal reserve, then would be appropriated in accordance with Securities Exchange Law. The remaining net earnings can be distributed together with prior accumulated unappropriated retained earnings. The Board of Directors will consider the above-mentioned factors to make the dividend distribution proposal in accordance to company act of article 228-1 and article 240 #5. The dividends shall be 40% to 90% of the accumulated unappropriated retained earnings, and the amount of cash dividend shall be at least 10% of the total amount of dividends distribution. If the cash dividend is less than NTD\$0.1, stock dividends shall be distributed thereof. The dividends will be distributed in accordance with the resolution approved by the Board of Directors and the Annual Shareholders' Meeting per Company act article 228-1 and article 240 #5.

4.1.6-2 Proposed Distribution of Dividend

The proposal for the distribution profits was passed in the Board meeting. The proposal for a cash dividend of NT\$ 0.50 per share and a stock dividend of NT\$0.30 per share will be discussed at the annual shareholders' meeting and will also authorize the board of directors to set the ex-dividend date.

4.1.6-3 Expected major changes in the dividend policy: None

4.1.7 Impact of stock dividend distribution on the operating performances and EPS of this year: Not Applicable

4.1.8 Employee Compensation and Directors' Remuneration

4.1.8-1 Information Relating to Employee Compensation and Directors' Remuneration:

Should there be profit for the year, the Company shall appropriate no less than 2% of the profit for the employees' compensation and no more than 5% of the profit for the directors' remuneration. After deliberation and approval by the Remuneration Committee, it is submitted to the Board of Directors for resolution. The compensation appropriations shall be reported in the shareholders' meeting. Accumulated losses from previous years should be retained before such allocation is appropriated.

4.1.8-2 The Estimated Basis for Calculating the Employee Compensation and Directors' Remuneration

- (1) The Company shall appropriate no less than 2% of the profit for the employees' compensation and no more than 5% of the profit for the directors' remuneration.
- (2) The stock compensations to employees and the ratio of the stock compensations to the total amount of net income and total remuneration to employees: None.
- (3) If the basis for estimating cash compensations for employees and directors is at variance with the actual amounts, the compensations will be adjusted based on the profits of the year of distribution

4.1.8-3 Profit Distribution of Year 2022 Approved in the Board of Directors Meeting for Employee Bonus and Directors' Remuneration

- (1) Recommended Distribution of Employee Bonus and Directors' Remuneration: (NT\$ thousands)

Directors' Remuneration	\$21,112
Employee Bonus – in Cash	\$8,445
Total	\$29,557

There is no variance between the distribution and the financial statements.

- (2) The stock compensations to employees and the ratio of the stock compensations to the total amount of net income and total remuneration to employees: Not Applicable

4.1.8-4 Information of 2021 Earnings Set Aside for Employee Bonus and Directors' and Remuneration: (NT\$ thousands)

Directors' Remuneration	\$21,134
Employee Bonus – in Cash	\$8,454
Total	\$29,588

The above-mentioned actual distribution of employee bonus and directors' and remuneration was in line with the recommended resolution of the Board of Directors.

4.1.9 Status of Treasury Stock Buyback

- 4.1.9-1 Status of stock repurchases (already completed): Not Applicable

- 4.1.9-2 Status of stock repurchases (still in progress): Not Applicable

4.2 Corporate Bonds: Not Applicable

4.3 Preferred Stocks: Not Applicable

4.4 Global Depositary Receipt: Not Applicable

4.5 Employee Stock Options: Not Applicable

4.6 Issuance of New Restricted Employee Shares: Not Applicable

4.7 Issuance of New Shares in connection with Mergers & Acquisitions:
Not Applicable

4.8 Financing Plans & Implementations: Not Applicable

V. Operational Highlights

5.1 Business Activities

5.1.1 Business Scope

(1) Main areas of business operations

Manufacture and sale of animal feeds, pet foods, cooking oil, soy flour, processed barley products, grain cereals, organic fertilizers, international trade, import, export and sale of grain commodity.

(2) Product Items

Cooking oil, sesame oil, soy flour, cereals, pet foods, animal and aquatic feeds, organic fertilizers, processed barley products, animal husbandry products.

(3) Operating Business Ratio

Product Items	% of overall business ratio
Feeds	30.8%
Cooking Oil	21.0%
Single ingredient products (Barley)	22.0%
Organic Fertilizer	2.3%
Grain Commodity	17.0%
Husbandry products (Others)	6.9%
Total	100.0%

(4) New products development

Probiotics additives, spray feed additives for high economic value aquaculture feed products, flavored cooking oil, microbial fertilizer, organic fertilizer, microbial agents for compost, agricultural materials and diet control pet food products for dogs and cats.

5.1.2 Industry Overview.

A. Feed Industry

a. COVID-19 pandemic (over the course of 3 years) caused price spikes in global grain commodity, and the port closure factors also led to much higher transportation fees. Thus, the rising costs of raw materials such as corn, soy flour and other ingredients impacted the business profit.

b. The rising cost of feed due to increasing raw material prices has led to an increase in operating risks for livestock breeders in Taiwan. This, in turn, has affected their willingness to continue breeding and their demand for feed. Furthermore, the outbreak of highly pathogenic avian influenza H5N1, as well as the impact of porcine reproductive and respiratory syndrome (PRRS) and porcine epidemic diarrhea (PED) viruses, have also contributed to the continuous increase in meat and egg prices in Taiwan.

c. "Food safety" is a focal issue for the consumers and behavioral trend is changing the market structure along the way. Therefore, emphasis on "feed safety" as part of the product quality control is crucial.

B. Cooking Oil Industry

- a. The cooking oil market in Taiwan is a mature industry and also our core business. Plant based oil is the basis for producing the cooking oil that meets the consumer health needs and fulfills the quality and safety demands. The consumer trend is changing; thus, we offer multi-purpose vegetable cooking oil to achieve precision marketing among different distribution channels.
- b. Post COVID-19 era changes the consumer habits and the payment channels; the company will re-evaluate market trends and maximize the effective utilization of raw material..
- c. Agricultural commodities relate to livelihoods. Due to the global geopolitical changes and human interventions, the consumers demand expectations and the market supply shortage cause disruptions in the demand and supply equilibrium. However, we have the confidence that we have stable supply to meet the consumers demand.

C. Organic Fertilizer Industry

- a. The percentage use of chemical fertilizers in Taiwan is relatively high. As the chemical fertilizers are produced using large quantities of petroleum and other fossil fuels, the price of chemical fertilizers fluctuates with the price change of petrochemical. Thus, the government subsidizes the price difference of chemical fertilizers and puts the businesses that are not producing chemical fertilizers at a disadvantage in operation.
- b. With the remarkable success in quality agricultural products export, and the popularity in domestic leisure farms, we strive to improve the quality and increase the quantity of agricultural products to reduce the fallow area and elevate management efficiency.
- c. The government is advocating the “quality agriculture” policy which will impact the consumer market trends and expectations for food safety, environmental protection, and the development of natural and organic products.
- d. The preventive care, sustainable farming, carbon reduction, and energy conservation are all part of the trending issues in “green energy circulation”. Organic agricultural products, home gardening, and agricultural waste management along with safe farming, microbial fertilizer and biological pesticides are gaining popularity.

D. Consumable Food Products

- a. Due to the changes in consumer behavior and market structure, the importance of food quality is gaining ground, especially in the food safety area; therefore, emphasis on product quality control is crucial.
- b. Health Awareness issues are crucial to the consumers
- c. Due to the declining birthrate and aging population, the market demand for senior citizens and pet continues to grow year after year.
- d. The magnetic effect of merging the distribution channels (ex. Taiwan’s 7-Eleven acquired Carrefour Taiwan and PX Mart acquired RT-Mart)
- e. In the development of the pet food industry, the preventive health care

concept is the focus

- f. Development in the fresh pet food and nutraceutical products
- g. Due to COVID-19 pandemic, e-commerce platform is gaining footing in consumers shopping trends.
- h. Continue with the leisure snack & food development
- i. To further implement circular agri-food economy model, we procure local grown crops and produce.

E. Grains Products

- a. Volatility in the pricing of global grain commodity increased operational costs as well as operational risks
- b. Due to the changes in consumer concept and market structure, the stringent product quality control as well as educating the consumers is important food safety issues.

5.1.3 Research and Development

5.1.3-1 R&D expenditure in the latest year and to the publish date of the annual report

- (1) R&D expenditure in year 2022: \$56,555,000

5.1.3-2 Research and Development Achievements

- (1) Small packaging bottles of flavored cooking oil.
- (2) Probiotic feed additives for livestock and aquaculture
- (3) Functional Pet Food Development
- (4) Microbial agent product development.
- (5) Bacillus licheniformis fertilizer, and biopesticides

5.1.4 Long-term and Short-term Development

5.1.4-1 Short-term Development

- (1) Fortify the communication among our upstream and downstream suppliers and vendors to offer our customers the whole scope of industry information and technology as value-added services to maintain and grow market share.
- (2) Reduce the delivery cycle time, and improve product quality to maintain the competitive edge.
- (3) Cooperate with related domestic and international companies to form strategic alliance in the technical transfer to promote our products to expand market share.
- (4) Health awareness is trending; thus, nutraceutical and product diversification will be the focus to differentiate our products in the market.
- (5) Educate our clients about the value of our products to create improve competitiveness
- (6) Due to the global changes, raw material costs remain at high level; thus, timely information is crucial for decision making in precise procurement.

5.1.4-2 Long-term Development

- (1) Work toward product integration to increase product efficiency; provide high-quality with high feed conversion ratio feed products. Thus, raise customer satisfaction
- (2) Strengthen the technical sharing via industry, government and academia to improve the capability and efficiency in research and development.
- (3) From a mutual beneficial perspective, we will build robust supply chain management system via strategic alliance and vertical integration.
- (4) Circular agri-food economy will be the focus of our product development through packaging design, and functionality to create differentiation in the market.
- (5) Strengthen branding recognition, improve product margin and recognize profitability in grain commodity as norm.
- (6) Increase market share in the sesame oil industry to become a major supplier for the industry and collaborate with other market players to establish a win-win scenario.

5.2 Market and Sales Overview

5.2.1 Market Analysis

5.2.1-1 Sales (Service) Region.

The company's animal feeds, cooking oil, and organic fertilizers are mainly sold in the domestic market. Domestic sales account for 99% of the sales revenue, and export sales account only for 1% of the sales revenue. The exported regions are mainly to the United States, New Zealand, Australia, and Asia.

5.2.1-2 Supply, Demand and Growth in Prospective Market

A. Feed:

1. The impacts of COVID-19 lead to rapid growth in stay-at-home economy, which also causes an increase demand for the meat-related products.
2. With the environmental changes and extreme climate conditions, breeding management is becoming increasingly important as the breeders face various influenza issues, which raises operational risks. All these factors expedited the process of vertical integration of the industry.
3. The consumer awareness in food safety, good hygiene, freshness, environmental protection, convenience, carbon reduction and the demand for the quality protein increases. Thus, the market demand for feed production may slightly decline.

B. Cooking Oil

1. Effective utilization of the company's refinery plant to manufacture high-quality vegetable oil, with three main products: soybean oil, canola, and palm oil; the emphasis and the appeal to the consumer market is on food safety and nutrition of oil products.
2. To effectively and systematically promote the vegetable oil, the developmental focus will be: Product functionality, relevant certifications to enhance product transparency, product differentiation in the distribution channels, technical inspection analysis, and preventive contamination procedures.
3. Healthy concepts and nutritional value of vegetable oil are the message and focus of our research to inform the consumers in choosing better quality oil products.
4. The soybean oil market is at the maturity stage domestically with zero growth. However, the emerging market is driving the growth of palm oil at 5% each year. Currently, the company is actively utilizing company's superior refinery technology as the product marketing pitch, hoping to increase market share via the existing distribution channel.
5. Due to the volatility in the supply and demand of raw materials, purchasing department needs to evaluate geopolitical situations, foreign exchange changes, and the global climate effects on area of plantation for an accurate market forecast.

C. Organic Fertilizers

(a) Market Supply Side

1. Council of Agriculture is advocating 'Healthy, Superior Quality Agriculture Plan'. The importance of strengthening safe, healthy and non-toxic agricultural policy will enhance future certification in the area of organic agriculture. Also, the emphasis on the organic certification management with the promotion of our own brand via marketing channels should have a positive influence in the development of domestic organic agriculture.
2. With higher living standards, the pursuit of healthy consumptions and the emphasis in environmental protection, the consumers are placing an importance on high-quality and safe organic agricultural products. We will abide by the relevant laws and regulations in our production to construct an effective, safe and vigorous industrial chain to the market.
3. The fertilizer industry is moving toward the development of "organic" and "biological" aspects. Under the government policy and subsidy programs, organic fertilizer will replace chemical fertilizer. Therefore, the growth in domestic organic fertilizer industry will be substantial.

(b) Market Demand Side

1. Although the overall agricultural output value and arable area are shrinking, the fields in organic rice, high-value fruit trees, leafy vegetables, and home gardening will increase the value-added for arable farming.
2. Change in lifestyle and increase in senior population promote the growth of leisure farming and home gardening; therefore, the sale of home garden fertilizers will continue to increase.
3. With raising awareness in health and environmental conservation, farmers realize the importance of sustainable use of land and competitiveness of the agricultural products as consumers prefer such products that use organic fertilizers

(c) Future Growth

1. Since most of the main raw materials rely on imports, we have established a procurement mechanism to integrate market information. Firm grasp of the supply sources, understanding of the market prices, the ability and flexibility to adjust inventory and implementation of various hedging methods to reduce price-driven demand will be key to maintain market share and profitability.
2. Our gross national income reaches the level of developed countries; therefore, the consumers place a high emphasis on food quality. So, functional products that emphasize no drug residues, healthy and preventive care products will have growth opportunities.
3. Under the government regulations, cross-strait relations and the Cross-Straits Service Trade Agreement, we hope that through negotiations, agricultural policies elaboration will enable us to upgrade and enhance quality agriculture. Furthermore, through strategic planning, we strive to gain market share in Mainland China and other foreign markets.
4. Understanding the trend of "quality agriculture, non-toxic farming and green eating" will offer further directions in building brand

recognition. Also, the production of "organic fertilizer", "biofertilizer", and "biopesticides" will help in gaining market share.

D. Consumable Food Products:

1. The market for dog food slightly declines.
2. The market for cat food continues to grow.
3. The market for the global brand products continues to grow.
4. Affordable products will continue to gain popularity.
5. The consumer trend is moving towards functional pet food; thus, the quality and food safety requirements are even more stringent.
6. Integration of the market information will be achieved with a thorough understanding of the supply source and the market price.
7. In search and develop franchise distribution channels and the opportunities in the operations of animal hospital.
8. E-commerce continues to grow.
9. Accelerate the process to expand the markets to the mainland, Southeast Asia, and other foreign markets to gain global recognition and market share.
10. Advocate for certifications of pet care food.
11. Develop pet care and preventive food products
12. Develop fresh pet food.
13. Develop natural leisure snack food products.
14. Develop natural leisure snack without additives or excessive processing

E. Cereal grains

1. Market Supply Side
 - a. Overall market growth is expected to flat as the value will be greater than the output
 - b. The market for low price products will increase in volume
 - c. Global brand products will continue to prosper
2. Market Demand Side
 - a. Affordable pricing products will gain popularity
 - b. Consumer trend is moving toward functional pet care food products; thus, the quality and food safety requirements are ever more stringent.
3. Future Growth
 - a. Integration of the market information will be achieved with a thorough understanding of the supply source and the market price.
 - b. The increasing consumer awareness in quality and food safety enhances the opportunities in developing preventive care, functional and natural food products.
 - c. Accelerate the process to expand the markets to the mainland China, Southeast Asia, and other foreign markets to gain global recognition and market share.
 - d. Develop franchise distribution channels to raise direct sales; thus,

to gain market shares.

5.2.1-3 Favorable, Unfavorable Factors and Strategies in the Long Term:

(1) Favorable Factors:

- a. The increase awareness in food safety, good hygiene, freshness, environmental protection, convenience, energy conservation and carbon reduction are all factors leading to the slight growth in the development of traceable feeds.
- b. The diverse and transparent global market information, the accessible market price of the raw material, the highly alternative products, the various sourcing options all allow for core assessment in minimizing operational risks.
- c. Our professional vegetable oil refinery will meet the market expectations and demands.
- d. The rising awareness in healthy, safe and eco-friendly agricultural products shows the importance of these added values in a competing market; farmers will have an increase demand for the organic fertilizers which would improve the soil conditions and crop yields
- e. Updating the relevant laws and regulations in the pet food industry; pet-personification, aging society, and declining birthrate are the going trend; producing quality pet food and promoting superior branding in the sale of the pet food. .

(2) Unfavorable Factors and Strategies:

- a. International market of raw material, commodity pricing, climate, transportation, Russia-Ukraine War, and interest rates are unpredictable.
Strategies: Flexibility in raw material procurement strategy will allow for better timing in purchasing and inventory control. Further, it enhances the competitiveness of the business operations and risk management.
- b. Government's strict regulations and monitoring measures for drug residues.
Strategies: Educate the husbandry farmers about the consequences of the use of prohibited drugs in raising livestock, poultry and aquaculture to prevent disruption to the product quality and pricing in the market.
- c. The decline in soybean oil and the rise in palm oil affect the traditional uses of the vegetable oil.
Strategies: We are re-aligning our distribution channels to meet the market needs and changes.
- d. The international trade environment is rapidly changing, and the extreme climate conditions are adding uncertain variables to our operations along with the consumer awareness in food safety; these factors are increasing manufacturing costs.
Strategies: Through the assistance of AI in smart management to improve efficiency, provide employees with the opportunities in

professional developments; firm grasp of the market changes to strengthen brand recognition, effectively implement the control measures and monitor risk management to improve operational performance.

5.2.2 Production Procedures of Main Products

5.2.2-1 Major Products and Their Main Uses

- (1) Cooking Oil: Vegetable oil, peanut oil, sunflower oil, olive oil, palm oil, sesame oil, and etc. for cooking, frying, dipping, and salad dressing purposes
- (2) Grain cereal: Ready-to-eat nutritious grain cereal and muesli with mixed fruit for breakfast or leisure snack
- (3) Livestock, poultry & aquaculture: eggs, pork, chicken, milk fish and tilapia.
- (4) Consumable food products: Dog food, cat food, koi feed, aquarium fish feed and bird feed & etc
- (5) Feed: Animal feed for pigs, and poultry, and aquatic feed
- (6) Organic fertilizers: to improve soil quality, and to increase crop yield and quality such as soybean flakes, potting soil and other fertilizer materials.
- (7) Single-ingredient products: selected & screened feed grade soybean, soybean meal, extruded food products and etc as raw material for manufacturing feed and organic fertilizers. Also, edible grade whole soybean and pressed barley
- (8) Meat products: ready to cook such as pork, chicken and eggs

5.2.2-2 Major Products and Their Production Processes

- (1) Feed:
Raw material → Mix → Product → Package → Storage
- (2) Cooking Oil:
Raw material → Screen/ Selection → Extraction → refined edible oil → Package → Storage
- (3) Sesame Oil:
Raw material → Screen/ Selection → Toast → Steam → Extraction → Filtration → Sesame Oil → Package → Storage
- (4) Organic Fertilizer:
Raw material → Grind → Mix → Granulation → Drying & Cooling → Screening → Package → Storage

5.2.3 Supply Status of Main Materials

- (1) Oversea Procurement: Through a procuring alliance with other companies in the same industry, we purchase grains such as soybeans, barley, corn, etc., from the United States, Central and South American countries, India to reduce costs and stabilize supply
- (2) Domestic Procurement: Based on the production capacity and the estimated sales, we purchase directly from the suppliers or contract with the farmers for the estimated raw material demands to gauge inventory and timing coordination in making the purchases.

(3) For all raw materials, we practice due diligence in comparing multiple suppliers to receive competitive bids, quality products and stable supply chain.

5.2.4 Major Suppliers and Clients

5.2.4-1 Major Suppliers in the Last Two Calendar Years

Unit: NT\$ thousands

Item	2021				2022			
	Company Name	Amount	[%]	Relation with Issuer	Company Name	Amount	[%]	Relation with Issuer
	None			-	None			-

Note: Major suppliers refer to those commanding 10%-plus share of annual order volume.

5.2.4-2 Major Clients in the Last Two Calendar Years

Unit: NT\$ thousands

Item	2021				2022			
	Company Name	Amount	[%]	Relation with Issuer	Company Name	Amount	[%]	Relation with Issuer
1	Central Union Oil Corp.	2,814,378	19.79	Re-investment	Central Union Oil Corp.	2,718,422	17.03	Re-investment
	Net Sale Amount	14,224,076	100.00	-	Net Sale Amount	15,964,576	100.00	-

Note: The changes in sale: primarily due to market economy and fluctuation of market price.

5.2.5 Production in the Last Two Years

Unit: Tons, NT\$ thousands

Major Products	2021			2022		
	Capacity	Quantity	Amount	Capacity	Quantity	Amount
Feed	370,000	275,724	4,056,164	370,000	264,799	4,617,246
Edible Oil	Note	42,798	1,866,784	Note	44,765	2,369,600
Single-Ingredient Products	Note	245,335	3,494,883	Note	249,787	4,201,432
Organic Fertilizer	48,700	30,805	241,091	49,000	36,088	299,091
Livestock fresh meat products(Other)	22,632	18,162	848,939	24,000	13,154	680,488
Total		612,824	10,507,861		608,593	12,167,857

Note: Entrusted with Central Union Oil Corp for OEM

5.2.6 Shipments and Sales in the Last Two Years

Unit: Tons, NT\$ thousands

Year Major Products	2021				2022			
	Local		Export		Local		Export	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Feed	246,686	4,147,302	4,552	160,450	241,724	4,722,571	3,751	155,546
Edible Oil	70,978	2,904,077	229	50,927	69,001	3,604,216	614	77,708
Single-Ingredient Products	200,318	3,204,452	0	0	192,265	3,601,703	5	92
Organic Fertilizer	37,903	323,013	0	0	38,593	356,547	0	0
Grain commodity	198,942	2,370,802	0	0	175,950	2,508,389	0	0
Livestock fresh meat products(Other)	20,434	1,061,134	40	1,919	20,706	937,804	0	0
Total	775,261	14,010,780	4,821	213,296	738,239	15,731,230	4,370	233,346

5.3 Human Resources

Year		2021	2022	As of March 31, 2023
Number of employees	340	363	337	331
	261	271	257	260
	601	634	594	591
Average Age		42.9	42.9	44.8
Average Years of Service		6.9	6.9	7.6
Education %	0.5%	0.3%	0.3%	0.3%
	11%	11.2%	10.6%	10.7%
	49.8%	48.9%	52.4%	52.6%
	29%	29.3%	27.8%	27.6%
	9.7%	10.3%	8.9%	8.8%

5.4 Environmental Protection Expenditure

5.4.1 Total Losses and Penalties

The loss or penalty caused by environmental pollution during the latest year and up to the date of publication of this annual report:

Plant location	Citation Date	Citation Document #	Violated Rules, Regulations & Contents	Fine
Shalu	2022.09.05	Taichung City Environmental Audit Office Ticket # 1110094046	Violated Air Pollution Control Act Article 20 item 1 & fined in accordance to the act of article 62, item 1 and sub-1.	NT\$120,000

5.4.2 The relevant operational cost of environmental protection and Countermeasures

1. Environmental Protection Expenses

Items	Amount (NT\$ thousands)
Environmental protection preventive equipment (Dust collection, odor emission/exhaust, wastewater)	7,680

2. The Company takes the following measures to protect the environment:

Prevention of water pollution: At the feed plant, wastewater is treated then water quality analysis is regularly outsourced to verify it meets the discharge standard before discharge.

Prevention of stationary pollution source: Natural gas boilers are used for all production processes, and no sulfur oxides (SOx) air pollutants are emitted. The particulates (PM) generated during the production process are collected and filtered by the dust collection cyclone separator before released into the air. Emission testing analysis is carried out regularly. In 2022, release of PM was 22.24 ton in comparison to the release in 2021 of 23.683 tons, a reduction of 6.5%. NOx emissions was 2.955 tons in

2022 vs. 3.07 tons in 2021, a reduction of 3.9%..

Cleaning of wastes: Contract with a qualified environmental waste management company to remove and transport the wastes generated during the production process. Also, “Business Waste Removal Policy and Procedure” is created and implemented to ensure to track the final flow of waste.

5.5 Labor Relations

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

(1) Employee Welfare:

We are committed to raise the level of enthusiasm an employee has at the workplace; besides safe environment and fair pay policy and we also offer diverse welfare and benefits programs, such as employee health insurance, recreational activities, gift and subsidies, better facility and retirement planning and other activity programs. Due to Covid-19, the Employee Benefits Committee cancelled the annual employee trip, and the year-end party instead issued cash prize to show appreciation and reward the employees for their hard work. In May, Central Epidemic Command Center, CECC, announced the nationwide Level 3 epidemic alert. To avoid the risk of contracting the disease during social gathering, we offer rapid test kits to ensure employees' health, and we also provide COVID insurance for all employees as well as encourage them to be vaccinated. We offer flexible options to allow the employees to achieve work-life balance so they can split their time and energy between work and other important aspects of their life. In 2022, 2 employees had health issues; thus, the Employee Benefits Committee provided illness relief funds to these respective employees. The employees can participate voluntarily and, for each participant, we match 20% of the employee's contribution amount on a monthly basis. With the intention that the employees can share the company profits and commit to the company, the employee stock ownership trust also serves to improve employee welfare and retirement planning with 39% of the employees participated in 2022. Also, the total employee welfare income was NT\$8,602,543 and the total employee welfare expense was NT\$7,415,961, an expense ratio of 86.21%. The average benefit received per employee from the Employee Benefits Committee was \$12,485 in 2022.

(2) Employer-employee relations:

To strengthen and promote harmonious labor-management relations, we establish various policies and programs to improve communication on various

labor conditions, have regular meetings with the employee welfare committees, and regularly conduct labor safety meetings to provide a safe and friendly workplace. Fwusow Industry is an equal opportunity employer. We will not discriminate in employment, recruitment, compensation, promotions, and other conditions of employment against any employee or job applicant on the bases of race, color, gender, national origin, or different political views. We strictly prohibit the use of child labor and young workers under the age of 18. To prevent sexual harassment and handle such complaints in the workplace, a "Sexual Harassment Complaint Investigation Committee" is established to implement preventive measures, investigative measures, and disciplinary actions to promote gender equality and a workplace free from such harassment behavior. No complaints such as sexual harassment occurred in 2022.

(3) Employee's continuous education and training:

The most important asset to a company is its people. We continue to improve workers productivity and recruit people with the right talent to be part of our company. We recognize the merit of middle-aged and senior workers through the mingling of younger and senior workers, bringing the generations together, older generation have decades of experience to share with younger generations not only in passing down the professional know-how and valuable life experience but also increases the market competitiveness. In 2022, we received the Middle-aged and Senior Workers Friendly Corporation Award from Taichung City Government for continuing to hire this age group of workers. Our onboarding process includes pairing a senior supervisor to a new comer and allowing the new employee to learn about the company culture, value and the senior supervisor serves as a mentor to assist the new employee make a smooth transition into the new job. Each year for our employees, we offer various functional and career advancement educational trainings in the form of physical classroom learning, remote videoconference courses, online learning platforms, and internal discussion forums to ensure that our employees have the opportunities to grow professionally.

In 2022, total internal training provided 4,204 employee hours; total off-site training provided 5,689 employee hours; total training expense of NT\$1,927,405.

(4) Retirement planning & the implementations:

We have a Workers Retirement Reserve Fund Committee, which serves the employees under the grandfathered retirement plan, that a monthly retirement reserve fund is transferred to a designated account at Bank of Taiwan. For all the employees outside of the grandfather clause, in accordance with Labor Pension Act, the company contributes a monthly retirement fund, 6% of each employee's monthly salary, to the individual labor pension account at the Bureau for the employees covered by the Act, respectively.

(5) Code of Ethics and Professional Conduct

The company has established work rules policy and various management regulations as the employees' daily work standard. Reward and punishment systems are created as part of the implementation process, which also serves as part of the annual employee performance evaluation. All awards and punishments are conducted with fairness, impartiality, and openness.

(6) Employee Rights and Occupational Safety Measures

a. Resident nurse and contract occupational medicine physician

Coordinating with the occupational medicine physician, we manage and host sessions for the high-risk cardiovascular and high incidence musculoskeletal groups and woman wellness. In 2022, we provided high-risk cardiovascular follow-up to 11 people and mother-care to 5 people. At the same time, the musculoskeletal management was offered for a work site evaluation with recommendations.

b. Premium Annual Physical Examination & Preventive Measures for working environment with special conditions

To raise health awareness, we offer the premium annual physical examination to our employees, which was above and beyond the government regulations. For the employees at Taichung Harbor plant and Taichung Pet food plant, we offer physical examination designed for the food industry which conducted in December 2022. The employees of Lukang and Kaohsiung plants received their physical examinations in April. We inspect and monitor working conditions and environment to ensure and provide preventive measures against occupational hazards.

c. Preventive Measures for Hazardous Conditions in the workplace

Work environment assessments are performed annually at Shalu Plant, Taichung Harbor Plant and Lukang plant to monitor the surrounding risk

factors and conduct physical examination to include for the related items such as noise, chemical fume of n-hexane, and the airborne dust exposures. The Shalu Plant is included the check-up for noise and n-hexane exposure; the Taichung Harbor Plant is for noise, n-hexane, and airborne dust exposure; and, Lukang Plant is for noise exposure.

d. All health related issues & awareness

To reduce the complications caused by the flu and the spread of the virus among the colleagues affecting the health of employees and operational efficiency, we collaborated with Shalu District Health Bureau to administer flu shots in November 2022 at our Shalu plant, 166 people received the flu shot

We also planned an “Weight Loss” event during September 2022 to November 2022 to encourage employees to be more health conscious in their food intake and to exercise regularly. Total of 35 participants with total body fat reduction of 15.5%, and total weight loss of 52.3kg. Related workshops were also offered but participation rate was only 46%. The top 3 participants with the most weight loss were awarded with cash prize and other participants received company gift vouchers and eco-friendly water bottles.

5.5.2 Losses resulting from labor disputes in the most recent years and up to the publish date of the annual report: None.

5.6 Management of Information Security

5.6.1 Information Security Framework

External:

- a. Build intrusion prevention + application software protection + APT + Event Viewer + firewall.
- b. Install Anti-spam, MDLP(mail pre-auditing) and mail post auditing; prevent threats penetrate through emails and provide post-disaster proofs; ensure protection over company's intellectual assets.
- c. Use of ISP

Internal:

- a. Install and regularly update anti-virus program.
- b. All data access are strictly controlled (CRUD).
- c. Restrict internet and social media use; permission given when necessary for 128 work.
- d. Data backup and offsite storage (interval of 1 day + 7 days + 30 days).
- e. Set up an offsite server room and execute scheduled daily backups for all systems (interval of 1 day + 7 days + 30 days + annual).

5.6.2 Information Security Preventive Management

Management structure for Information Security: In view of the current trend of information security threats such as ransomware, scam websites, and social engineering attacks, we signed an information security protection contract with Chunghwa Telecom. We also outsourced information security vendor to maintain and update the information security protection program monthly. Additionally, we upgrade software, monitor information security issues, plan response actions, conduct trainings for different information security situations to strengthen the response ability and prevent the threat at the time of detection.

5.6.3 We continue to monitor the risks in security of information technology but as of print date, none happened.

5.7 Important Contracts

Agreement	Counterparty	Period	Major Contents	Restrictions
Mid-term & Long-term Loan	Bank of Taiwan	2018.07.06-2023.07.06	NTD300,000,000	None
Mid-term & Long-term Loan	Bank of Taiwan	2020.08.04-2025.08.04	NTD300,000,000	None
Mid-term & Long-term Loan	O-Bank	2018.02.27-2023.02.26	NTD150,000,000	None
Mid-term & Long-term Loan	Taiwan Cooperative Bank	2019.07.11-2024.07.11	NTD300,000,000	None
Mid-term & Long-term Loan	Taiwan Cooperative Bank	2021.02.19-2026.02.19	NTD300,000,000	None
Mid-term & Long-term Loan	Taiwan Business Bank	2020.01.30-2025.01.15	NTD50,000,000	None
Mid-term &	Taiwan Business	2020.01.30-2025.01.30	NTD50,000,000	None

Long-term Loan	Bank			
Mid-term Loan	The Export-Import Bank of the Republic of China	2022.08.10-2023.08.10	NTD150,000,000	None
Mid-term & Long-term Loan	First Bank	2023.11.04-2027.11.04	NTD300,000,000	None
Mid-term & Long-term Loan	Agricultural Bank of Taiwan	2022.06.29-2027.06.29	NTD300,000,000	None

VI. Financial Information

6.1 Five-Year Financial Summary: Condensed Balance Sheet, Income Statements, CPAs and Their Opinions

6.1.1 Condensed Balance Sheet

6.1.1-1 Consolidated Condensed Balance Sheet – Based on International Financial Reporting Standards (IFRS)

Unit : NT\$ thousands

Year		Financial Summary over the past five years				
		2018	2019	2020	2021	2022
Item						
Current Assets		3,967,423	4,439,679	4,148,204	4,890,899	5,908,691
Property, Plant & Equipment		4,060,899	3,996,629	3,877,047	3,706,430	3,728,725
Intangible Assets		31,594	28,902	34,744	30,816	51,419
Other Assets		455,611	472,361	490,068	522,050	586,660
Total Assets		8,515,527	8,937,571	8,550,063	9,150,195	10,275,495
Current Liabilities	Before Distribution	2,331,975	2,697,617	2,007,574	2,645,949	3,954,111
	After Distribution	2,364,176	2,826,423	2,329,224	Note 1	Note 1
Non-Current Liabilities		2,366,920	2,280,664	2,099,075	2,030,069	1,877,578
Total Liabilities	Before Distribution	4,698,895	4,978,281	4,106,649	4,676,018	5,841,689
	After Distribution	4,731,096	5,107,087	4,428,299	Note 1	Note 1
Equity attributable to owners of the parent		3,785,291	3,931,220	4,413,032	4,412,177	4,385,192
Common Stock		3,220,138	3,220,139	3,220,139	3,220,139	3,220,139
Capital Surplus		32,946	14,358	14,358	14,358	15,030
Retained Earnings	Before Distribution	535,877	704,042	1,191,228	1,191,180	1,161,612
	After Distribution	503,676	575,237	1,512,878	Note 1	Note 1
Other Equity		(3,671)	(7,319)	(5,958)	(6,765)	(4,854)
Treasury Stock		0	0	(6,735)	(6,735)	(6,735)
Non-Controlling Interest		31,341	28,070	30,382	62,000	48,614
Total Equity	Before Distribution	3,816,632	3,959,290	4,443,414	4,474,177	4,433,806
	After Distribution	3,784,431	3,830,484	4,765,064	Note 1	Note 1

Note1: The Proposal of 2022 profit distribution is pending for resolution by the Annual General Shareholders' Meeting

Note 2: Financial information as of 2022 has been audited and verified by CPAs.

6.1.1-2 Condensed non-consolidated balance sheet- IFRS

Unit: NT\$ thousands

Year		Financial Summary for The Last Five Years				
		2018	2019	2020	2021	2022
Item						
Current assets		3,959,612	4,209,524	3,898,607	4,458,963	5,430,784
Property, Plant & Equipment		2,887,718	2,874,176	2,846,159	2,666,933	2,730,805
Intangible assets		0	38,689	14,338	11,342	32,298
Other assets		669,611	729,895	820,020	929,744	991,186
Total assets		7,516,941	7,852,284	7,579,124	8,066,982	9,185,073
Current liabilities	Before distribution	1,717,158	2,116,722	1,492,320	2,073,682	3,293,328
	After distribution	1,749,359	2,245,528	1,813,970	2,427,497	Note 1
Non-Current Liabilities		2,014,492	1,804,342	1,673,772	1,581,123	1,506,553
Total liabilities	Before distribution	3,731,650	3,921,064	3,166,092	3,654,805	4,799,881
	After distribution	3,763,851	4,049,870	3,487,742	4,008,620	Note 1
Equity attributable to owners of the parent		3,785,291	3,931,220	4,413,032	4,412,177	4,385,192
Common Stock		3,220,138	3,220,139	3,220,139	3,220,139	3,220,139
Capital surplus		32,946	14,358	14,358	14,358	15,030
Retained earnings	Before distribution	535,877	704,042	1,191,228	1,191,180	1,161,612
	After distribution	321,676	575,237	1,512,878	837,365	Note 1
Other Equity		(3,671)	(7,319)	(5,958)	(6,765)	(4,854)
Treasury Stock		0	0	(6,735)	(6,735)	(6,735)
Non-Controlling Interest		0	0	0	0	0
Total equity	Before distribution	3,785,291	3,931,220	4,413,032	4,412,177	4,385,192
	After distribution	3,817,492	3,802,414	4,734,682	4,058,362	Note 1

Note1: The Proposal of 2022 profit distribution is pending for resolution by the Annual General Shareholders' Meeting

Note 2: Financial information has been audited and verified by CPAs.

6.1.2 Condensed Statement of Comprehensive Income/Condensed Statement of Income

6.1.2-1 Consolidated Condensed Statement of Comprehensive Income – Based on IFRS

Unit: NT\$ thousands

Year Item	Financial Summary for The Last Five Years				
	2018	2019	2020	2021	2022
Operating Revenue	11,709,984	12,259,254	12,324,165	14,778,782	16,999,408
Gross Profit	790,072	995,926	1,358,002	1,361,048	1,455,027
Operating Profit	(82,697)	33,435	331,428	302,712	309,946
Non-operating income & Expense	(1,368)	141,775	344,301	51,025	66,177
Income before tax	(84,065)	175,210	675,729	353,737	376,123
Profit from Continuing Operations	(84,065)	175,210	675,729	353,737	376,123
Profit/Loss from Discontinued Operations	0	0	0	0	0
Net Income (Loss)	(95,623)	141,379	565,233	281,356	305,533
Other Comprehensive Income/ Loss for the period (After Tax)	(2,161)	(3,495)	2,348	(2,183)	4,610
Total Comprehensive Income/Loss	(97,784)	137,884	567,581	279,173	310,143
Net earnings attributable to owners of the parent	(11,233)	203,114	615,277	322,817	321,930
Net earnings attributable to non-controlling interest	(84,390)	(61,735)	(50,044)	(41,461)	(16,397)
Comprehensive Income attributable to owners of the parent	(13,247)	200,349	617,352	320,795	326,158
Comprehensive Income attributable to non-controlling interest	(84,537)	(62,465)	(49,771)	(41,622)	(16,015)
Earnings per Share	(0.03)	0.63	1.91	1.00	1.00

Note: Financial information as of 2022 has been audited and verified by CPAs.

6.1.2-2 Parent Company Only Condensed Statement of Comprehensive Income

Unit: NT\$ thousands

Year Item	Financial Summary for The Last Five Years				
	2018	2019	2020	2021	2022
Operating revenue	10,952,677	11,627,824	11,775,775	14,224,076	15,964,576
Gross Profit	853,744	1,074,922	1,384,225	1,277,825	1,265,117
Operating Profit	134,942	288,268	519,022	408,840	355,405
Non-operating income & Expense	(134,618)	(56,082)	175,430	(15,744)	37,279
Income before tax	324	232,186	694,452	393,096	392,684
Profit from Continuing Operations	324	232,186	694,452	393,096	392,684
Profit/Loss from Discontinued Operations	0	0	0	0	0
Net Income (Loss)	(11,233)	203,114	615,277	322,817	321,930
Other Comprehensive Income/ Loss for the period (After Tax)	(2,014)	(2,765)	2,075	(2,022)	4,228
Total Comprehensive Income/Loss	(13,247)	200,349	617,352	320,795	326,158
Earnings per Share	(0.03)	0.63	1.91	1.00	1.00

Note 1: Financial information has been audited and verified by CPAs.

6.1.3 Auditors' Opinions for the Last Five Years

Year	Accounting Firm	CPA	Audit Opinion
2018	Solomon & Co., CPAs	Lu, Song Yu & Chen, Yu Tzu	Unqualified
2019	Solomon & Co., CPAs	Lu, Song Yu & Wu, Chien Mong	Unqualified
2020	Solomon & Co., CPAs	Lu, Song Yu & Wu, Chien Mong	Unqualified
2021	Solomon & Co., CPAs	Lu, Song Yu & Chen, Yu Tzu	Unqualified
2022	Solomon & Co., CPAs	Lu, Song Yu & Chen, Yu Tzu	Unqualified

Note: Changes in CPA - Internal duty adjustment of Solomon & Co., CPAs

6.2 Five-Year Financial Analysis

6.2.1 Consolidated Financial Analysis – Based on IFRS

Year Item		Financial Summary for The Last Five Years				
		2018	2019	2020	2021	2022
Financial Structure (%)	Debt Ratio	55.18	55.70	47.80	51.10	56.85
	Ratio of long-term capital to property, plant and equipment	140.46	143.62	156.54	160.97	154.75
Solvency (%)	Current Ratio	170.13	164.58	206.63	184.84	149.43
	Quick Ratio	106.44	93.22	128.13	110.92	82.23
	Interest earned ratio (times)	(0.69)	3.95	16.99	10.56	7.63
Operating Performance	Accounts receivable turnover (times)	9.29	9.20	8.94	9.09	8.91
	Average collection days in sales	39.29	39.65	40.84	40.15	40.96
	Inventory turnover (times)	6.70	6.79	6.35	7.69	6.83
	Accounts payable turnover (times)	32.34	32.76	36.01	30.41	32.05
	Average days in sales	54.48	53.76	57.48	47.46	53.44
	Property, plant and equipment turnover (times)	2.88	3.07	3.18	3.99	4.56
	Total assets turnover (times)	1.38	1.40	1.41	1.67	1.75
Profitability	Return on total assets (%)	(0.66)	2.16	6.85	3.51	3.61
	Return on stockholders' equity (%)	(2.49)	3.66	13.55	6.38	6.95
	Net income before tax as a percentage of paid-in capital (%)	(2.61)	5.44	20.98	10.99	11.68
	Profit Margin (%)	(0.82)	1.15	4.59	1.90	1.80
	Earnings per share (NT\$)	(0.03)	0.63	1.91	1.00	1.00
Cash Flow	Cash flow ratio (%)	14.10	(4.14)	40.99	(3.99)	(6.22)
	Cash flow adequacy ratio (%)	4.51	(0.03)	39.86	17.91	18.58
	Cash reinvestment ratio (%)	2.42	(1.50)	6.87	2.12	(5.82)

Leverage	Operating leverage	(30.44)	81.93	9.11	11.47	12.76
	Financial leverage	0.62	(1.29)	1.15	1.14	1.22
Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%)						
1. Solvency: current ratio decreased 35.4%; quick ratio reduced by 28.7%. The price of grain commodity continues to rise and with the need to stock production raw material, the current asset increased by 20.8%. Increase short-term loan to procure imported grain; thus, current liability increased by 49.4%						

Note 1: Financial information of most recent year has been audited and verified by CPAs

6.2.2 Parent Company Only Financial Analysis

Item \ Year		Financial Summary for The Last Five Years				
		2018	2019	2020	2021	2022
Financial Structure (%)	Debt Ratio	49.62	49.94	41.77	45.31	52.26
	Ratio of long-term capital to property, plant and equipment	177.14	174.18	188.78	199.94	190.49
Solvency (%)	Current Ratio	230.74	198.87	261.24	215.03	164.90
	Quick Ratio	149.32	113.47	163.08	129.41	89.88
	Interest earned ratio (times)	1.01	7.04	28.85	18.34	11.10
Operating Performance	Accounts receivable turnover (times)	8.17	8.57	8.12	8.33	8.08
	Average collection days in sales	44.68	42.59	44.97	43.80	45.16
	Inventory turnover (times)	6.41	6.76	6.42	8.07	7.00
	Accounts payable turnover (times)	21.42	25.33	24.66	28.51	31.16
	Average days in sales	56.94	53.99	56.85	45.23	52.14
	Property, plant and equipment turnover (times)	3.79	4.05	4.14	5.33	5.85
	Total assets turnover (times)	1.46	1.51	1.53	1.82	1.85
Profitability	Return on total assets (%)	0.20	3.04	8.23	4.36	4.09
	Return on stockholders' equity (%)	(0.29)	5.26	14.75	7.32	7.32
	Net income before tax as a percentage of paid-in capital (%)	0.01	7.21	21.57	12.21	12.19
	Profit Margin (%)	(0.10)	1.75	5.22	2.27	2.02
	Earnings per share (NT\$)	(0.03)	0.63	1.91	1.00	1.00
Cash Flow	Cash flow ratio (%)	30.19	2.89	86.61	5.82	(10.08)
	Cash flow adequacy ratio (%)	22.17	19.61	68.84	50.55	39.84
	Cash reinvestment ratio (%)	4.86	0.33	12.58	(2.17)	(7.40)

Leverage	Operating leverage	18.25	9.50	5.78	8.26	10.44
	Financial leverage	1.32	1.15	1.05	1.06	1.12

Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%)

1. Solvency: current ratio decreased 50%; quick ratio decreased 39.5%
 The price of grain commodity rises and with the need to stock production raw material, the current asset increased by 21.8%
 The imported commodity purchase increased short-term loans with the banks; current liabilities increased 58.8%
2. Cash Flow: cash flow ratio decreased 10.08%. Mainly, the net outflow from operation NTD 332,000,000

Note: Financial information has been audited and verified by CPAs.

Note 2: The equations for calculation in financial analysis for 6.2.1 & 6.2.2.:

[I] Financial structure

- (1) Liabilities to assets ratio = Total liabilities / Total assets
- (2) Long-term capital to PP&E ratio = (Gross shareholder's equity + Non-current liabilities) / Net PP&E

[II] Solvency

- (1) Current ratio = Current assets / Current liabilities
- (2) Quick ratio = (Current assets – Inventory – Prepayments) / Current liabilities
- (3) Interest coverage ratio = EBIT / Interest expense for current period

[III] Operations

- (1) Account receivable (including account receivable and note receivable from operation) turnover = Net revenue / Balance of average account receivable (including account receivable and note receivable from operation)
- (2) Average collection period = 365 / Account receivable turnover
- (3) Inventory turnover = Cost of goods sold / Average inventory
- (4) Account payable (including account payable and note payable from operation) turnover = Cost of goods sold / Balance of average account payable (including account payable and note payable from operation)
- (5) Average daily sales = 365 / Inventory turnover
- (6) PP&E turnover = Net revenue / Average Net PP&E
- (7) Total assets turnover = Net revenue / Average total assets

[IV] Profitability

- (1) ROA = [Profit(loss) after tax + Interest expenses x (1-tax rate)] / Average total assets
- (2) ROE = Profit(Loss) after tax / Average equity
- (3) Net income before tax as a percentage of paid-in capital = pre-tax profit / Paid-in Capital
- (4) Net profit rate = Profit(Loss) after tax / Net revenue
- (5) EPS = (Net profit attributable to owners of the parent – dividend from preferred shares) / Weighted average number of outstanding shares

[V] Cash flow

- (1) Cash flow ratio = Net cash flow from operating activities / Current liabilities
- (2) Cash flow adequacy ratio = Net cash flow from operating activities for the past five years / (Capital expenditure + Increases in inventory + Cash dividends) over the past five years
- (3) Cash reinvestment ratio = (Net cash flow from operating activities – Cash dividends)

/ (Gross PP&E + Long-term investments + Other non-current assets + Working capital)
[VI] Leverage

(1) Operations leverage = (Net revenue – Variable cost and expenses from operations) /
Operating profit

(2) Financial leverage = Operating profit / (Operating profit-interest expenses)

Note 3: When analyzing EPS equation above, please note the followings:

1. Based on weighted average common stocks, not the shares issued at the end of the year.
2. Calculation for weighted-average common stock shall take into consideration the number of floating days of new shares issued from cash funding and treasury shares
3. Those that had capital increase from retain earnings or capital reserve, the total capital shall be adjusted retroactively by the percentage of increase, and no consideration for the issuing period is needed, when calculate EPS for the entire fiscal year or the first six months
4. If the preferred shares are non-convertible cumulative preferred stocks, the dividend (whether paid or not) shall be deducted from the after-tax net income/loss. If the preferred shares are non-cumulative preferred stocks, the dividends shall be deducted from the after-tax net income. No such adjustment shall be made if after-tax net loss.

Note 4: When analyzing the cash flows, please note the following matters:

1. Cash flows from operating activities mean the business has generated a net inflow of cash.
2. Capital expenditure means cash paid for long-term assets purchase during the year.
3. Inventory addition is only included when inventory balance at the period end is bigger than that at the beginning of the period. No inventory addition is included if inventory balance was down at the year end.
4. Cash dividend includes cash distribution paid to holders of both common stocks and preferred stocks.
5. Gross fixed assets means total fixed assets before depreciation.

Note 5: The issuer shall divide each operation cost and expense into fixed and variable categories based on their natures, if it is done by estimation or subjective judgments, the bases shall be logical and consistent.

Note 6: If the Company's stock is without a par value or the par value is not NT\$10, the calculation of paid-in capital ratio referred to above should be replaced with the equity ratio attributable to the shareholders of the parent company on the balance sheet.

6.3 Audit Committee's Report for the Most Recent Year

To: The General Meeting of Shareholders of year 2023

The undersigned has duly audited the 2021 Operating Report, and Financial Statements audited and prepared by Solomon CPA, Ltd., Liu, Sung Yu & Chen, Tzu Yu, CPAs, and found the same to be true and correct. Therefore, the Audit Committee's Report is hereby issued in accordance with the Article 14-4 of the Securities and Exchange Act and the Article 219 of Company Act.

Fwusow Industry Co., Ltd.

Audit Committee Convener: Tsun-Sun Huang

March 13, 2023

To: The General Meeting of Shareholders of year 2023

The undersigned has duly audited the Schedule of Earnings Distribution prepared by the Audit Committee for the year of 2021, and found the same to be true and correct. Therefore, the Audit Committee's Report is hereby issued in accordance with the Article 14-4 of the Securities and Exchange Act and the Article 219 of Company Act.

Fwusow Industry Co., Ltd.

Audit Committee Convener: Tsun-Sun Huang

April 18, 2023

6.4 Consolidated Financial Statements for the most recent year:

Appendix I

6.5 Parent Financial Statements for the most recent year: Appendix II

6.6 Financial difficulties for the company and its affiliates in the current year and up to the printing of the annual report: None.

VII. Review of Financial Conditions, Financial Performance, and Risk Management

7.1 Analysis of Financial Status

7.1.1 Financial Analysis – Consolidated Financial Statements

Unit: NT\$ thousands

Item \ Year	2021	2022	Difference	
			Amount	%
Current Assets	4,890,899	5,908,691	1,017,792	20.81
Property, Plant and Equipment	3,706,430	3,728,725	22,295	0.60
Other Assets	522,050	586,660	64,610	12.38
Total Assets	9,150,195	10,275,495	1,125,300	12.30
Current Liabilities	2,645,949	3,954,111	1,308,162	49.44
Non-Current Liabilities	2,030,069	1,887,578	(142,491)	(7.02)
Total Liabilities	4,676,018	5,841,689	1,165,671	24.93
Capital stock	3,220,139	3,220,139	0	0
Capital surplus	14,358	15,030	672	4.68
Retained Earnings	1,191,180	1,161,612	(29,568)	(2.48)
Equity attributed to owners of the parent	4,412,177	4,385,192	(26,985)	(0.61)
Total Equity	4,474,177	4,433,806	(40,371)	(0.90)
Explanation for variance (if the variation is 20 % or more & the amount is equal to or larger than NT\$10 million): <ol style="list-style-type: none"> Current assets increased by NT\$1.02 billion, an increase of 20.81%, mainly the parent company's commodity purchase and the price increase of soy and corn. <ol style="list-style-type: none"> raw material inventory increased NT\$650 million, an increase of 1.6times Increase short-term loans with the banks: increased by NT\$200 million, an increase of 24% Current Liabilities increased by NT\$130 million, increase of 49.44% Mainly the parent company's commodity purchase and the price increase of soy and corn, need to pay for the imported grain commodity; thus increase loan of NTD100 million. 				

7.1.2 Effect of changes on the company's financial condition & future response actions: The Company's financial condition has not changed significantly

7.2 Financial Performance

7.2.1 Financial Performance Comparison

Unit: NT\$ thousands

Item	Year	2021	2022	Difference	
				Amount	%
Net Operating Revenue		14,778,782	16,999,408	2,220,626	15.03
Operating Cost		13,417,734	15,539,508	2,121,774	15.81
Gross Profit		1,361,048	1,455,027	93,979	6.90
Operating Expenses		1,058,336	1,144,381	86,045	8.13
Operating Income		302,712	309,946	7,234	2.39
Non-operating Income and Expenses		51,025	66,177	15,152	29.70
Income Before Tax		353,737	376,123	22,386	6.33
Income Tax Expenses		72,381	70,590	(1,791)	(2.47)
Net Income		281,356	305,533	24,177	8.59
Other Comprehensive Income		(2,183)	4,610	6,793	311.18
Total Comprehensive Income		279,173	310,143	30,970	11.09

Explanation of variance when the variation is 20% or more and the amount is equal or larger than NT\$10 million:

1. Non-operating Income & Expenses increased NT\$15.15million, increase of 29.7%
Mainly due to:
 - (1) Foreign exchange rate gained NT\$11.44 million, an increase of 61%.
 - (2) Subsidiary profits increased NT\$14.41 million, an increase of 27%
 - (3) Subsidiary reduction in assets decreased losses by NT\$14.43 million
 - (4) Interest expenses increased by NT\$19.77 million
2. Total comprehensive income increased NT\$6.79 million, an increase of 3.1 times.
Mainly due to:
To determine the benefit/welfare plan for the next few years increase NT\$3.02 million
Operations outside of Taiwan, foreign currency exchange gain NT\$3.94 million

7.2.2 Sales Volume Forecast

Based on the anticipated product orders and future operation and production capacity, we forecasted sale volume to be 789,000 tons.

7.2.3 Effect of changes on the company's future business:

1. The Company's business scope has not changed significantly.
2. Future response actions: None

7.3 Analysis of Cash Flow

7.3.1 Cash Flow Analysis for the Current Year

Unit: NT\$ thousands

Cash and Cash Equivalents, Beginning of Year	Net Cash Flow from Operating Activities	Net Cash Flow from Investing Activities	Net Cash Flow from Financing Activities	Effects of Exchange rate	Cash Surplus (Deficit)	Leverage of Cash Deficit	
						Investment Plans	Financing Plans
680,210	(332,064)	(272,803)	731,028	0	806,371	-	-
Analysis of cash flow changes: <ol style="list-style-type: none"> 1. Operating Activities: net cash inflow mainly because of the operational income. 2. Investing Activities: net cash outflow mainly because of the machinery procurement and the increase in obtaining the right-of-use assets 3. Financing Activities: Net cash inflow mainly because of obtaining bank loans. 							

7.3.2 Remedy for Cash Deficit and Improvement for Low Liquidity: Not Applicable

7.3.3 Cash Flow Analysis for the Coming Year

Unit: NT\$ thousands

Cash and Cash Equivalents, Beginning of Year (1)	Net Cash Flow from Operating Activities (2)	Estimated Cash Outflow (Inflow) (3)	Cash Surplus (Deficit) (1)+(2)-(3)	Leverage of Cash Surplus (Deficit)	
				Investment Plans	Financing Plans
806,371	254,500	(452,329)	608,542	-	-
Analysis of cash liquidity in the coming year: <ol style="list-style-type: none"> 1. Operating activities: business operations expected to increase which would raise cash inflow. 2. Investment activities: Mainly equipment procurement and plant maintenance. 3. Financing activities: Mainly cash dividend distribution and repayment of short-term and long-term bank loans. 					

7.4 Major Capital Expenditure Items Impact Financial Conditions: None

7.5 Investment Policy in the Last Year, Main Causes for Profits or Losses, Improvement Plans and Investment Plans for the Coming Year

Investment Plan:

1. Causes for profits or losses for the recent investments:

(1) Policy: An extension of our core businesses in the production of feed, cooking oil, fertilizer and pet food. We strive to continue to integrate resource and operational marketing strategies to strengthen operational efficiency and enhance competitiveness to reach profitability.

(2) Causes for profits or losses: Refer to the disclosures in Consolidated Financial Statement for the investments.

(3) Improvement plans: We are facing steep price increase in all of our raw material, but we are actively advocating agri-food circular economy to maximize the use of resources and promoting the importance of agricultural education and precision marketing, from B2B to B2C. For example, the price increase of fertilizer ingredients in 2021 caused an unstable supply of fertilizer; thus, increase the price of fertilizer to go up as well. We are expanding the organic fertilizer market; we collect poultry manure to turn them into useful fertilizer for sale such is a B2C agri-food circular economy model.

2. Investment for the coming year: A budget of NT\$1 billion over the next three years in upgrading machinery to increase production capacity. Introduce AI to turn our plant to become smart manufacturing, to reduce manpower and to raise production efficiency.

7.6 Analysis of Risk Management

7.6.1 Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures

(1) Interest rate

a. The US Federal Reserve has raised the interest rate multiple times in the past year. Thus, the interest rates of the company's long-term & short-term loans have increased by 0.5% to 1%.

b. Closely monitor the impact of US economic growth, inflation rate, and post-Covid development on the market interest rates

(2) Foreign exchange rates

a. The company's main raw material imports are mainly paid in U.S. dollars. Adopt hedge strategy to reduce the risk of exchange rate fluctuations, and adjust foreign exchange strategy to minimize the risk of exchange rate accordingly.

b. Closely monitor global geopolitical changes, Russia-Ukraine war, the US dollar valuation and the demand and supply of grain commodities.

(3) Inflation

COVID-19 pandemic and the Russia-Ukraine War contributed to the drastic increase of raw material in grain commodity and energy leading to inflation. We are actively purchasing raw material to maintain our production level and monitor the price fluctuations in grain commodity and adopt relevant countermeasures.

7.6.2 Policies, Main Causes of Profit or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions

(1) The Company did not engage in any high-risk or high-leveraged investments.

(2) The transactions and procedures related to lending and endorsement are based on the Company's "Procedures for Lending" and "Procedures for Endorsement Guarantee". Furthermore, derivative transactions follow the "Procedures for Acquisition and Disposal of Assets".

7.6.3 Future Research & Development Projects and Corresponding Budget
Projected NT\$61,875,000 toward research and development.

7.6.4 Effects of and Response to Changes in Policies and Regulations Relating to Corporate Finance and Sales

The Company consistently pays close attention to any changes in local and foreign policies and regulations and makes appropriate amendments to our system when necessary. The company also implements Food safety and Sanitation Act to ensure to provide peace of mind to the consumers.

7.6.5 Effects of and Response to Changes in Technology and the Industry Relating to Corporate Finance and Sales

The Company attaches great importance to improvements in technology especially the AI development and carefully monitors market trends and assesses the impact they may have on the company's operations.

7.6.6 The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measures: None

7.6.7 Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans: None

7.6.8 Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans: None

7.6.9 Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration: None

7.6.10 Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10%: None

7.6.11 Effects of, Risks Relating to and Response to the Changes in Management Rights: None

7.6.12 Litigation or Non-litigation Matters

(1) Major ongoing lawsuits, non-lawsuits or administrative lawsuit: None.

(2) Major ongoing lawsuits, non-lawsuits or administrative lawsuits caused by directors, supervisors or shareholders with over 10% shareholdings: None.

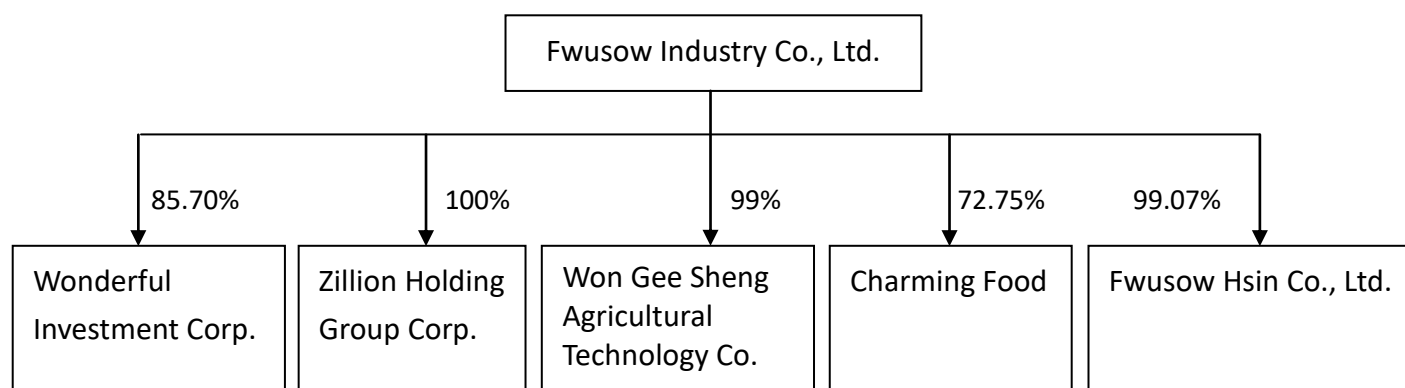
7.6.13 Other Major Risks: None

7.7 Other significant matters: None

VIII. Special Disclosure

8.1 Summary of Affiliated Companies

8.1.1-1 Summary of Affiliated Companies



8.1.1-2 Data of Affiliates:

Unit: NT\$ thousands

Affiliate	Date of Establishment	Address	Total Paid-in Capital	Major business or products
Fwusow Hsin Co., Ltd	04/21/1989	No. 36-1, Datong St., Shalu Dist., Taichung City, Taiwan (R.O.C.)	55,251	Sale of food products, property leasing
Wonderful Investment Corp.	01/15/2007	Unit 25, 2nd Floor, Nia Mall, Saleufi Street , Apia, Samoa	US\$12,585,000	Investment, importing and exporting business, husbandry management of poultry, processed products
Zillion Holding Group Corp.	05/21/2015	Unit 25, 2nd Floor, Nia Mall, Saleufi Street , Apia, Samoa	US\$183,000	Investment
Charming Food	12/21/2012	No. 33, Datong St., Shalu Dist., Taichung City, Taiwan (R.O.C.)	400,000	Poultry processing plant
Won Gee Sheng Agricultural Technology Co., Ltd	12/17/2020	No. 45, Sha-Tyan Rd., Shalu Dist., Taichung City, Taiwan (R.O.C.)	200,000	Animal husbandry operations

8.1.1-3 Presumed Control and Be-controlled Relation Information: None

8.1.1-4 Line of business for the inter-companies: None

8.1.1-5 Information regarding Directors, Supervisors, and Chairman of Affiliates

Entity Name	Position	Name or Representative	Shareholding	
			Shares	%
Fwusow Hsin Co., Ltd	Director Supervisor General Manager	Representative: Hung, Yau-Kuen, Hung, Yau-Chun, Hung, Tsun-Lin, Hung, She-Pin Hung, Yao-Chi Hung, Yau-Chih	5,473,703	99.07
Wonderful Investment Corp.	Directors General Manager	Representative: Hung, Yau-Kuen, Hung, Yau-Hsin, Hung, Yau-Chun, Tsai, Chia-Kuang, Yang, Chun-Hsien Hung, Yau-Kuen	12,585,000	85.70
Zillion Holding Group Corp.	Directors General Manager	Representative: Hung, Yau-Kuen, Hung, Yau-Hsin, Hung, Yau-Chun Hung, Yau-Kuen	183,000	100.00
Charming Food	Directors Supervisor General Manager	Representative: Hung, Yau-Hsien, Hung, She-Pin Hung, Yuan-Chin Chao, Wen-Chon	29,100,000	72.75
Won Gee Sheng Agricultural Technology Co., Ltd	Director General Manager	Representative: Hung, Tsun-Lin Wang, Dee	19,781,000	99.00

8.1.1-6 Operations of Affiliates

Year 2022

Unit: NT\$ (USD) thousands

Entity Name	Total Paid-in Capital	Total Equity	Total Liability	Net Value	Operating Revenue	Operating Income	Net Income (after tax)	EPS	Currency
Fwusow Hsin Co., Ltd	55,251	185,387	11,619	173,767	97,730	(255)	1,574	0.28	NT\$
Wonderful Investment Corp.	12,585	4,913	0	4,913	0	0	113	0.09	USD
Zillion Holding Group Corp.	183	227	46	181	0	0	3	0.17	USD
Charming Food	400,000	1,579,122	1,495,173	83,949	1,618,272	(43,822)	(61,695)	(1.54)	NT\$
Won Gee Sheng Agricultural Technology Co., Ltd	200,000	359,319	152,504	206,815	393,676	(10,289)	6,368	(0.41)	NT\$

8.1.2 Consolidated Financial Statements of Affiliated Companies & Affiliation Report: Refer to appendix for disclosure statement

8.1.3 Affiliation Report: Not applicable

8.2 Private Placement Securities in the Most Recent Years and to the publish date of the annual report: None.

8.3 The Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent Years and to the publish date of the annual report:
None.

8.4 Other Essential Supplement: None

IX. The Items with Material Impact on Shareholder's Equity or Stock Market Price in accordance with the Article 36, paragraph 3 item 2 of Securities and Exchange Act: None.

Appendix I: 2022 Audited Consolidated Financial Reports

FWUSOW INDUSTRY CO., LTD. and Subsidiaries
Consolidated Financial Statements for the Years Ended
December 31, 2022 and 2021 and Independent Auditors' Report

FWUSOW INDUSTRY CO., LTD. and Subsidiaries

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REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of FWUSOW INDUSTRY CO., LTD. as of and for the year ended December 31, 2022, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, “Consolidated Financial Statements.” In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, FWUSOW INDUSTRY CO., LTD. and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

FWUSOW INDUSTRY CO., LTD.

By

Yau Kuen Hung

Chairman

March 13, 2023

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
FWUSOW INDUSTRY CO., LTD.

Opinion

We have audited the accompanying consolidated financial statements of FWUSOW INDUSTRY CO., LTD. and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion and other auditors' reports set forth in Major Accounting items, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards(IFRS),International Accounting Standards(IAS), IFRIC Interpretations(IFRIC),and SIC Interpretation(SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and 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 Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we are independent of the parent company and subsidiaries, fulfilling 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, 2022.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Company's consolidated financial statements for the year ended December 31, 2022 are stated as follows:

Property, plant and equipment impairment assessment

The balance of the real property, plant and equipment of FWUSOW INDUSTRY CO., LTD. and its subsidiaries as of December 31, 2022 was NTD 3,728,725 thousand, accounting for 36% of the total assets, in accordance with the provisions of the International Accounting Standards Bulletin, when the real property, plant and equipment of each cash-generating unit show signs of impairment, it should assess whether the asset has been impaired. As mentioned in Notes 4 and 5 of the consolidated financial statements, the management adopts the value-in-use model to evaluate the recoverable amount. When determining the future operating cash flow, it will consider its future operating outlook to estimate the predicted sales growth and profit, etc., and estimate the weighting. The average cost of capital rate is used as the discount rate. As these assumptions involve subjective judgments and may be affected by the future market conditions, there is a high degree of uncertainty.

The main audit procedures carried out by the accountant include obtaining the asset impairment assessment form of the cash-generating unit self-assessed by the management of the subsidiary and the key assumptions used in the assessment of the future cash flow of the management of the subsidiary, including the comparison with the historical results to evaluate the estimated business. Check whether the discount rate used is appropriate.

Inventory evaluation

The value of inventory is affected by market supply and demand. In addition, the allocation of inventory cost elements and the estimated amount of net realizable value are subject to the subjective judgment of the management. Therefore, the accountants pay special attention to the cost and net realizable value and the appropriateness of the loss of devaluation of inventories by management in accordance with the requirements of International Accounting Standards (IAS2) and the reasonableness of the management to appropriate allowance for inventory demmvaluation losses.

The principal audit procedure performed by the accountant is to obtain inventory entry data and perform detailed tests to verify that the raw material cost, labor input and manufacturing costs of the inventory have been reasonably allocated to the appropriate inventory items. The accountants compare the actual sales price of the inventory at the end of the period with its book value in a sampling manner to verify whether the inventory has been evaluated at the lower of cost or net realizable value. The accountants also compare the inventory quantity data obtained from annual inventory check with accounting record to test the existence and completeness of inventory in the

end of year. By participating in and observing the annual perpetual inventory, the accountants assess the appropriateness of allowance for inventory devaluation losses.

Other Matter

Listed in FWUSOW Group's consolidated financial statements in 2022, the financial statements of some of the subsidiaries were checked by other accountants. Therefore, in the accountant's opinion on the above consolidated financial statements, the amounts listed in the aforementioned subsidiary's financial statements are based on the audit reports of other accountants. The total assets of the aforementioned subsidiary as of December 31, 2022 and 2021 were NTD 351,303 thousand (the same below) and NTD 228,550 thousand, accounting for 3.42% and 2.50% of the total consolidated assets; NTD 341,419 thousand and NTD 273,109 thousand, accounting for 2.01% and 1.85% of consolidated operating income. It is also included in the above-mentioned consolidated financial statements. Regarding the investee company evaluated by the equity method, its financial statements have not been checked by this accountant but by other accountants. Therefore, the accountant's opinion on the above financial statements is related to this. The amounts listed in the company's financial statements and the relevant information disclosed in Note 13 are based on audit reports by other accountants. FWUSOW INDUSTRY CO., LTD. and its subsidiaries adopted equity method investment balances of NTD296,808 thousand and NTD276,418 thousand respectively for the above-mentioned investee companies on December 31, 2022 and 2021, respectively, accounting for 2.89% of the total consolidated assets and 3.02%, and the total consolidated profit and loss recognized using the equity method in 2022 and 2021 in the Republic of China were 56,008 thousand and 40,136 thousand, respectively, accounting for 18.06% and 14.38% of the total consolidated profit and loss.

We have also audited the parent company only financial statements of FWUSOW INDUSTRY CO., LTD. As of and for the years ended December 31, 2022 and 2021 on which we have issued an unmodified opinion plus other matter paragraph.

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

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

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

Those charged with governance (including members of the Audit Committee) are responsible for

overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Sung-Yu Liu and Zi-Yu Chen.

SOLOMON & CO., CPAs.
Taichung, Taiwan
Republic of China
March 13, 2023

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.

FWUSOW INDUSTRY CO., LTD.
AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

<i>Assets</i>		<i>Year ended December 31</i>			
		<i>2022</i>		<i>2021</i>	
		<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>
Current assets					
1100	Cash and cash equivalents(Note 6(1))	\$ 1,080,690	10.5	\$ 870,863	9.5
1110	Current financial asset at fair value through profit or loss (Note 6(2))	56,914	0.6	32,790	0.4
1136	Amortized cost financial assets(Note6(3))	—	—	108,166	1.2
1150	Notes receivable, net(Note 6(4))	493,956	4.8	455,139	5.0
1160	Notes receivable due from related parties, net,(Note 7(4))	454	—	2,869	—
1170	Accounts receivable, net(Note 6(5))	1,023,440	9.9	997,584	10.9
1180	Accounts receivable due from related parties, net(Note 7(4))	446,384	4.3	377,685	4.1
1200	Other receivable(Note 7(4))	28,198	0.3	21,677	0.3
1220	Current tax assets	972	—	36	—
130X	Inventories, net(Note 6(6))	2,569,200	25.0	1,896,705	20.7
1400	Current biological assets	68,389	0.7	96,727	1.1
1410	Prepayments	39,566	0.4	19,465	0.2
1470	Other current assets(Notes 6(1) 、 8)	100,528	1.0	11,193	0.1
	Total current Assets	<u>5,908,691</u>	<u>57.5</u>	<u>4,890,899</u>	<u>53.5</u>
Non-current assets					
1550	Investments accounted for under equity method(Note 6(7))	368,471	3.6	346,558	3.8
1600	Property, plant and equipment(Note6(8) 、 8)	3,728,725	36.3	3,706,430	40.5
1755	Right-of-use asset(Note6(9))	110,202	1.1	78,722	0.9
1780	Intangible assets(Note6(10))	51,419	0.5	30,816	0.3
1830	Non-current biological assets	18,511	0.2	7,797	0.1
1840	Deferred income tax assets(Note6(14))	71,080	0.7	68,343	0.7
1920	Guarantee deposits paid	16,903	0.1	16,102	0.2
1990	Other non-current assets (Note6(5))	1,493	—	4,528	—
	Total non-current assets	<u>4,366,804</u>	<u>42.5</u>	<u>4,259,296</u>	<u>46.5</u>
	Total assets	<u>\$ 10,275,495</u>	<u>100.0</u>	<u>\$ 9,150,195</u>	<u>100.0</u>

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

(With Solomon & Co., audit report dated March 13, 2023)

FWUSOW INDUSTRY CO., LTD.
AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

		<i>Year ended December 31</i>			
		<i>2022</i>		<i>2021</i>	
<i>Liabilities and Equity</i>		<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>
Current liabilities					
2100	Short-term loans(Note 6(11))	\$ 2,415,096	23.5	\$ 1,025,620	11.2
2110	Short-term notes and bills payable(Note 6(11))	59,916	0.6	189,909	2.1
2120	Current financial liability at fair value through profit or loss(Note 6(2))	2,490	—	—	—
2130	Current contract liability-current(Note6(18))	7,260	0.1	11,689	0.1
2150	Notes payable	250,694	2.4	242,916	2.7
2170	Accounts payable(Note7(4))	233,197	2.3	269,906	2.9
2200	Other payables(Note7(4))	330,544	3.2	275,138	3.0
2230	Current tax liabilities	51,296	0.5	24,984	0.3
2280	Current lease liabilities(Note6(9))	27,398	0.3	25,486	0.3
2310	Advance receipt	1,070	—	1,862	—
2322	Current portion of long-term loans(Note6(12))	569,799	5.5	573,394	6.3
2399	Other current liabilities	5,351	0.1	5,045	0.1
	Total current Liabilities	<u>3,954,111</u>	<u>38.5</u>	<u>2,645,949</u>	<u>29.0</u>
Non-current liabilities					
2540	Long-term loans(Note 6(12))	1,384,963	13.5	1,554,001	17.0
2571	Deferred tax liabilities - land value increment tax	416,032	4.0	416,032	4.5
2580	Non current lease liabilities(Note 6(9))	83,506	0.8	53,348	0.6
2640	Net defined benefit liability-non current(Note 6(13))	561	—	4,266	—
2645	Guarantee deposits received	2,516	—	2,422	—
	Total non-current liabilities	<u>1,887,578</u>	<u>18.3</u>	<u>2,030,069</u>	<u>22.1</u>
	Total liabilities	<u>5,841,689</u>	<u>56.8</u>	<u>4,676,018</u>	<u>51.1</u>
Equity attributable to owners of parent (Note 6(15))					
3110	Share capital	3,220,139	31.3	3,220,139	35.2
3200	Capital surplus	15,030	0.2	14,358	0.2
3300	Retained earnings	1,161,612	11.3	1,191,180	13.0
3400	Other equity interest	(4,854)	—	(6,765)	(0.1)
3500	Treasury share	(6,735)	(0.1)	(6,735)	(0.1)
	Total equity	<u>4,385,192</u>	<u>42.7</u>	<u>4,412,177</u>	<u>48.2</u>
36XX	Non-controlling interests	48,614	0.5	62,000	0.7
	Total equity	<u>4,433,806</u>	<u>43.2</u>	<u>4,474,177</u>	<u>48.9</u>
	Total liabilities and equity	<u>\$ 10,275,495</u>	<u>100.0</u>	<u>\$ 9,150,195</u>	<u>100.0</u>

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

(With Solomon & Co., audit report dated March 13, 2023)

FWUSOW INDUSTRY CO., LTD.
AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

	2022		2021	
	Amount	%	Amount	%
4100 Net operating revenue (Note6(18))	\$ 16,999,408	100.0	\$ 14,778,782	100.0
5000 Operating costs (Note6(6))	(15,539,508)	(91.4)	(13,413,278)	(90.8)
5860 Gains(Losses) on changes in fair value less costs to sell of biological assets for current period	(4,873)	—	(4,456)	—
Gross Profit	<u>1,455,027</u>	8.6	<u>1,361,048</u>	9.2
5910 Unrealized profit (loss) from sales	(700)	—	—	—
Net Gross Profit	<u>1,454,327</u>	8.6	<u>1,361,048</u>	9.2
6000 Operating Expenses				
6100 Selling expenses	(762,922)	(4.5)	(714,729)	(4.8)
6200 Administrative expenses	(323,568)	(1.9)	(319,394)	(2.2)
6300 Research and development expenses	(56,555)	(0.4)	(35,998)	(0.2)
6450 Overdue credit(impairment loss)gain on reversal	(1,336)	—	11,785	0.1
	<u>(1,144,381)</u>	(6.8)	<u>(1,058,336)</u>	(7.1)
Net operating profit	<u>309,946</u>	1.8	<u>302,712</u>	2.1
7000 Non-operating income and expenses				
7100 Interest income	3,853	—	3,348	—
7010 Other income (Note6(19))	28,126	0.2	30,857	0.2
7020 Other gains and losses (Note6(20))	23,237	0.1	499	—
7050 Financial costs (Note6(21))	(56,762)	(0.3)	(36,994)	(0.3)
7070 Share of Profit or Loss of Associates & Joint Ventures Accounted for Using Equity Method (Note6(7))	67,723	0.4	53,315	0.4
	<u>66,177</u>	0.4	<u>51,025</u>	0.3
7900 Profit before income tax	376,123	2.2	353,737	2.4
7950 Income tax expense (Note6(14))	(70,590)	(0.4)	(72,381)	(0.5)
Profit for the year	<u>305,533</u>	1.8	<u>281,356</u>	1.9
8300 Other comprehensive income				
8310 Components of other comprehensive income that will not be reclassified to profit or loss				
8311 Gains (losses) on remeasurements of defined benefit plans	2,278	—	(744)	—
8321 Other comprehensive income, before tax,actuarial gain (losses) on defined benefit plans for Using Equity Method	495	—	(620)	—
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(456)	—	149	—
8360 Components of other comprehensive income that will be reclassified to profit or loss				
8361 Exchange differences on translation	2,770	—	(1,170)	—
8399 Income tax benefit related to items that will not be reclassified subsequently	(477)	—	202	—
Other comprehensive income(net income after tax)	<u>4,610</u>	—	<u>(2,183)</u>	—
8500 Total comprehensive income	<u>\$ 310,143</u>	1.8	<u>\$ 279,173</u>	1.9
8600 Profit (loss), attributable to owners of parent				
8610 Stockholders of the Company	\$ 321,930	1.9	\$ 322,817	2.2
8620 Non-controlling Interest	(16,397)	(0.1)	(41,461)	(0.3)
	<u>\$ 305,533</u>	1.8	<u>\$ 281,356</u>	1.9
8700 Comprehensive income attributable to:				
8710 Stockholders of the Company	\$ 326,158	1.9	\$ 320,795	2.2
8720 Non-controlling Interest	(16,015)	(0.1)	(41,622)	(0.3)
Total comprehensive income	<u>\$ 310,143</u>	1.8	<u>\$ 279,173</u>	1.9
Earnings per share				
9750 Basic earnings per share(dollar) (Note6(17))	<u>\$ 1.00</u>		<u>\$ 1.00</u>	

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

(With Solomon & Co., audit report dated March 13, 2023)

FWUSOW INDUSTRY CO., LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)

	<i>Equity attributable to owners of the parent</i>									
	<i>Retained Earnings</i>					<i>Other equity interest</i>				
	<i>Shares</i>	<i>Capital Surplus</i>	<i>Legal reserve</i>	<i>Special Reserve</i>	<i>Unappropriated Earnings (Accumulated Deficit)</i>	<i>Total</i>	<i>Foreign Currency Translation Reserve</i>	<i>Treasury Stock</i>	<i>Non-controlling Interests</i>	<i>Total Equity</i>
Balance at January 1, 2021	\$ 3,220,139	\$ 14,358	\$ 267,003	\$ 233,273	\$ 690,952	\$ 1,191,228	\$ (5,958)	\$ (6,735)	\$ 30,382	\$ 4,443,414
Appropriation of net income:										
Legal reserve	—	—	61,599	—	(61,599)	—	—	—	—	—
Cash dividends to shareholders	—	—	—	—	(321,650)	(321,650)	—	—	(334)	(321,984)
Profit for the 2021	—	—	—	—	322,817	322,817	—	—	(41,461)	281,356
Other comprehensive loss for the 2021	—	—	—	—	(1,215)	(1,215)	(807)	—	(161)	(2,183)
Changes in non-controlling interests	—	—	—	—	—	—	—	—	73,574	73,574
Balance at December 31, 2021	3,220,139	14,358	328,602	233,273	629,305	1,191,180	(6,765)	(6,735)	62,000	4,474,177
Appropriation of 2022 earnings:										
Legal reserve	—	—	32,160	—	(32,160)	—	—	—	—	—
Cash dividends to shareholders	—	—	—	—	(353,815)	(353,815)	—	—	—	(353,815)
Employee stock option compensation costs	—	672	—	—	—	—	—	—	37	709
Profit for the year	—	—	—	—	321,930	321,930	—	—	(16,397)	305,533
Other comprehensive income	—	—	—	—	2,317	2,317	1,911	—	382	4,610
Changes in non-controlling interests	—	—	—	—	—	—	—	—	2,592	2,592
Balance at December 31, 2022	<u>\$ 3,220,139</u>	<u>\$ 15,030</u>	<u>\$ 360,762</u>	<u>\$ 233,273</u>	<u>\$ 567,577</u>	<u>\$ 1,161,612</u>	<u>\$ (4,854)</u>	<u>\$ (6,735)</u>	<u>\$ 48,614</u>	<u>\$ 4,433,806</u>

*The accompanying notes are an integral part of the parent company only financial statements
(With Solomon & Co., audit report dated March 13, 2023)*

FWUSOW INDUSTRY CO., LTD.
AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in Thousands of New Taiwan Dollars)

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Profit before tax	\$ 376,123	\$ 353,737
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation expense	283,885	281,088
Amortized expense	2,744	2,212
Expected credit loss (gains)	1,336	(11,785)
Allowance for inventory valuation and obsolescence loss	8,536	4,100
Change in fair value less cost to sell of biological assets	4,873	4,456
Loss (gains) on Financial Assets and Liabilities at Fair Value through profit or loss	2,215	(442)
Finance costs	56,762	36,994
Dividend income	(691)	(353)
Interest income	(3,853)	(3,348)
Share-based compensation	709	—
Share of loss (profit) of associates and joint ventures accounted for using equity method	(67,723)	(53,315)
Loss (gain) on disposal of property, plant and equipment	(347)	420
Property, plant and equipment transferred expences	230	490
Loss (gain) on disposal of financial assets	—	(687)
Loss of lease modification	—	(22)
Unrealized profit (loss) from sales	700	—
Others	4,358	17,918
Total adjustments to reconcile profit (loss)	<u>293,734</u>	<u>277,726</u>
Changes in operating assets and liabilities:		
Changes in operating assets		
Financial assets and liabilities at fair value through profit or loss	(23,350)	(1,935)
Notes receivable (include related parties)	(36,891)	(113,069)
Accounts receivable (include related parties)	(95,402)	(324,809)
Other receivables (include related parties)	(2,773)	13,783
Inventories	(681,031)	(383,715)
Biological assets	(11,841)	(11,007)
Prepayments	(8,222)	45,262
Other current assets	2,247	(2,263)
Overdue receivables (include related parties)	(162)	11,792
Changes in operating liabilities		
Notes payable (include related parties)	7,778	113,644
Accounts payable (include related parties)	(36,709)	51,616
Other payables (include related parties)	35,704	(31,546)
Advance receipts	(792)	122
Contract liabilities	(4,429)	5,627
Other current liabilities	306	(89)
Net defined benefit liability	(1,427)	(2,252)
Total changes in operating assets and liabilities	<u>(856,994)</u>	<u>(628,839)</u>
Total adjustments	<u>(563,260)</u>	<u>(351,113)</u>
Cash inflow (outflow) generated from operations	(187,137)	2,624
Interest received	3,998	918
Dividend received	42,734	31,392
Interest paid	(56,736)	(37,080)
Income tax paid	(48,885)	(103,315)
Cash provided by (used in) operating activities	<u>(246,026)</u>	<u>(105,461)</u>

(Carried over)

(Brought forward)

	<u>2022</u>	<u>2021</u>
Cash flows from investing activities:		
Proceeds from redemption of financial assets measured at amortized cost	110,014	—
Proceeds from disposal of property, plant and equipment	790	419
Additions to property, plant and equipment	(248,835)	(126,256)
Acquisition of financial assets at amortised cost	—	(17)
Acquisition of intangible assets	(24,391)	(1,280)
Decrease (increase) in other financial assets	(88,400)	(129)
Decrease (increase) in refundable deposits	(801)	1,664
Net cash flows from (used in) investing activities	<u>(251,623)</u>	<u>(125,599)</u>
Cash flows from financing activities:		
Increase (decrease) in short-term loans	1,389,476	353,206
Increase in commercial paper payable	—	69,979
Decrease in commercial paper payable	(129,993)	—
Proceeds from long-term bank loans	400,000	490,000
Repayment of long-term bank loans	(572,633)	(482,377)
Cash dividends paid	(353,815)	(321,650)
Increase (decrease) in quarantine deposits received	94	9
Repayment of principal of lease liabilities	(27,960)	(23,277)
Increase in non-controlling interests	2,592	73,240
Net cash flows from (used in) financing activities	<u>707,761</u>	<u>159,130</u>
Effects of exchange rate change on cash	<u>(285)</u>	<u>(1,193)</u>
Net increase (decrease) in cash and cash equivalents	209,827	(73,123)
Cash and cash equivalents at beginning of year	870,863	943,986
Cash and cash equivalents at end of year	<u>\$ 1,080,690</u>	<u>\$ 870,863</u>

*The accompanying notes are an integral part of the consolidated financial statements
(With Solomon & Co., audit report dated March 13, 2023)*

FWUSOW INDUSTRY CO., LTD. and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

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

1. Organization

FWUSOW INDUSTRY CO., LTD. (the Company) was incorporated in February, 1955. Its shares were listed on Taiwan Stock Exchange (TSE) in December, 1990. FWUSOW INDUSTRY CO., LTD. and its subsidiaries (collectively referred to as the “Group” or the “Company”).

The main operating activities of the Company are

- I. Animal and vegetable oil refining and processing business.
- II. Manufacturing, processing and trading of feed and general feed additives.
- III. The breeding and processing business of livestock and poultry (except goat milk and mutton).
- IV. Manufacturing, processing, and trading of processed agricultural foods, milled foods, and baked processed foods such as rice, beans, and wheat.
- V. Canned food, frozen food, beverages, condiments (bonito flavor, chicken flavor), dairy products (except goat milk), sugar and sugar products and other food manufacturing, processing and trading business.
- VI. Manufacturing, processing, and trading of organic fertilizers.
- VII. Warehousing and labor transportation supply industry, refrigeration industry and supermarket operation
- VIII. Warehousing industry.
- IX. Meat slaughtering and processing industry

2. The Date and Procedure for the Authorization Of Financial Statements

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors on March 13, 2023.

3. Application Of New And Revised International Financial Reporting Standards

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

The initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC did not have a significant effect on the Company’s accounting policies.

B. The IFRSs endorsed by the Financial Supervisory Commission (FSC) for application starting from 2022 are as follows:

<u>New IFRSs</u>	<u>Effective Date Announced by IASB</u>
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

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

Note 2: The amendments will be 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.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occur on or after January 1, 2022.

C. The IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

<u>New IFRSs</u>	<u>Effective Date Announced by IASB</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)

<u>New IFRSs</u>	<u>Effective Date Announced by IASB</u>
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

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

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

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

4. Summary Of Significant Accounting Policies

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

I. Compliance statement

The accompanying consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed by the FSC with the effective dates (collectively, “Taiwan-IFRSs”).

II. Basis of Preparation

A. Measurement Bases

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

- (a) Financial instruments that are measured at fair values
- (b) Biological assets measured at fair value less costs to sell.
- (c) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

B. Functional Currency and Presentation Currency

The company uses the currency of the main economic environment in which it operates as its functional currency. The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional currency. All financial information expressed in New Taiwan Dollars are in units of New Taiwan Dollars Thousands.

III. Basis of Consolidation

A. The basis for the consolidated financial statements

The consolidated financial statements incorporate the financial statements of FWUSOW INDUSTRY CO., LTD. and entities controlled by FWUSOW INDUSTRY CO., LTD. (its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the shareholders of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions.

B. The subsidiaries in the consolidated financial statements

Name of Investor	Name of Investee	Main Businesses and Products	Percentage of Ownership	
			December 31, 2022	December 31, 2021
FWUSOW INDUSTRY CO., LTD.	FWUSOW NEW INDUSTRY CO., LTD.	Leasing and Retail Trade	99.07%	99.07%

Name of Investor	Name of Investee	Main Businesses and Products	Percentage of Ownership	
			December 31, 2022	December 31, 2021
	CHARMING FOOD INTERNATIONAL MARKETING CO., LTD.	Electric poultry slaughter, poultry meat processing, cutting, trading	72.75%	72.75%
	ZILLION HOLDING CO.	Investment holding company	100.00%	100.00%
	WONDERFUL INVESTMENT CO.	Investment holding company	85.70%	85.70%
	WANJISHENG AGRICULTURAL TECHNOLOGY CO.,	Livestock breeding, etc.	98.71%	Note (1) 100.00%
WONDERFUL INVESTMENT CO.	XIAMEN FWUSOW INDUSTRY CO., LTD.	Manufacturing and sales	100.00%	100.00%
ZILLION HOLDING CO.	XIAMEN FWUSOW TRADING CO., LTD	Buying and selling pet food, supplies, etc.	100.00%	100.00%

Note 1 : In November 2022, the Company further invested 47,410 thousand shares in the subsidiary WANJISHENG AGRICULTURAL TECHNOLOGY CO., which did not subscribe or acquire new shares proportionately cause the decrease in percentage of ownership to 98.71%.

IV.Foreign Currency

A. Foreign currency transaction

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise. Monetary assets and liabilities denominated in foreign currencies at the period end are retranslated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities

denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, nonmonetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

B. Translation of foreign operations

Assets and liabilities of foreign operations, including the goodwill and fair value adjustment generated at the time of acquisition, shall be converted into the presentation currency of the parent company only financial statements on the reporting date. Income and expenses are converted into presentation currency of the parent company only financial statements at the average exchange rate in the current period, and the exchange different generated therefore shall be stated as other comprehensive profit or loss.

When the disposal of a foreign operation causing a loss of control, loss of joint control, or significant influence, the cumulative exchange difference related to the foreign operation is entirely reclassified as profit or loss. If the disposal involves any subsidiary of the foreign operations, the relevant accumulated exchange difference shall be reclassified into the non-controlling interests on a pro rata basis. If the disposal involves any affiliate or joint venture of the foreign operations, the relevant accumulated exchange difference shall be reclassified into income or loss on a pro rata basis.

If no repayment program is defined with respect to monetary item receivable or payable of the foreign operations and it is impossible to settle in the foreseeable future, the foreign currency exchange gain or loss generated therefor shall be held as a part of the net investment of the foreign operations and recognized as other comprehensive profit or loss.

V. Classification of current and non-current items

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

- (a) Assets held mainly for trading purposes;
- (b) Assets that are expected to be realized within twelve months from the balance sheet date;
- (c) Cash and cash equivalents, excluding restricted cash and cash equivalents and those

that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

Liability that meet one of the following criteria are classified as current liability; otherwise they are classified as non-current liability:

- (a) Liabilities arising mainly from trading activities;
- (b) Liabilities that are to be settled within twelve months from the balance sheet date;
- (c) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

VI. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Time deposits with maturities less than 3 months and held for the purpose of meeting short-term cash commitments rather than for investment or other purpose are classified as cash equivalents.

VII. Financial Instruments

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

Financial assets and liabilities are initially recognized at fair value with transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, when the financial assets and liabilities are not measured at fair value but through profit or loss. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

A. Financial Assets

Measurement category

On regular way purchases or sales of financial assets, the derivative are recognized and derecognized on settlement date basis, the other financial assets are recognized and derecognized on trade date basis.

Financial assets held by the Company are classified into financial assets at fair value through profit or loss and financial assets at amortized cost.

(1) Financial assets at fair value through profit or loss (Financial asset at FVTPL)

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

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 6(22).

(2) Financial assets at amortized cost

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

- (a) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- (b) 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, and trade receivables at amortized cost, are measured at amortized cost, which equals to gross carrying amount determined by 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 a financial asset, except for:

- (a) For purchased or created credit-impaired financial assets, interest income is calculated by multiplying the credit-adjusted effective interest rate by the amortized cost of the financial asset.
- (b) For financial assets that are not purchased or initiated credit impairment, but subsequently become credit impairment, interest income is calculated by multiplying the effective interest rate by the cost of financial assets amortization.

Impairment of financial assets

The company assesses financial assets (including accounts receivable) measured at amortized cost based on expected credit losses on each balance sheet date.

Accounts receivable shall be recognized as an allowance loss based on the expected credit loss during the duration. For other financial assets, first assess whether there is a significant increase in credit risk since the initial recognition. If there is no significant increase, the allowance loss is recognized based on the 12-month expected credit loss; if it has increased significantly, it is recognized based on the duration of the expected credit loss Allowance for losses.

Expected credit loss is the weighted average credit loss based on the risk of default. The 12-month expected credit loss refers to the expected credit loss caused by the possible default event of the financial instrument within 12 months after the reporting date, and the lifetime expected credit loss represents the expected credit loss caused by all possible default events during the expected lifetime of the financial instrument.

The impairment loss of all financial assets is reduced by the allowance account.

B. Financial liabilities and equity instruments

(1) Classification of liabilities or equity

The debt and equity instruments issued by the company are classified as financial liabilities or equity based on the substance of the contractual agreement and the definition of financial liabilities and equity instruments.

An equity instrument refers to any contract that recognizes the remaining equity of the company after deducting all its liabilities from its assets.

The equity instruments issued by the company are recognized at the amount obtained after deducting the cost of direct issuance.

Interests and losses or benefits related to financial liabilities are recognized as profit and loss and listed under non-operating income and expenses.

Financial liabilities are reclassified into equity at the time of conversion, and the conversion does not generate profit or loss.

(2) Financial liabilities measured at fair value through profit and loss

Such financial liabilities are measured at fair value at the time of initial recognition, and transaction costs are recognized as profit or loss when incurred; subsequent evaluations are measured at fair value, and then the resulting benefits or losses (including related

interest expenses) are recognized as profit or loss. It is also reported under non-operating income and expenses.

(3) Other financial liabilities

Financial liabilities are not held for trading and are not designated as those measured at fair value through profit and loss (including long-term and short-term borrowings, accounts payable and other payables). The original recognition is measured at fair value plus directly attributable transaction costs; The subsequent evaluation adopts the effective interest rate method to measure the cost after amortization. Interest expenses that have not been capitalized as the cost of assets are reported under non-operating income and expenses.

(4) Derecognition of financial liabilities

The company derecognizes financial liabilities when contractual obligations have been fulfilled, cancelled or expired.

When derecognizing financial liabilities, the difference between the book value and the total consideration paid or payable (including any transferred non-cash assets or liabilities) is recognized as gain and loss which is reported under non-operating income and expenses.

(5) Mutual offset of financial assets and liabilities

Financial assets and financial liabilities are only offset when the company has the statutory right to offset and intend to settle on a net amount or to realize assets and settle liabilities at the same time, and then financial assets and liabilities are offset and expressed on the balance sheet as a net amount.

VIII. Inventories

Inventories are stated at the lower of cost or net realizable value. When comparing lower of cost and net realizable value, except for the comparison of same inventory, it shall be made item by item. The cost of inventories, using weighted average method, includes expenditures incurred in acquiring the inventories, production cost and other costs incurred in bringing them to their existing location and condition. The cost of finished goods and work in process will be allocated production costs based on normal production. Net realized value is the estimated by the difference of the selling price in the ordinary course of business and the estimated cost of completion and applicable variable selling expenses.

IX. Biological assets

Biological assets are initially recognized and measured at their fair value less costs to sell at each report date. The selling cost means that any additional cost can be directly attributed to the disposal assets except for the financial cost and income tax. Gains or losses from initial recognition of biological assets and subsequent changes in fair value less costs to sell are recognized profit or loss in current period.

X. Investment in related enterprises

Affiliated company refers to the company that has significant influence on its financial and operating policies but has not reached the control capacity. When the company holds 20% to 50% of the voting rights of the invested company, it is assumed to have significant influence.

Under the equity method, the original acquisition is recognized based on cost, and investment costs include transaction costs. The book value of the investment in the related company includes the goodwill identified at the time of the original investment, minus any accumulated impairment losses.

The individual financial report includes from the date of significant influence to the date of loss of significant influence. After making adjustments to the company's accounting policy consistency, the company recognizes the profit and loss of each investment related company and other related companies based on the proportion of equity. The amount of comprehensive profit and loss.

Unrealized benefits arising from transactions between the company and affiliated companies have been eliminated within the scope of the company's equity in the investee company. The method of eliminating unrealized losses is the same as that of unrealized benefits, but only when there is no evidence of impairment.

When the company shall recognize the loss of the affiliated company in proportion to or exceed its equity in the affiliated company, it shall stop recognizing its losses, and only when legal obligations, constructive obligations or payments have been made on behalf of the invested company have occurred. Within the scope, additional losses and related liabilities are recognized.

XI. Property, Plant and Equipment

A. Recognition and Measurement

Property, plant and equipment are measured at cost less accumulated depreciation and impairment. Cost includes expenditures that can be directly attributable to the acquisition of assets. The cost of self-built assets includes raw materials and direct labor, any cost to bring the asset to the usable state for its intended use, the cost of dismantling and removing and restoring the location, and the borrowing cost of the capitalized assets that meet the requirements. The software purchased to integrate the functions of the related equipment is also capitalized as part of the equipment.

When property, plant and equipment are in different categories and the difference is significant to the total cost, it would be appropriate to adopt different depreciation rate or method as separate item.

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

B. Subsequent cost

Subsequent expenditure is capitalized, only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the expenditure can be measured reliably. The carrying amount of the replacement is derecognized. Ongoing repairs and maintenance are expensed when incurred.

C. Depreciation

The property, plant and equipment were depreciated on straight-line basis over the estimated useful life. Depreciation of property, plant and equipment is evaluated by major identical category. Only when the useful lives of the assets in that category are different from the rest. Thus that different category shall be depreciated separately. Depreciation is recognized as profit or loss.

Land is not depreciated.

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

- (1) Buildings 3~53 years
- (2) Machinery and equipment 3~25 years
- (3) Transportation equipment 3~12 years

(4) Office and Other equipment 3~40 years

(5) Leased assets 16 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If the expected value is different from original estimation, it will be adjusted appropriately when necessary. Such adjustment shall be accounted for a change in accounting estimation.

XII. Intangible assets

The computer software is recorded based on the acquisition cost, and the subsequent measurement is processed according to the cost model. After the initial recognition, the amortization expense is calculated based on the amortizable amount, and the amortization expense is averaged for 3-16 years from the month of acquisition.

XIII. Lease

The company assesses whether the contract belongs to (or includes) a lease on the date of contract establishment.

A. The company is the lessor

When the lease clause transfers almost all the risks and rewards attached to the ownership of the asset to the lessee, it is classified as a financial lease. All other leases are classified as operating leases.

Under finance leases, lease payments include fixed payments and variable lease payments that depend on an index or rate. The net lease investment is measured by the sum of the present value of the lease payment receivable and the unguaranteed residual value plus the original direct cost and expressed as a financial lease receivable. Finance income is allocated to each accounting period to reflect the fixed rate of return that the combined company's unexpired net lease investment can obtain in each period.

Under operating leases, lease payments after deducting lease incentives are recognized as income on a straight-line basis during the relevant lease period. The original direct cost incurred in obtaining an operating lease is added to the book value of the underlying asset and recognized as an expense during the lease period on a straight-line basis.

B. The company is the lessee

Except for the lease payments of low-value underlying asset leases and short-term leases that are subject to the applicable recognition exemption, the lease payments are recognized as expenses on a straight-line basis during the lease period, and other leases are recognized as right-of-use assets and lease liabilities on the lease start date.

The right-of-use asset is initially measured at cost (including the original measured amount of the lease liability and the lease payment paid before the lease start date), and subsequently measured at the cost after deducting accumulated depreciation and accumulated impairment losses, and the remeasured amount of the lease liability is adjusted. Right-of-use assets are separately expressed on the balance sheet.

Right-of-use assets are depreciated on a straight-line basis from the lease start date to the end of the service life or the expiration of the lease term, whichever is earlier.

Lease liabilities were originally measured by the present value of lease payments (including fixed payments and substantive fixed payments). If the implicit interest rate of the lease is easy to determine, the lease payment is discounted using that interest rate. If the interest rate is not easy to determine, use the lessee's incremental borrowing interest rate.

Subsequently, the lease liability is measured on the amortized cost basis using the effective interest method, and the interest expense is amortized during the lease period. If changes in the lease period lead to changes in future lease payments, the company will re-measure the lease liabilities and relatively adjust the right-of-use asset. However, if the book value of the right-of-use asset has been reduced to zero, the remaining remeasured amount is recognized in profit and loss. Lease liabilities are separately expressed on the balance sheet.

The variable rent in the lease agreement that is not dependent on the index or rate is recognized as an expense in the period in which it occurs.

XIV. Impairment of Non-financial Assets

The Company measures whether impairment occurred in non-financial assets, except for inventories, deferred income tax assets, employee benefits and biological assets at the end of every reporting date, and estimates the recoverable amount. If it is not possible to determine the recoverable amount (fair value less cost to sell and value in use) for the individual asset, then the Company will evaluate the impairment based on the recoverable amount from the asset's cash-generating unit.

The recoverable amount is determined by the higher value of an individual asset or a cash-generating unit less costs to sell or its value in use. If, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount and recognized an impairment loss. An impairment loss shall be recognized immediately in current period.

The Company should assess at the end of each reporting period whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. If any such indication exists, the entity shall estimate the recoverable amount of that asset. An impairment loss recognized in prior periods for an asset other than goodwill shall be reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset shall be increased to its recoverable amount. That increase is a reversal of an impairment loss. An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Regarding inventory, deferred income tax assets, assets generated from employee benefits, and non-financial assets other than biological assets, the company assesses whether impairment has occurred at the end of each reporting period, and estimates the recoverable amount of assets with signs of impairment. If the recoverable amount of an individual asset cannot be estimated, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs to assess the impairment.

XV. Treasury Stock

The Company acquires its outstanding shares, the acquisition cost is debited to the treasury stock account (including any directly attributable costs). When treasury stock is sold, the excess of the selling price over the carrying amount is credited to the capital surplus from treasury stock transactions account. If the carrying amount exceeds the selling price, the excess is first offset against capital surplus from the same class of treasury stock transactions, and the remainder, if any, is debited to retained earnings. The carrying amount of treasury stock is calculated by using the weighted-average approach according to the same class of treasury stock (common stock or preferred stock).

When the Company's treasury stock is the capital surplus - premium on stock account and capital stock account should be debited proportionately according to the share ratio. The carrying value of treasury stock in excess of the sum of its par value and premium on stock should first be offset against capital surplus from the same class of treasury stock transactions, and the remainder, if any, debited to retained earnings. The sum of the par value and premium on treasury stock in excess of its carrying value should be credited to capital surplus from the same class of treasury stock transactions.

XVI. Revenue recognition

A. Sales of goods

- (1) The Company manufactures and sells animal feeds, cooking oil, agricultural livestock products and related consumer food. Sales are recognized when control of the products has transferred, which also means that the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customers, and either the customers have accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.
- (2) Revenue from sales of goods is recognized based on the price specified in the contract, net of the estimated volume discounts, sales discounts and allowances. The volume discount or sales allowance is usually offered by client's purchase volume. Based on historical experience of sales discounts offered, revenue is only recognized to the extent that it is highly probable that no significant reversal will occur. The estimation is reassessed at each reporting date. The credit term of 30 to 60 days after shipment is consistent with market practice, which is deemed not involved major financial arrangement in the sales contracts. The down payment receiving from selling products is deemed as contractual liability to fulfill the Company's obligation.
- (3) A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Financing components

The contract between the Company and client is the obligation to transfer goods or services to the client and payment term is within one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

XVII. Employee benefits

A. Defined contribution plans

Obligations for contributions to defined contribution plans are recognized as pension expense in the period when employees render service.

B. Defined benefit plans

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

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Company's defined benefit plan. Net defined benefit asset is recognized to the extent of a contribution refund to the plan or deduction in future payments.

C. Short-term employee benefits

Short-term employee benefits are expensed at the undiscounted amount in exchange for service rendered by employees. A liability is reliably estimated and recognized for the amount of short-term cash bonus or employee dividend plan expected to be paid when the Company has a present legal or constructive obligation as a result of past service provided by the employee.

XVIII. Income taxes

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

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year, and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

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

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

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

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

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

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

XIX. Earnings per share

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

XX. Operating segments

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

5. **Critical Accounting Judgments And Key Sources Of Estimation Uncertainty**

The preparation of the consolidated financial statements in conformity with "International Financial Reporting Standards by The Financial Supervisory Commission" requires management to make judgments, estimations and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimations.

The Group has considered the economic implications of COVID-19 on critical accounting estimates and will continue evaluating the impact on its financial position and financial

performance as a result of the pandemic. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years. The following are the key assumptions concerning the future, and other key sources of estimation :

1. Note 6(5) › Assessment of impairment of accounts receivable
2. Note 6(6) › Valuation of Inventory
3. Note 6(8) › Assessment of impairment of property, plant and equipment
4. Note 6(13) › Measurement of net definite benefit liabilities
5. Note 6(14) › Realization of Deferred Income Tax Assets ◦

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand	\$ 1,177	\$ 1,465
Checking accounts	8,069	5,829
Demand deposits	946,495	841,173
Foreign currency deposit	124,949	22,396
	<u>\$ 1,080,690</u>	<u>\$ 870,863</u>

Other current assets

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Time deposits (the original expiry date is more than three months)	<u>\$ 97,325</u>	<u>\$ 8,551</u>

Interest rate risk and sensitivity analysis details of the consol Group's financial asset and liability in Note 6(22)

(2) Current financial asset and liability at fair value through profit or loss

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Listed OTC stock and fund	\$ 4,969	\$ 4,849
Unquoted shares	84,493	83,373
Open-end fund	50,856	28,247
Adjustments for change	(83,404)	(83,679)
	<u>\$ 56,914</u>	<u>\$ 32,790</u>

Current financial liability at fair value through profit or loss

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Forward exchange contracts	\$ 2,490	\$ —

The Company entered into forward exchange contracts to manage exposures due to fluctuations of foreign exchange rates.

For forward foreign exchange contracts that have not yet expired, the following instructions:

	<u>December 31, 2022</u>		<u>Contract Amounts</u>	
	<u>Currency</u>	<u>Maturity Date</u>	<u>(Thousand)</u>	
Forward foreign exchange buying contracts	USD exchange NTD	2023.01	USD	2,000

The company's estimated net profit and loss on derivative financial products in 2022 and 2021 are (2,490) thousand dollars and 0 thousand dollars.

In 2022 and 2021, the net gains and losses recognized by offsetting contracts of derivative financial asset transactions were 18,331 thousand dollars and 0 thousand dollars, respectively.

(3) Financial assets amortized cost

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Bank debenture	\$ —	\$ 108,166
Interest rate range	—	2.45%
Maturity year	—	2022.1

(4) Notes receivable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Notes receivable	\$ 494,703	\$ 455,397
Less: Loss allowance	(747)	(258)
	<u>\$ 493,956</u>	<u>\$ 455,139</u>

(5) Accounts receivable (including overdue receivables)

Current:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts receivable	\$ 1,030,913	\$ 1,001,684
Less: Loss allowance	(7,473)	(4,100)
	<u>\$ 1,023,440</u>	<u>\$ 997,584</u>

Non-current :

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
overdue receivables	\$ 4,618	\$ 15,369
Less: Loss allowance	<u>(4,618)</u>	<u>(15,369)</u>
	<u>\$ —</u>	<u>\$ —</u>

The average credit period for sales of goods was 30-60 days. No interest was charged on accounts receivable. In determining the recoverability of a trade receivable, the Group considered any change in the credit quality of the trade receivable since the date credit was initially granted to the end of the reporting period. The group will first review the credit rating of customers for new transactions, and obtain sufficient guarantees if necessary to reduce the risk of financial losses due to defaults. The group will use other publicly available financial information and historical transaction records to rate major customers. The Group's credit exposures and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty credit limit that are reviewed and approved by the accounting department annually.

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 debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on accounts receivable are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group estimates expected credit losses based on past due days. 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 between the Group's different customer base.

The Group writes off accounts receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For accounts receivable 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 accounts receivable based on the Group's provision matrix.

December 31, 2022

	<u>Current</u>	<u>1 to 30 days</u>	<u>31 to 60 days</u>	<u>61 to 120 days</u>	<u>Over 120 days</u>	<u>Total</u>
Expected Credit Loss	0%~2%	0%~44%	0%~55%	0%~100%	100%	
Carrying amount	\$ 1,931,713	\$ 32,803	\$ 7,635	\$ 685	\$ 4,618	\$ 1,977,454
lifetime expected credit losses	(3,760)	(2,022)	(2,190)	(630)	(4,618)	(13,220)
Amortized cost	<u>\$ 1,927,953</u>	<u>\$ 30,781</u>	<u>\$ 5,445</u>	<u>\$ 55</u>	<u>\$ —</u>	<u>\$ 1,964,234</u>

December 31, 2021

	<u>Current</u>	<u>1 to 30 days</u>	<u>31 to 60 days</u>	<u>61 to 120 days</u>	<u>Over 120 days</u>	<u>Total</u>
Expected Credit Loss	0%~3%	0%~30%	0%~66%	0%~100%	100%	
Carrying amount	\$ 1,802,513	\$ 25,068	\$ 9,018	\$ 1,418	\$ 15,369	\$ 1,853,386
lifetime expected credit losses	(2,183)	(696)	(511)	(1,350)	(15,369)	(20,109)
Amortized cost	<u>\$ 1,800,330</u>	<u>\$ 24,372</u>	<u>\$ 8,507</u>	<u>\$ 68</u>	<u>\$ —</u>	<u>\$ 1,833,277</u>

Change information of loss allowance :

	<u>2022</u>	<u>2021</u>
Opening balance	\$ 20,109	\$ 35,416
Overdue credit impairment loss	1,336	(11,785)
Non recoverable receivable	(8,325)	(3,443)
Effect of exchange rate changes	100	(79)
Ending balance	<u>\$ 13,220</u>	<u>\$ 20,109</u>

(6) Inventories

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Raw materials	\$ 1,064,163	\$ 416,287
Materials	81,439	66,472
Semi-manufactures	32,631	28,551
Manufactures	984,905	569,850
Commodity	9,127	7,030
Inventory in transit - materials	<u>445,381</u>	<u>848,425</u>
	2,617,646	1,936,615
Less: allowance for inventory write-down	<u>(48,446)</u>	<u>(39,910)</u>
Net inventories	<u>\$ 2,569,200</u>	<u>\$ 1,896,705</u>

The cost of inventories recognized as expense for the year:

	<u>2022</u>	<u>2021</u>
Cost of goods sold	\$ 15,482,705	\$ 13,367,364
Costs of conversion	3,382	2,965
Loss on decline in market value	8,536	4,100
Net loss on physical inventory	36,471	28,280
Income from disposal of leftover and scraps	(397)	(749)
Others	8,811	11,318
	<u>\$ 15,539,508</u>	<u>\$ 13,413,278</u>

1. Write-down of inventories to net realizable value and reversal of write-down of inventories resulting from the increase in net realizable value were included in the cost of revenue, as illustrated below:

	<u>2022</u>	<u>2021</u>
Inventory losses (reversal of write-down of inventories)	\$ 8,536	\$ (4,100)

2. As of December 31, 2022 and 2021, the Group's inventories were not provided as pledged assets.

(7) Investments accounted for using equity method

Details of investments accounted for using equity method-subsidaries are provided as follows:

Investee	<u>December 31, 2022</u>		<u>December 31, 2021</u>	
	Carrying amount	Share holding ratio %	Carrying amount	Share holding ratio %
CENTRAL UNION OIL CORP.	\$ 296,808	32.33	\$ 276,418	32.33
CHIATON INTERNATIONAL CO., LTD.	71,663	37.50	70,140	37.50
	<u>\$ 368,471</u>		<u>\$ 346,558</u>	

1. The Group's investments accounted for its subsidiaries were unquoted.
2. Details of Share of Profit or Loss of associates Accounted:

	<u>2022</u>	<u>2021</u>
The Group's share of the net profit of the associated companies for the current period	\$ 67,723	\$ 53,315
The group's share of other comprehensive profits and losses of associated companies	\$ 495	\$ (620)

Details of financial information of associates Accounted:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Total assets	\$ 3,175,596	\$ 3,249,718
Total liability	<u>2,064,322</u>	<u>2,207,735</u>
Net assets	<u>\$ 1,111,274</u>	<u>\$ 1,041,983</u>

	<u>2022</u>	<u>2021</u>
Revenues	\$ 11,884,589	\$ 10,571,559
Net profit	<u>\$ 204,261</u>	<u>\$ 159,543</u>
Share of profit (loss) of associates for using equity method	<u>\$ 1,531</u>	<u>\$ (1,916)</u>

The financial information is not adjusted according to the percentage of ownership.

The investment gains and losses recognized by the equity method in 2022 and 2021 were calculated based on the financial statements of the investee company verified by accountants.

3. As of December 31, 2022 and 2021, the Group did not provide any investment accounted for using equity method as collaterals for its loans.

(8) Property, plant and equipment

1. Capitalization amount and interest rate range of borrowing costs for property, plant and equipment:

	<u>2022</u>	<u>2021</u>
Capitalization amount	\$ 1,244	\$ 393
Capitalization interest rate	<u>1.59%</u>	<u>1.03%</u>

2. Details of property, plant and equipment

	Land	Buildings	Machinery and Equipment	Transportation equipment	Other equipment	Construction in progress and equipment to be inspected	Total
Cost :							
At January 1, 2022	\$ 1,454,919	\$ 2,551,919	\$ 2,953,345	\$ 123,278	\$ 377,096	\$ 32,841	\$ 7,493,398
Additions	—	1,974	8,367	897	8,774	248,499	268,511
Reclassifications	—	21,913	57,765	3,004	(7,660)	(85,694)	(10,672)
Disposals	—	(830)	(23,281)	(3,956)	(3,585)	—	(31,652)
December 31, 2022	<u>\$ 1,454,919</u>	<u>\$ 2,574,976</u>	<u>\$ 2,996,196</u>	<u>\$ 123,223</u>	<u>\$ 374,625</u>	<u>\$ 195,646</u>	<u>\$ 7,719,585</u>
At January 1, 2021	\$ 1,450,919	\$ 2,539,246	\$ 2,924,883	\$ 125,561	\$ 334,579	\$ 58,027	\$ 7,433,215
Additions	—	4,644	8,746	4,218	24,892	69,985	112,485
Reclassifications	4,000	8,676	21,027	663	21,980	(95,171)	(38,825)
Disposals	—	(647)	(1,311)	(7,164)	(4,355)	—	(13,477)
December 31, 2021	<u>\$ 1,454,919</u>	<u>\$ 2,551,919</u>	<u>\$ 2,953,345</u>	<u>\$ 123,278</u>	<u>\$ 377,096</u>	<u>\$ 32,841</u>	<u>\$ 7,493,398</u>
Accumulated depreciation and impairment							
At January 1, 2022	\$ (26,643)	\$ (1,474,639)	\$ (1,954,207)	\$ (101,590)	\$ (229,889)	\$ —	\$ (3,786,968)
Additions	—	(85246)	(113,715)	(7,409)	(28,731)	—	(253,101)
Gain on reversal of impairment loss	—	813	23,015	3,863	3,518	—	31,209
Disposals	—	—	(13,932)	—	13,932	—	—
At December 31, 2022	<u>\$ (26,643)</u>	<u>\$ (1,559,072)</u>	<u>\$ (2,058,839)</u>	<u>\$ (105,136)</u>	<u>\$ (241,170)</u>	<u>\$ —</u>	<u>\$ (3,990,860)</u>
At January 1, 2021	\$ (26,643)	\$ (1,385,280)	\$ (1,851,818)	\$ (100,465)	\$ (191,962)	\$ —	\$ (3,556,168)
Additions	—	(90,005)	(99,666)	(8,230)	(41,539)	—	(239,440)
Gain on reversal of impairment loss	—	—	(4,000)	—	—	—	(4,000)
Disposals	—	646	1,277	7,105	3,612	—	12,640
At December 31, 2021	<u>\$ (26,643)</u>	<u>\$ (1,474,639)</u>	<u>\$ (1,954,207)</u>	<u>\$ (101,590)</u>	<u>\$ (229,889)</u>	<u>\$ —</u>	<u>\$ (3,786,968)</u>
Book Value:							
December 31, 2022	<u>\$ 1,428,276</u>	<u>\$ 1,015,904</u>	<u>\$ 937,357</u>	<u>\$ 18,087</u>	<u>\$ 133,455</u>	<u>\$ 195,646</u>	<u>\$ 3,728,725</u>
December 31, 2021	<u>\$ 1,428,276</u>	<u>\$ 1,077,280</u>	<u>\$ 999,138</u>	<u>\$ 21,688</u>	<u>\$ 147,207</u>	<u>\$ 32,841</u>	<u>\$ 3,706,430</u>

3. The consolidated Company recognized a loss of \$4,000 in 2021 for the reduction in future cash inflows of machinery and equipment producing the product, resulting in a recoverable amount less than the book amount. The consolidated Company uses the use value as the recoverable amount of this machinery and equipment, and the discount rate adopted is 1.35% of the weighted average cost of funds. The loss of impairment has been shown under other income and loss of expense in the consolidated income statement.

4. The land and building in Zhuzi Douliu City, Yunlin County owned by the Company was in agriculture and animal husbandry category, which was registered under personal name. The Company had agreement to pledge the property to the Company as collateral.

5. The information about the property, plant and equipment is pledged as collateral is disclosed in Note 8.

(9) Lease arrangements

(a) Right-of-use assets

	<u>Land</u>	<u>Building</u>	<u>Machinery and Equipment</u>	<u>Transportation equipment</u>	<u>Total</u>
Cost :					
Balance at January 1, 2022	\$ 12,539	\$ 11,352	\$ 3,303	\$ 89,129	\$ 116,323
Addition	44,592	2,040	—	13,398	60,030
Lease Modifying	—	—	—	(4,197)	(4,197)
Balance at December 31, 2022	<u>\$ 57,131</u>	<u>\$ 13,392</u>	<u>\$ 3,303</u>	<u>\$ 98,330</u>	<u>\$ 172,156</u>
Accumulated depreciation and impairment:					
Balance at January 1, 2022	\$ (4,669)	\$ (2,939)	\$ (2,427)	\$ (27,566)	\$ (37,601)
Depreciation	(2,442)	(2,941)	(809)	(22,358)	(28,550)
Decrease	—	—	—	4197	4,197
Balance at December 31, 2022	<u>\$ (7,111)</u>	<u>\$ (5,880)</u>	<u>\$ (3,236)</u>	<u>\$ (45,727)</u>	<u>\$ (61,954)</u>
Book value:					
Balance at December 31, 2022	<u>\$ 50,020</u>	<u>\$ 7,512</u>	<u>\$ 67</u>	<u>\$ 52,603</u>	<u>\$ 110,202</u>

	<u>Land</u>	<u>Building</u>	<u>Machinery and Equipment</u>	<u>Transportation equipment</u>	<u>Total</u>
Cost :					
Balance at January 1, 2021	\$ 13,599	\$ 3,878	\$ 3,303	\$ 23,063	\$ 43,843
Addition	—	7,474	—	69,372	76,846
Lease Modifying	(1,060)	—	—	(3,306)	(4,366)
Balance at December 31, 2021	<u>\$ 12,539</u>	<u>\$ 11,352</u>	<u>\$ 3,303</u>	<u>\$ 89,129</u>	<u>\$ 116,323</u>
Accumulated depreciation and impairment:					
Balance at January 1, 2021	\$ (3,342)	\$ (1,331)	\$ (1,618)	\$ (11,137)	\$ (17,428)
Depreciation	(1,585)	(1,608)	(809)	(19,735)	(23,737)
Decrease	258	—	—	3,306	3,564
Balance at December 31, 2021	<u>\$ (4,669)</u>	<u>\$ (2,939)</u>	<u>\$ (2,427)</u>	<u>\$ (27,566)</u>	<u>\$ (37,601)</u>
Book value:					
Balance at December 31, 2021	<u>\$ 7,870</u>	<u>\$ 8,413</u>	<u>\$ 876</u>	<u>\$ 61,563</u>	<u>\$ 78,722</u>

For the years ended December 31, 2022 and 2021, the Company did not undergo major sub-leases and impairments.

(b) Lease liabilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Book value of lease liabilities		
current	<u>\$ 27,398</u>	<u>\$ 25,486</u>
non-current	<u>\$ 83,506</u>	<u>\$ 53,348</u>

Discount rate for lease liabilities under the Group's 2022 is 1.03%~2.04% and 2021 is 1.03%~1.36%.

(c)Material lease-in activities and terms

The Group leases buildings for the use of warehouse and offices with lease terms of 1 to 9 years. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

(d)Other lease information

	2022	2021
Expenses relating to short-term leases	\$ 971	\$ 3,762
Low-value asset lease expenses	\$ 38	\$ 27
Expenses relating to variable lease payments not included in the measurement of lease liabilities	\$ 17,009	\$ 17,911
Total cash (outflow) for leases	\$ 49,558	\$ 46,677

The Group applies the recognition exemption to leases of transportation equipment qualifying as short-term leases and certain photocopier qualifying as low-value asset leases and does not recognize right-of-use assets and lease liabilities for these leases.

(10) Intangible assets

December 31, 2022

Project	Cost	Additions	Amortization	Accumulated amortization	Carrying amounts
Software	\$ 52,830	\$ 28,361	\$ (7,758)	\$ (29,772)	\$ 51,419

December 31, 2021

Project	Cost	Additions	Amortization	Accumulated amortization	Carrying amounts
Software	\$ 50,528	\$ 2,302	\$ (6,230)	\$ (22,014)	\$ 30,816

(11)SHORT-TERM LOANS

(a) Short-term borrowings

Nature of loan	December 31, 2022	interest rates range from	Maturity year	Collateral
Bank loans				
Purchase loans	\$ 225,096	5.48%~6.03%	2023.01~2023.06	NONE
Credit loans	2,019,000	1.32%~2.14%	2023.01~2023.09	NONE
	<u>\$ 2,415,096</u>			

Nature of loan	December 31, 2021	interest rates range from	Maturity year	Collateral
Bank loans				
Purchase loans	\$ 220,620	0.76%~0.99%	2022.02~2022.08	NONE
Credit loans	805,000	0.90%~1.45%	2022.01~2022.09	NONE
	<u>\$ 1,025,620</u>			

(b) Short-term commercial paper payable

Commercial paper payable	<u>December 31, 2022</u>	<u>December 31, 2021,</u>
Discount	\$ 60,000	\$ 190,000
	(84)	(91)
	<u>\$ 59,916</u>	<u>\$ 189,909</u>
Interest rate range	2.14%~2.36%	0.89%~1.30%
Maturity year	2023.02	2022.01~2022.02

1. Short-term commercial paper payable pledged as collateral are set out in Note 8.
2. The above short-term bills payable are guaranteed by financial institutions.

(12)Long-term loans

Collateralize loans	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Credit loans	\$ 631,908	\$ 778,803
Less: Current portion of long-term loans payable	1,322,854	1,348,592
Long-term debt payable	(569,799)	(573,394)
	<u>\$ 1,384,963</u>	<u>\$ 1,554,001</u>
Interest rate range	1.51%~2.11%	0.88%~1.61%
Maturity year	2023.4~2039.8	2026.2~2039.8
Unspent amount	<u>\$ 760,000</u>	<u>\$ 742,000</u>

(13)Plan of post-retirement benefits

A. Defined benefit plans

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Total present value of obligations	\$ 13,826	\$ 15,212
Fair value of project assets	<u>(13,265)</u>	<u>(10,946)</u>
Recognized definite benefit obligation liabilities	<u>\$ 516</u>	<u>\$ 4,266</u>

The Group's employee retirement plan based on the Labor Standards Law is a definite benefit plan. According to the plan, a monthly retirement reserve fund is allocated at 10% of the total salary of the employees, which is managed by the Labor Retirement Reserve Supervision Committee, and deposited in the special retirement reserve account of the Trust Department of Bank of Taiwan in the name of the committee. The retirement payment of each employee subject to the Labor Standards Law is calculated based on the base number of years of service and the average salary of the six months before retirement.

(a)Statement of changes present value of a defined benefit obligation

	<u>2022</u>	<u>2021</u>
present value of a defined benefit	\$ 15,212	\$ 14,929
employee benefits expense	—	(636)
Current service cost and interest	114	74
Recognition of other comprehensive income	<u>(1,500)</u>	<u>845</u>
present value of a defined benefit	<u>\$ 13,826</u>	<u>\$ 15,212</u>

(b)Composition of project asset composition

The retirement fund allocated by the group in accordance with the Labor Standards Law is coordinated and managed by the Labor Retirement Fund Supervisory Committee of the Labor Committee of the Executive Yuan. According to the provisions of the "Labor Retirement Fund Revenue and Expenditure and Utilization Measures", the use of the fund and its annual final accounting distribution of the lowest income, shall not be lower than the income calculated based on the two-year fixed deposit interest rate of the local bank.

Details of employee benefit plan bank account:

	<u>2022</u>	<u>2021</u>
Fair value of planned assets at the beginning of the period	\$ 10,946	\$ 9,155
Allocated amount	1,450	2,274
Interest income	91	51
Plan asset payment	—	(636)
Plan asset return	<u>778</u>	<u>102</u>
Fair value of plan assets at the end of the period	<u>\$ 13,265</u>	<u>\$ 10,946</u>

(c) Recognition as an profit and loss

	2022	2021
Current service cost	\$ —	\$ —
Interest cost	114	74
Interest income	(91)	(51)
Employee retirement benefits	<u>\$ 23</u>	<u>\$ 23</u>

(d) Actuarial gains and losses recognized as other comprehensive gains and losses (before tax)

	2022	2021
Accumulated balance on January 1	\$ 159,818	\$ 159,074
Current	(2,278)	744
Accumulated balance on December 31	<u>\$ 157,540</u>	<u>\$ 159,818</u>

(e) Actuarial assumptions

The Group is exposed to the following risks due to the pension system of the "Labor Standards Law":

- 1). Investment risk: The Labor Fund Utilization Bureau of the Ministry of Labor invests labor retirement funds in domestic (foreign) equity securities, debt securities, and bank deposits through its own use and entrusted operations, but the group's planned assets can be allocated to the amount of The income calculated based on the interest rate not lower than the local bank's 2-year fixed deposit rate.
- 2). Interest rate risk: The decline in the interest rate of government bonds will increase the present value of defined welfare obligations, but the return on debt investment of planned assets will also increase, and the impact of the two on the net defined welfare liabilities will partially offset the effect.
- 3). Salary risk: The calculation to determine the present value of the benefit obligation refers to the future salary of the plan members. Therefore, the increase in the salary of the plan members will increase the present value of the determined benefit obligation.

The present value of the group's determined welfare obligations is actuarially calculated by qualified actuaries. The major assumptions on the measurement date are as follows:

	2022	2021
Discount rate	1.38%	0.75%
Expected salary increase rate	2.25%	2.25%

(f) When calculating and determining the present value of welfare obligations, the group must use judgments and estimates to determine relevant actuarial assumptions on the balance sheet date, including employee turnover rates and future salary changes. Any change in actuarial assumptions may materially affect the amount of the group's determined welfare obligations.

Assuming that the discount rate changes by 0.25%, there will be the following effects:

	2022	
	Increase	Decrease
Net defined benefit liability	\$ 415	\$ (435)

	2021	
	Increase	Decrease
Net defined benefit liability	\$ 494	\$ (517)

The group expects to allocate 450 thousand dollar to the determined benefit plan within one year after December 31, 2022.

B. Defined contribution plans

The group's definite allocation plan is based on the labor pension regulations, and is allocated to the labor insurance bureau's labor pension individual account at a rate of 6% of the labor's monthly salary. After the fixed amount is allocated to the Labor Insurance Bureau under this plan, there is no statutory or constructive obligation to pay additional amounts.

The pension expenses under the Group's 2022 and 2021 pension plans are 25,733 thousand dollar and 24,689 thousand dollar respectively, which have been transferred to the Labor Insurance Bureau.

(14)Income tax

1. Income tax expense recognized in profit or loss :

	2022	2021
Income tax expense calculated at the statutory rate	\$ 65,186	\$ 82,302
Amount of tax impact of income tax adjustment items		
Permanent differences	(4,144)	(46,660)
Temporary differences	3,583	(14,484)
Effect of loss carryforwards	12,071	29,552
Adjustments for prior years	(2,522)	(2,576)
Investment tax credits	—	(220)
Undistributed retained earnings	86	12,617
Deferred income tax expenses adjusted this year	(3,670)	11,850
Income tax expense	\$ 70,590	\$ 72,381

2. Deferred income tax

The analysis of deferred income tax assets (liabilities) is as follows :

	2022			
	Balance on January 1	Profit and loss	Other comprehensive income	Balance as of December 31
Temporary differences				
Deferred Bad Debt Losses	\$ 4,954	\$ —	\$ —	\$ 4,954
Inventory Valuation Losses	3,803	2,634	—	6,437
Unrealized Gain or Loss	(163)	(225)	—	(388)
Net changes in equity of investment accounted for using equity method	19,273	—	—	19,273
Impairment loss recognized under the cost method	7,218	—	—	7,218
Fixed asset impairment loss	(468)	—	—	(468)
Others	(3,521)	1,261	—	(2,260)
Loss carryforwards	38,000	—	—	38,000
Defined benefit plans actuarial loss	(12)	—	(456)	(468)
Conversion difference in the conversion of financial statements of foreign operating organizations	(741)	—	(477)	(1,218)
	<u>\$ 68,343</u>	<u>\$ 3,670</u>	<u>\$ (933)</u>	<u>\$ 71,080</u>

	2021			
	Balance on January 1	Profit and loss	Other comprehensive income	Balance as of December 31
Temporary differences				
Deferred Bad Debt Losses	\$ 3,050	\$ 1,904	\$ —	\$ 4,954
Inventory Valuation Losses	2,212	1,591	—	3,803
Unrealized Gain or Loss	7	(170)	—	(163)
Net changes in equity of investment accounted for using equity method	32,455	(13,182)	—	19,273
Impairment loss recognized under the cost method	7,218	—	—	7,218
Fixed asset impairment loss	(468)	—	—	(468)
Others	(1,528)	(1,993)	—	(3,521)
Loss carryforwards	38,000	—	—	38,000
Defined benefit plans actuarial loss	(161)	—	149	(12)
Conversion difference in the conversion of financial statements of foreign operating organizations	(943)	—	202	(741)
	<u>\$ 79,842</u>	<u>\$ (11,850)</u>	<u>\$ 351</u>	<u>\$ 68,343</u>

2. Deductible temporary differences and unused taxable loss balances that are not recognized as deferred income tax assets:

	2022	2021
Allowance for uncollectible accounts	\$ 360	\$ 360
Net investment income or loss accounted for using equity method	41,296	41,296
Net investment income or loss accounted for using cost method	7,690	7,690
Inventory Valuation Losses	3,381	3,161
Loss on Disposal of Investment and Impairment Loss	1,300	1,300
Loss carryforwards	254,579	246,810
Foreign exchange gain	1	122
	\$ 308,607	\$ 300,739

3. The income tax settlement declaration of the group's for-profit business has been approved by the auditing agency until 2020.

(15)Capital and other equity

A. Issuance of ordinary shares

In 2022 and 2021, the total amount of the group's rated share capital is 500,000 dollar , each with a par value of 10 dollars, and the issued shares are all 322,014 thousand ordinary shares.

B.Capital Surplus

Details of capital reserve balance:

	December 31, 2022	December 31, 2021
Treasury stock trading	\$ 5,996	\$ 5,996
Share-based payments	672	—
Others	8,362	8,362
	\$ 15,030	\$ 14,358

According to the provisions of the Company Law, the capital reserve must be given priority to make up for the losses before it can be issued to new shares or cash in proportion to the shareholders' original shares based on the realized capital reserve. The "realized capital reserve" mentioned in the preceding paragraph includes the excess of the issuance of stocks in excess of the par value and the income received from donations. In accordance with the issuer's guidelines for the handling of securities raised and issued, the total amount of the capital reserve that can be allocated for replenishment each year shall not exceed 10% of the paid-in capital.

B. Retained earnings

If the company makes a profit in the year, it shall allocate 2% for employee remuneration, and the remuneration of directors and supervisors shall be no more than 5%. After review and approval by the Salary and Remuneration Committee, it shall be submitted to the board of directors for resolution. Employee compensation and the distribution of directors and supervisors' compensation shall be reported to the shareholders meeting. However, when the company still has accumulated losses, it shall retain the amount of the loss to be made up before the allocation, and then allocate the compensation for employees and directors and supervisors in proportion to the preceding paragraph.

If the company has surpluses after its annual accounts, in addition to paying income tax and making up previous losses in accordance with the law, it should first set aside 10% of the statutory surplus reserve, and deduct the shareholders' equity (including foreign operating institutions). The balance of the conversion difference in the conversion of financial statements, unrealized gains and losses of financial assets available for sale, and the cumulative balance of hedging tool benefits and losses that are the effective hedging part of cash flow hedging) shall be set to special surplus reserve. If there is a subsequent reduction in the amount of deductions for shareholders' equity, the reduced amount can be transferred from the special surplus reserve back to the undistributed surplus. If there is a balance available for the current period, the shareholder's dividend will be based on the current period's distributable amount and the accumulated undistributed surplus in the previous year. The allocated surplus and the undistributed surplus adjustment amount of the current year shall be allocated 40% to 90%, of which the cash dividend shall not be less than 10% of the total dividend. If the cash dividend per share is less than 0.1 dollar, the payment shall be made as a stock dividend.

(a) Legal reserve

According to the company law, the company shall allocate 10% of its net profit after tax as a statutory surplus reserve until it is equal to the total capital. When the company has no losses, it may be approved by the shareholders' meeting to issue new shares or cash with the statutory surplus reserve, but only if the reserve exceeds 25% of the paid-in capital.

(b) Appropriated Retained Earnings

When the company first adopted the International Financial Reporting Standards recognized by the FSC, it chose to apply the IFRS No. 1 "First-time Application of International Financial Reporting Standards" exemption item, and accounted for the unrealized revaluation increase and

accumulation under shareholders' equity Conversion adjustments (benefits), and the fair value on the conversion date is used as the recognized cost to increase the retained surplus amount to 243,814 thousand dollars. The same amount is set forth in accordance with the FCA's April 6, 2012 Jin Guan Zheng Fa Zi Order No. 1010012865 When using, disposing of, or reclassifying related assets, the proportion of the special surplus reserve that was originally set aside may be converted to distribute the surplus. As of December 31, 2022, the balance of this special surplus reserve is 233,273 thousand dollars.

In accordance with the provisions of the letter and order mentioned in the previous paragraph, when the company distributes distributable surplus, the difference between the net deduction of other shareholders' equity in the current year and the balance of the special surplus reserve mentioned in the previous paragraph shall be calculated from the current profit and loss The undistributed surplus in the previous period shall be added to the special surplus reserve; the amount of other shareholder equity deductions accumulated in the previous period will not be distributed to the special surplus reserve from the undistributed surplus in the previous period. If there is a subsequent reversal of the deduction of other shareholders' equity, the reversal part of the surplus may be distributed.

(c)Disposition of net income

Details of the company passed the 2021 and 2020 annual earnings distribution proposal and dividend distribution on June 17, 2022 and July 29, 2021 through the resolutions of the shareholders' meeting

	Surplus distribution		Dividend per share(dollar)	
	2021	2020	2021	2020
Legal reserve	\$ 32,160	\$ 61,599	—	—
Cash dividends	<u>353,815</u>	<u>321,650</u>	1.00	1.00
	<u>\$ 385,975</u>	<u>\$ 383,249</u>		

C. Other equity

The items listed under other equity are the cumulative amount of net after-tax in the financial statements of the company's foreign operating organizations.

(16) Treasury stock

Reason	2022			The end
	Beginning	Increase	Decrease	
Transfer shares to employees	364,000	—	—	364,000

A. Ordinary Stock

(a) The company's board of directors resolved on April 7, 2020 to buy back 10,000,000 common shares in order to transfer shares to employees. The price per share is scheduled to be between 13.00 dollars and 26.00 dollars, and the total amount of shares to be repurchased is expected to be capped at 476,765 Thousand dollars. As of June 6, 2020, 364,000 shares have been executed, accounting for 0.11% of the total issued shares of the company. The average repurchase price is 18.50 dollars, and the repurchase cost is 6,735 thousand dollars.

(b) Treasury stock shall not be pledged, nor does it entitle voting rights or receive dividends, in compliance with Securities and Exchange Law of the ROC.

(17) Earnings Per Share

	2022	2021
	After tax	After tax
Consolidated net income attributed to stockholders of the company	\$ 321,930	\$ 322,817
	2022	2021
Number of issued shares at the beginning of the period (thousand)	322,014	322,014
Stock repurchase	(364)	(364)
Number of shares outstanding at the end of the period (thousand) (B)	321,650	321,650
Basic (A/B) (dollar)	\$ 1.00	\$ 1.00

(18) Customer contract revenue

A. Customer contract revenue

	2022	2021
Animal Feeds	\$ 4,080,542	\$ 3,738,753
Food	7,970,308	6,898,162
Meat processing	1,618,272	1,188,311
Others	3,330,286	2,953,556
	\$ 16,999,408	\$ 14,778,782

B. Contract balance

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Current contract liabilities</u>		
Advance sales receipts	\$ 7,260	\$ 11,689
	<u>2022</u>	<u>2020</u>
<u>Contract liabilities from the beginning of the year</u>		
Merchandise sales	\$ 11,689	\$ 6,062
 (19) <u>Other revenue</u>		
	<u>2022</u>	<u>2021</u>
Rent revenue	\$ 10,623	\$ 11,724
Investment revenue	691	353
Income from subsidies and tax refunds	4,714	8,140
Others revenue	12,098	10,640
	<u>\$ 28,126</u>	<u>\$ 30,857</u>
 (20) <u>Other benefits and losses</u>		
	<u>2022</u>	<u>2021</u>
Foreign currency exchange gains and losses	\$ 30,179	\$ 18,736
financial asset at fair value through profit or loss	(2,215)	442
Gain on disposal of financial assets	—	687
Gain on disposal of property plant and equipment	347	(420)
lease modify income	—	22
Impairment loss on property, plant and equipment	—	(4,000)
Impairment loss on other non-financial assets	—	(10,432)
other	(5,074)	(4,536)
	<u>\$ 23,237</u>	<u>\$ 499</u>
 (21) <u>Financial costs</u>		
	<u>2022</u>	<u>2021</u>
Interest on bank loans	\$ 56,619	\$ 35,823
Interest on lease liabilities	1,387	1,564
Minus : Capitalization of interest	(1,244)	(393)
	<u>\$ 56,762</u>	<u>\$ 36,994</u>

(22) Financial Instruments

A. Credit risk

The carrying amount of financial assets represents the maximum credit exposure. Requirement credit risk comes from cash and cash equivalents, derivative financial instruments, and deposits in banks and financial institutions. There are also credit risks from wholesale and retail customers, including unpaid receivables and promised transaction.

The Group's customers are significantly concentrated in a few customers. The Group's customers are significantly concentrated in a few customers. In 2022 and 2021, a small number of companies accounted for 20.3% and 18.8% of accounts receivable, both of which were composed of one customers.

B. Liquidity risk

The following table is an analysis of the contractual maturity date of financial liabilities, including estimated interest, but does not include the impact of the net agreement.

December 31, 2022

	<u>Book value</u>	<u>cash flow</u>	<u>under one year</u>	<u>1~5 years</u>	<u>five years and above</u>
non-derivative financial liability					
Short-term loans and finance bills	\$ 2,475,012	\$ 2,475,012	\$ 2,475,012	\$ —	\$ —
Notes payable and account payable	483,891	483,891	483,891	—	—
Other payable	330,544	330,544	330,544	—	—
Lease liability	110,904	111,592	27,994	46,178	37,420
Long-term loans	1,954,762	1,954,762	569,799	982,836	402,127
	<u>\$ 5,355,113</u>	<u>\$5,355,801</u>	<u>\$ 3,887,240</u>	<u>\$1,029,014</u>	<u>\$ 439,547</u>

December 31, 2021	<u>Book value</u>	<u>cash flow</u>	<u>under one year</u>	<u>1~5 years</u>	<u>five years and above</u>
non-derivative financial liability					
Short-term loans and finance bills	\$ 1,215,529	\$1,215,529	\$ 1,215,529	\$ —	\$ —
Notes payable and account payable	512,822	512,822	512,822	—	—
Other payable	275,138	275,138	275,138	—	—
Lease liability	78,834	80,427	26,179	54,248	—
Long-term loans	2,127,395	2,127,395	573,394	1,157,009	396,992
	<u>\$ 4,209,718</u>	<u>\$4,211,311</u>	<u>\$ 2,603,062</u>	<u>\$1,211,257</u>	<u>\$ 396,992</u>

The Group does not expect the cash flow analysis on the due date to occur significantly earlier, or the actual amount will be significantly different.

C. Foreign currency risk

- (a) The Group undertook transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arose.

	December 31, 2022			December 31, 2021		
	Foreign currency	exchange rate	New Taiwan dollar	Foreign currency	exchange rate	New Taiwan dollar
<u>Financial asset</u>						
<u>Currency units</u>						
USD	4,937	30.71	151,615	1,808	27.68	50,045
CNY	34,989	4.41	154,301	34,207	4.34	148,458
	December 31, 2022			December 31, 2021		
	Foreign currency	exchange rate	New Taiwan dollar	Foreign currency	exchange rate	New Taiwan dollar
<u>Financial liability</u>						
<u>Currency units</u>						
USD	7,375	30.71	226,486	7,970	27.68	220,609
CNY	239	4.41	1,054	—	—	—

The group's monetary items have a significant impact due to exchange rate fluctuations, and the total exchange gains and losses for 2022 and 2021 respectively are 30,179 thousand dollars and 18,736 thousand dollars.

- (b) Sensitivity analysis

The group's exchange rate risk mainly comes from foreign currency denominated cash and cash equivalents, accounts receivable, other receivables, loans, accounts payable, expenses payable and other payables, etc., resulting in foreign currency exchange gains and losses during conversion. In December 31, 2022 and 2021, when the new Taiwan dollar depreciated or appreciated by 1% relative to the U.S. dollar, and all other factors remained unchanged, the net profit after tax in 2022 and 2021 would increase (784) thousand or decrease 221 thousand

4. Interest rate analysis

The group's analysis method for floating interest rate liabilities assumes that the amount of liabilities out of circulation at the reporting date is in circulation throughout the year. The rate of change used by the group when reporting interest rates internally to key management is an increase or decrease of 1% in interest rates, which also represents management's assessment of the reasonably possible range of changes in interest rates.

If interest rates increase or decrease by 1% on the reporting date, and all other variables remain unchanged, the company's net profit for 2022 and 2021 will decrease or increase by 44,297 thousand and 33,429 thousand, mainly due to the group's floating interest rate loan.

5. Fair value

A. Fair value and book amount

The management of the group believes that the financial assets and financial liabilities measured by the group's amortized cost in the financial statements are close to their fair value.

B. Fair value measurement

The determination of the fair value of the company's financial assets and financial liabilities is based on the following methods and assumptions:

- (1) The stocks of listed (counter) companies are financial assets and financial liabilities that have standard terms and conditions and are traded in an active market, and their fair values are determined with reference to market quotes
- (2) The fair value of stocks of unlisted (counter) companies without an active market is estimated by the market method, and the judgment is made with reference to recent fund-raising activities, evaluations of similar companies, company technological development, market conditions and other economic indicators.
- (3) The fair value of other financial assets and financial liabilities is determined by the generally accepted evaluation model based on discounted cash flow analysis.

C. level of fair value

The following table analyzes financial instruments measured by fair value. The fair value levels are defined as follows:

Level 1: Public quotation of the same asset or liability in an active market.

Level 2: Except for the public quotes included in the first level, the input parameters of assets or liabilities are directly or indirectly observable.

Level 3: Input parameters of assets or liabilities are not based on observable market data.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
December 31, 2022				
Current Financial Assets at Fair Value through Profit or Loss	\$ 55,794	\$ —	\$ 1,120	\$ 56,914
Current Financial Liabilities at Fair Value through Profit or Loss	\$ —	\$ (2,490)	\$ —	\$ (2,490)
December 31, 2021				
Current Financial Assets at Fair Value through Profit or Loss	\$ 32,790	\$ —	\$ —	\$ 32,790

(a) Fair value evaluation for measuring financial instruments

Non hedge Derivative financial instruments

It is based on evaluation models that are widely accepted by market users, such as discount method and option pricing model. Forward foreign exchange contracts are usually evaluated based on the current forward exchange rate.

(b) Transfer between the first level and the second level

There was no transfer of the second-tier financial assets to the first-tier situation in 2022 and 2021.

(c) Reconciliation of Level 3 fair value measurements of financial assets

	<u>2022</u>	
	<u>Financial Assets at Fair Value through Profit or Loss</u>	<u>합계</u>
Balance, beginning of year	\$ —	\$ —
Purchases	1,120	1,120
Balance at December 31, 2022	<u>\$ 1,120</u>	<u>\$ 1,120</u>

The Company's policy to recognize the transfer into and out of fair value hierarchy levels is based on the event or changes in circumstances that caused the transfer. ◦

The company's favorable and unfavorable changes refer to the fluctuation of fair value, and the fair value is calculated based on the evaluation technology based on the unobservable input parameters of different degrees. The above table only reflects the impact of a single input value change, and does not take into account the correlation and variability between input values.

(d) Quantitative information of fair value measurement of significant unobservable inputs (level 3)

<u>December 31, 2022</u>	<u>Fair value</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Financial Assets at Fair Value through Profit or Loss	\$ 1,120	The latest issuance of common stock for cash	N/A	N/A	N/A

(e) Classification of Financial Instruments

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial asset</u>		
Amortized cost		
Cash and Cash equivalents	\$ 1,080,690	\$ 870,863
Accounts receivable and notes receivable	1,964,234	1,833,277
other receivable	28,198	21,677
other financial asset	97,325	116,717
Refundable Deposits	16,903	16,102
Current Financial Assets at Fair Value through Profit or Loss	56,914	32,790
<u>Financial liability</u>		
Amortized cost		
Short-term loans	2,475,012	1,215,529
Accounts payable and notes payable	483,891	512,822
other payable	330,544	275,138
Long-term loans	1,954,762	2,127,395
deposits received	2,516	2,422
Current Financial Liabilities at Fair Value through Profit or Loss	2,490	—

(23) Financial risk management

The Group's main financial instruments include accounts receivable and accounts payable. 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 Company through internal risk reports which analyze the exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

1. Market risk

The purpose of the group's financial derivative transactions is to avoid the risks of foreign currency net assets or net liabilities due to exchange rate or interest rate fluctuations, because the profits and losses arising from exchange rate and interest rate fluctuations will generally offset the profits and losses of hedging projects. Therefore, the market price risk should not be significant.

2. Credit risk

Financial assets are potentially affected by the group's counterparty's failure to perform contractual obligations. Financial assets with positive fair values at the balance sheet date are evaluated for credit risk. The Corporation only transacts with financial institutions and companies with good credit ratings. Therefore, no significant credit risk is anticipated.

3. Liquidity Risk

The group has obtained sufficient loan credit lines from financial institutions and the working capital is still sufficient to cover it, so there is no liquidity risk due to the inability to raise funds to fulfill contractual obligations

4. Cash flow risk from changes in interest rates

If the long-term and short-term bank borrowings undertaken by the company are debts with floating interest rates, changes in market interest rates will cause the effective interest rates of the long-term and short-term bank borrowings to change accordingly, which will cause fluctuations in future cash flows.

The company manages interest rate risk by maintaining an appropriate combination of fixed and floating interest rates and using interest rate exchange contracts. The company regularly evaluates hedging activities to make them consistent with the interest rate view and established risk appetite to ensure that the most cost-effective hedging strategy is adopted.

(24) Capital risk management

The Company manages its capital to ensure its ability to continue as a going concern while maximizing the returns to shareholders. The capital structure of the Company consists of its net debt (loan after deduction of cash and cash equivalents) and equity. The Company is not subject to any externally imposed capital requirements.

The main management of the company regularly reviews the capital structure, and its review includes consideration of the cost of various types of capital and related risks. The company will balance its overall capital structure by paying dividends and issuing new shares based on the recommendations of the main management.

7、Related Party Transaction

(1) Parent and ultimate controlling party:

The company is the ultimate controller of the combined company.

(2) Compensation of key management personnel

	2022	2021
short-term employee benefits	\$ 24,605	\$ 24,344
Post-employment benefits	556	496
	<u>\$ 25,161</u>	<u>\$ 24,840</u>

(3) Related Party Transactions

Names of related parties	Relationship with the Group
CENTRAL UNION OIL CORP.	Associates
CHIATON INTERNATIONAL CO., LTD.	Associates
CHIA FHA HSING AGRICULTURAL SCIENCE AND TECHNOLOGY CO., LTD	Substantive Related Parties
CHIA YUH TRADING CO., LTD.	Substantive Related Parties
CHIA FA INDUSTRY CO., LTD.	Substantive Related Parties
CHIA LI ENTERPRISE CO., LTD.	Substantive Related Parties
CHIA YOU ENTERPRISE CO., LTD.	Substantive Related Parties
ALWAYS FOOD RESTAURANT CO., LTD.	Substantive Related Parties
Tsung Lin Hung	Substantive Related Parties
Cing Yue Chen	Substantive Related Parties
Jhuang Shang Wun	Substantive Related Parties

(4) The significant transactions between the Company and its related parties, other than those disclosed in other notes, are summarized as follows:

1. Net revenue

Related Parties	2022 Amount	2021 Amount
CENTRAL UNION OIL CORP.	\$ 3,090,055	\$ 2,814,378
Associates	1,345	1,450
Substantive related parties	232,244	200,977
	<u>\$ 3,323,644</u>	<u>\$ 3,016,805</u>

The sales transaction conditions are as follows:

(1) sales price : According to current prices and products individually negotiated.

(2) Payment terms : The average collection period is about 60-90 days, which is not significantly different from the average company.

2. Purchases

<u>Related Parties</u>	<u>2022</u>	<u>2021</u>
	Amount	Amount
CENTRAL UNION OIL CORP.	\$ 268,860	\$ 315,514
Associates	902	72
Substantive Related Parties	46,849	—
	<u>\$ 316,611</u>	<u>\$ 315,586</u>

The purchase transaction conditions are as follows:

(1) Purchases price : According to current prices and products individually negotiated.

(2) Payment terms : The average payment period is about 15-30 days, which is not significantly different from the average company.

3. Receivables from related parties

<u>Item</u>	<u>Company</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
		Amount	Amount
Notes receivable	Substantive related parties	\$ 454	\$ 2,869
Accounts receivable	CENTRAL UNION OIL CORP.	\$ 403,450	\$ 348,038
	Associates	618	31
	Substantive related parties	42,698	29,998
Less: allowance for loss		(382)	(382)
NET		<u>\$ 446,384</u>	<u>\$ 377,685</u>
Other receivable	Associates	<u>\$ 10,730</u>	<u>\$ 7,125</u>

4. Payables to related parties

<u>Item</u>	<u>Company</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
		Amount	Amount
Notes payable	Associates	\$ 195	\$ 58
Accounts payable	Associates	\$ 6,257	\$ 32,843
	Substantive related parties	1,223	—
		<u>\$ 7,480</u>	<u>\$ 32,843</u>
Other payable	Associates	\$ 5,830	\$ 5,829
	Substantive related parties	467	564
		<u>\$ 6,297</u>	<u>\$ 6,393</u>

5. Manufacturing expenses and Operating cost

Item	2022	2021
Manufacturing expenses		
CENTRAL UNION	\$ 236,840	\$ 224,161
Substantive related parties	1,078	1,353
Operating cost — Other expenses		
Associates	—	102
Substantive related parties	4,754	5,936
	\$ 242,672	\$ 231,552

The above-mentioned processing fees and other expenses are the processing expenses of entrusting CENTRAL UNION and Fats and Qiafaxing, and the production and management expenses of seconded personnel from Qiafaxing enterprises to engage in the production and management of compound feed. They are settled once a month and the payment period is one month.

6. Lease agreement

Related Party Categories	2022	2021
<u>Right-of-use asset</u>		
Substantive related parties	\$ 4,182	\$ 2,990
<u>Lease obligations</u>		
Substantive related parties	\$ 4,326	\$ 3,126
<u>Interest expense</u>		
Substantive related parties	\$ 54	\$ 42

7. Non- operating income

	2022	2021
<u>Rent revenue</u>		
Associates	\$ 418	\$ 1,753
Substantive related parties	131	131
	\$ 549	\$ 1,884
<u>Other revenue</u>		
Associates	\$ 359	\$ 531

The group collects rental income from CENTRAL UNION OIL CORP. and CHIA YUH TRADING CO., LTD. Trading based on the lease price.

8. Consignment

Substantive Related Parties	2022		2021	
	Consignment	Commissions Expense	Consignment	Commissions Expense
Other related parties	\$ 12,346	\$ 255	\$ 7,207	\$ 137

The merged company entrusts CHIA YUH TRADING CO., LTD. Trading to sell pet feed and supplies, and pay a commission of 2% each month based on the amount of agency sales.

9. Acquisition/Disposal of property, plant and equipment

Related Party Categories	Acquisition Price	
	2022	2021
Other related parties-transportation equipment	\$ 232	\$ —

2022:

Item	Related Party	Disposal/purchase price	Book value	Disposal of gains and losses
mechanical equipment	Other related parties	\$ —	\$ —	\$ —

2021:

Item	Related Party	Disposal/purchase price	Book value	Disposal of gains and losses
mechanical equipment	Other related parties	\$ 19	\$ 1	\$ 18

10. The group endorses and guarantees information for related parties : Refer to Chinese financial statements.

8、Mortgage Assets

The consolidated company provides its own assets as a guarantor, and its book value is as follows:

Items	property	December 31, 2021	December 31, 2020
Property, plant and equipment			
Land	Bank loan	\$ 423,151	\$ 423,151
Buildings, net	Bank loan	485,657	520,109
Machinery equipment, net	Bank loan	132,249	147,407
		\$ 1,041,057	\$ 1,090,667

9、**Commitments And Contingent Liabilities**

		<u>December 31, 2022</u>	<u>December 31, 2021</u>
1. The Company had outstanding usance letters of credit amounting to	USD	\$ 35,134	\$ 20,365
2. The balance of guaranteed bills issued for borrowing and developing letters of credit	NTD	4,060,000	7,130,000
	USD	24,000	390,000
3. Equipment and engineering contracts that have been signed but not fulfilled, Promised to pay the project payment in the future	NTD	87,994	19,804

10、**Significant Losses From Disasters : NONE**

11、**Significant Subsequent Events : NONE**

12、**Others :**

1. Statement of labor, depreciation and amortization by function:

	2022			2021		
	Classified as Cost of Revenue	Classified as Operating Expenses	Total	Classified as Cost of Revenue	Classified as Operating Expenses	Total
Labor cost						
Salary and bonus	\$ 231,056	\$ 331,799	\$ 562,855	\$ 225,638	\$ 316,917	\$ 542,555
Labor and health insurance	23,900	33,123	57,023	23,736	26,655	50,391
Pension	9,992	15,764	25,756	9,857	14,855	24,712
Board compensation	—	22,792	22,792	—	22,814	22,814
Others	8,406	21,289	29,695	9,071	20,431	29,502
Depreciation-PPE	197,060	66,591	263,651	197,823	65,354	263,177
Depreciation-Biological assets	20,234	—	20,234	17,911	—	17,911
Amortization	—	2,744	2,744	—	2,212	2,212

As of December 31, 2022 and 2021, the group had 895 and 867 employees, There were 10 non-employee directors, respectively.

There is no difference between the actual allotment of employee compensation and directors' compensation in the year 2021 and the amount of employee compensation and directors'

compensation recognized in the 2021 individual financial report.

The estimated amount of remuneration for employees and directors and supervisors of the company in 2022 is 29,557 thousand, which is based on the deduction of pre-tax benefits before the distribution of employees and directors' and supervisors' remuneration at a rate of 2% and under 5% respectively. The remuneration of directors and supervisors shall be reported as operating costs or operating expenses in 2022. If there is a difference between the actual distribution amount and the estimated amount, it shall be dealt with according to the change in accounting estimates, and the difference shall be recognized as the operating cost in 2021 profit and loss.

13、Additional Disclosures

(A) Following are the additional disclosures required by the Securities and Futures Bureau for the Company:

1. Financings provided: NONE
2. Endorsement/guarantee provided: Refer to Chinese financial report.
3. Marketable securities held (excluding investments in subsidiaries and associates): Refer to Chinese financial report.
4. Marketable securities acquired and 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 properties at costs of at least NT\$300 million or 20% of the paid-in capital: NONE
6. Disposal of individual real estate properties at prices of at least NT\$300 million or 20% of the paid-in capital: NONE
7. Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: Refer to Chinese financial report.
8. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Refer to Chinese financial report.
9. Information about the derivative financial instruments transaction: Refer to Chinese financial report.
10. Other : Business relations and important transactions and amounts between parent and

subsidiary companies and between subsidiaries : Refer to Chinese financial report.

11.Names, locations, and related information of investees over which the Company exercises significant influence (excluding information on investment in mainland China): Refer to Chinese financial report.

(B) Information on investment in mainland China

1. The name of the investee in mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, share of profits/losses of investee, ending balance, amount received as dividends from the investee, and the limitation on investee: Refer to Chinese financial report.
2. Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in mainland China on financial reports: None
- 3.The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes : NONE

(C) Information of major shareholders

List of all shareholders with ownership of 5 percent or greater showing the names and the number of shares and percentage of ownership held by each shareholder: NONE.

14 、 Operating Segments Information

For the purpose of management, the merged company divides the operating units according to different products and services, which are mainly divided into the food department, the food department and the meat processing department:

(一) Industry-specific financial information

The management individually monitors the operating results of their business units to make decisions on resource allocation and performance evaluation. The department's performance is evaluated based on the department's profit and loss and measured in a manner consistent with the department's profit and loss in the consolidated financial report.

2022:

	Feed Division	Food Division	Meat Processing Department	Other Department	Adjustment	Consolidated
Departmental revenue of non-enterprise customers	\$4,079,482	\$7,360,916	\$1,618,272	\$3,330,255	\$ 610,483	\$16,999,408
Departmental revenue of other departments in the enterprise	1,060	609,392	—	31	(610,483)	—
Total net operating income	<u>\$4,080,542</u>	<u>\$ 7,970,308</u>	<u>\$1,618,272</u>	<u>\$3,330,286</u>	<u>\$ —</u>	<u>\$16,999,408</u>
Departmental profit and loss	<u>\$ 151,654</u>	<u>\$ 386,712</u>	<u>\$ 50,525</u>	<u>\$ 44,623</u>		<u>\$ 633,514</u>
Non-operating income and expenses						66,177
General management office expenses						(323,568)
Pre-tax benefits						<u>\$ 376,123</u>
Identifiable assets	<u>\$1,812,608</u>	<u>\$2,340,680</u>	<u>\$1,371,948</u>	<u>\$1,617,573</u>		<u>\$ 7,142,809</u>

2021 :

	Feed Division	Food Division	Meat Processing Department	Other Department	Adjustment	Consolidated
Departmental revenue of non-enterprise customers	\$3,736,694	\$6,484,680	\$1,188,311	\$2,953,547	\$ 415,550	\$14,778,782
Departmental revenue of other departments in the enterprise	2,059	413,482	—	9	(415,550)	—
Total net operating income	<u>\$3,738,753</u>	<u>\$ 6,898,162</u>	<u>\$1,188,311</u>	<u>\$2,953,556</u>	<u>\$ —</u>	<u>\$14,778,782</u>
Departmental profit and loss	<u>\$ 202,888</u>	<u>\$ 344,248</u>	<u>\$ (48,129)</u>	<u>\$ 123,099</u>		<u>\$ 622,106</u>
Non-operating income and expenses						51,025
General management office expenses						(319,394)
Pre-tax benefits						<u>\$ 353,737</u>
Identifiable assets	<u>\$1,625,187</u>	<u>\$2,005,158</u>	<u>\$1,381,824</u>	<u>\$1,507,942</u>		<u>\$ 6,583,111</u>

1. The merged company is mainly engaged in three types of businesses including feed, food and meat processing. The departmental income listed in the above table refers to the department's sales income to customers outside the enterprise and the transfer income to other departments within the enterprise (both including sales of goods and The income from processing is the same below). But departmental income does not include non-operating income and benefits. For the transfer income between departments, the transfer pricing basis shall be calculated according to the following methods.
 - (1) Raw material part:

Depending on the nature of the raw materials, mergers or market price transfers are used.
 - (2) Finished part

According to the nature of the finished product, the combined addition or market price transfer is adopted.
2. Departmental profit and loss is the balance of departmental revenue minus departmental consolidation and expenses. The term "departmental integration and expenses" refers to the integration and expenses related to the income of the product department. Purchases between departments and transfers between departments use the same transfer pricing basis. If the business integration and expenses cannot be directly attributable, the relative operating income ratio will be allocated to each department. However, the departmental consolidation and expenses do not include the following items:
 - (1) General company expenses not related to the department.
 - (2) Non-operating expenses and losses.
3. Departmental identifiable assets refer to tangible assets that can be directly identified as belonging to the department, but departmental identifiable assets do not include the following items:
 - (1) General assets of the company held not for the business use of any particular department.
 - (2) External equity investment evaluated in accordance with the equity method.

(2) Region-specific information

Item	2022		2021	
	total		total	
		\$		\$
Taiwan	16,763,894		14,565,486	
Operating income from export				
America	55,001		45,573	
Asia	172,500		162,039	
Other	8,013		5,684	
		\$		\$
Net operating income	16,999,408		14,778,782	

(3) Important customer information

Customer	2022		2021	
	Food Division	%	Food Division	%
CENTRAL UNION OIL CORP.	\$ 3,090,055	18.2	\$ 2,814,378	19.0

Appendix II: 2022 Audited Parent Company Financial Reports

FWUSOW INDUSTRY CO., LTD.

Parent Company Only Financial Statements for the Years Ended
December 31, 2022 and 2021 and Independent Auditors' Report

FWUSOW INDUSTRY CO., LTD.
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INDEPENDENT AUDITORS' REPORT

Translated from Chinese

The Board of Directors and Shareholders
FWUSOW INDUSTRY CO., LTD.

Opinion

We have audited the accompanying parent company only financial statements of FWUSOW INDUSTRY CO., LTD. (the "Company"), which comprise the parent company only balance sheets as of December 31, 2022 and 2021, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion and other auditors' reports set forth in Major Accounting Items, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and 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 Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we are independent of the Company, fulfilling 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 financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Company's parent company only financial statements for the year ended December 31 2022 are stated as follows:

Inventory evaluation

The value of inventory is affected by market supply and demand. In addition, the allocation of inventory cost elements and the estimated amount of net realizable value are subject to the subjective judgment of the management. Therefore, the accountants pay special attention to the cost and net realizable value and the appropriateness of the loss of devaluation of inventories by management in accordance with the requirements of International Accounting Standards (IAS2).and the reasonableness of the management to appropriate allowance for inventory demmvaluation losses.

The principal audit procedure performed by the accountant is to obtain inventory entry data and perform detailed tests to verify that the raw material cost, labor input and manufacturing costs of the inventory have been reasonably allocated to the appropriate inventory items. The accountants compare the actual sales price of the inventory at the end of the period with its book value in a sampling manner to verify whether the inventory has been evaluated at the lower of cost or net realizable value. The accountants also compare the inventory quantity data obtained from annual inventory check with accounting record to test the existence and completeness of inventory in the end of year; By participating in and observing the annual perpetual inventory, accountants assess the appropriateness of allowance for inventory devaluation losses .

Other major accounting issue

The financial statements in year 2022 and 2021 of some investee companies accounted for using the equity method, were not audited by us but other accountants; therefore, the accountants' opinions in the Company's financial statements and the relevant information disclosed in Note 13 are based on the audit reports of other accountants. The Company's equity investment in the above-mentioned investee companies as of December 31, 2022 and 2021, were NT\$500,679 thousand and NT\$438,892 thousand respectively, accounting for 5.45% and 5.44% of the total assets,. The comprehensive benefits recognized by the equity method in 2022 and 2021 were NT\$49,023 thousand and NT\$52,654 thousand, respectively, accounting for 15.03% and 16.41% of the total comprehensive benefits.

Responsibilities of management and governance units for Parent Company Only financial statements

The management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulation Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

When preparing parent company only financial statements, the management's responsibilities also include assessing the company's ability to continue as going concern, disclosure of related matters,

and the adoption of the accounting basis as a going concern, unless the management either intends to liquidate the Company or to cease operations, or in addition to liquidation or there is no other practical and feasible plan but to do so.

The governing unit (including the audit committee) of the Company is responsible for supervising the financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

events in a manner that achieves fair presentation

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinions.

We communicate with those charged with governance regarding, among other matters, the planned scope and, the 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 standalone financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Sung-Yu Liu and Zi-Yu Chen

SOLOMON & CO., CPAs.

Taichung, Taiwan

Republic of China

March 13, 2023

Notice to Readers

The accompanying standalone financial statements are intended only to present the standalone 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 standalone financial statements are those generally applied in the Republic of China. For the convenience of readers, the independent auditors' report and the accompanying standalone 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 standalone financial statements shall prevail.

FWUSOW INDUSTRY CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

<i>Assets</i>		<i>Year ended December 31</i>			
		<i>2022</i>		<i>2021</i>	
		<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>
<i>Current assets</i>					
1100	Cash and cash equivalents(Note 6(1))	\$ 806,371	8.8	\$ 680,210	8.4
1110	Current financial asset at fair value through profit or loss (Note 6(2))	5,173	0.1	4,543	0.1
1150	Notes receivable, net(Note 6(3))	460,688	5.0	449,010	5.6
1160	Notes receivable due from related parties, net(Note 7(4))	261,273	2.8	160,839	2.0
1170	Accounts receivable, net(Note 6(4))	867,904	9.4	888,204	11.0
1180	Accounts receivable due from related parties, net(Note 7(4))	514,817	5.6	445,869	5.5
1200	Other receivables(Note 7(4))	28,832	0.3	36,166	0.4
1220	Current tax assets	25	—	25	—
1310	Inventories, net(Note 6(5))	2,436,531	26.5	1,739,439	21.6
1400	Current biological assets	13,644	0.2	41,705	0.5
1410	Prepayments	34,081	0.4	12,953	0.2
1470	Other current assets(Notes 6(1) 、 8)	1,445	—	—	—
	Total current Assets	<u>5,430,784</u>	<u>59.1</u>	<u>4,458,963</u>	<u>55.3</u>
<i>Non-current assets</i>					
1550	Investments accounted for under equity method(Note 6(6))	878,660	9.6	809,132	10.0
1600	Property, plant and equipment(Note6(7) 、 8)	2,730,805	29.7	2,666,933	33.1
1755	Right-of-use asset(Note6(8))	60,650	0.7	74,018	0.9
1780	Intangible assets	32,298	0.4	11,342	0.1
1830	Non-current biological assets	4,426	—	—	—
1840	Deferred tax assets(Note6(13))	33,630	0.4	31,581	0.4
1920	Guarantee deposits paid	12,546	0.1	12,893	0.2
1990	Other non-current assets (Note6(4))	1,274	—	2,120	—
	Total non-current assets	<u>3,754,289</u>	<u>40.9</u>	<u>3,608,019</u>	<u>44.7</u>
	Total assets	<u>\$ 9,185,073</u>	<u>100.0</u>	<u>\$ 8,066,982</u>	<u>100.0</u>

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

(With Solomon & Co., audit report dated March 13, 2023)

FWUSOW INDUSTRY CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

<i>Liabilities and Equity</i>		<i>Year ended December 31</i>			
		<i>2022</i>		<i>2021</i>	
		<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>
<i>Current liabilities</i>					
2100	Short-term loans(Note 6(9))	\$ 2,005,096	21.7	\$ 705,620	8.7
2110	Short-term notes and bills payable(10)	—	—	100,000	1.2
2120	Current financial liabilities at fair value through profit or loss(Note 6(2))	2,490	—	—	—
2130	Current Contract liabilities(Note6(17))	7,062	0.1	11,689	0.1
2150	Notes payable(Note7(4))	249,213	2.7	242,365	3.0
2170	Accounts payable(Note7(4))	184,667	2.0	249,075	3.1
2200	Other payables(Note7(4))	261,910	2.9	225,755	2.8
2230	Current tax liabilities	50,928	0.6	21,771	0.3
2280	Current lease liabilities(Note6(8))	24,024	0.3	23,283	0.3
2322	Current portion of long-term loans(Note6(11))	503,333	5.5	490,000	6.1
2399	Other current liabilities	4,605	0.1	4,124	0.1
	Total current Liabilities	<u>3,293,328</u>	<u>35.9</u>	<u>2,073,682</u>	<u>25.7</u>
<i>Non-current liabilities</i>					
2540	Long-term loans(Note 6(11))	816,667	8.9	920,000	11.4
2571	Deferred tax liabilities - land value increment tax	416,032	4.5	416,032	5.2
2580	Non current lease liabilities(Note 6(8))	37,270	0.4	51,178	0.6
2640	Net defined benefit liability-non current(Note 6(12))	561	—	4,266	0.1
2645	Guarantee deposits received	1,656	—	1,561	—
2650	Investments accounted loss for using equity method(Note6(6))	234,367	2.6	188,086	2.3
	Total non-current liabilities	<u>1,506,553</u>	<u>16.4</u>	<u>1,581,123</u>	<u>19.6</u>
	Total liabilities	<u>4,799,881</u>	<u>52.3</u>	<u>3,654,805</u>	<u>45.3</u>
<i>Equity attributable to owners of parent (Note 6(14))</i>					
3110	Share capital	3,220,139	35.1	3,220,139	39.9
3200	Capital surplus	15,030	0.2	14,358	0.2
3300	Retained earnings	1,161,612	12.6	1,191,180	14.8
3400	Other equity interest	(4,854)	(0.1)	(6,765)	(0.1)
3500	Treasury shares(Note 6(15))	(6,735)	(0.1)	(6,735)	(0.1)
	Total equity	<u>4,385,192</u>	<u>47.7</u>	<u>4,412,177</u>	<u>54.7</u>
	Total liabilities and equity	<u>\$ 9,185,073</u>	<u>100.0</u>	<u>\$ 8,066,982</u>	<u>100.0</u>

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

(With Solomon & Co., audit report dated March 13, 2023)

FWUSOW INDUSTRY CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

	2022		2021	
	Amount	%	Amount	%
4100 Net operating revenue (Note 6(17))	\$ 15,964,576	100.0	\$ 14,224,076	100.0
5000 Operating costs (Note6(5))	(14,694,829)	(92.1)	(12,935,604)	(90.9)
5910 Unrealized profit (loss) from sales	(3,200)	—	—	—
5860 Gains(Losses) on changes in fair value less costs to sell of biological assets for current period	(1,430)	—	(10,647)	(0.1)
Gross Profit	<u>1,265,117</u>	<u>7.9</u>	<u>1,277,825</u>	<u>9.0</u>
6000 Operating Expenses				
6100 Selling expenses	(622,553)	(3.9)	(612,183)	(4.3)
6200 Administrative expenses	(227,504)	(1.4)	(230,804)	(1.6)
6300 Research and development expenses	(56,555)	(0.4)	(35,998)	(0.3)
6450 Overdue credit(impairment loss)gain on reversal (Note 6(4))	(3,100)	—	10,000	0.1
	<u>(909,712)</u>	<u>(5.7)</u>	<u>(868,985)</u>	<u>(6.1)</u>
Net operating profit	<u>355,405</u>	<u>2.2</u>	<u>408,840</u>	<u>2.9</u>
7000 Non-operating income and expenses				
7100 Interest income	1,321	—	217	—
7010 Other income (Note 6(18))	31,051	0.2	40,424	0.3
7020 Other gains and losses (Note6(19))	22,687	0.1	7,165	0.1
7050 Financial costs (Note6(20))	(38,867)	(0.2)	(22,666)	(0.2)
7060 Share of Profit or Loss of Associates & Joint Ventures Accounted for Using Equity Method (Note6(6))	21,087	0.2	(40,884)	(0.2)
	<u>37,279</u>	<u>0.3</u>	<u>(15,744)</u>	<u>—</u>
7900 Profit before income tax	392,684	2.5	393,096	2.8
7950 Income tax expense (Note6(13))	(70,754)	(0.5)	(70,279)	(0.5)
Profit	<u>321,930</u>	<u>2.0</u>	<u>322,817</u>	<u>2.3</u>
8300 Other comprehensive income				
8310 Components of other comprehensive income that will not be reclassified to profit or loss				
8311 Gains (losses) on remeasurements of defined benefit plans	2,278	—	(744)	(0.1)
8321 Other comprehensive income, before tax,actuarial gain (losses) on defined benefit plans for Using Equity Method	495	—	(620)	—
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(456)	—	149	—
8360 Components of other comprehensive income that will be reclassified to profit or loss				
8361 Exchange differences on translation	2,388	—	(1,009)	—
8399 Income tax benefit related to items that will not be reclassified subsequently	(477)	—	202	—
Other comprehensive income(net income after tax)	<u>4,228</u>	<u>—</u>	<u>(2,022)</u>	<u>(0.1)</u>
8500 Total comprehensive income	<u>\$ 326,158</u>	<u>2.0</u>	<u>\$ 320,795</u>	<u>2.2</u>
Earnings per share				
9750 Basic earnings per share(dollar) (Note6(16))	<u>\$</u>	<u>1.00</u>	<u>\$</u>	<u>1.00</u>

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

(With Solomon & Co., audit report dated March 13, 2023)

FWUSOW INDUSTRY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)

	<i>Shares</i>	<i>Capital Surplus</i>	<i>Retained Earnings</i>			<i>Other equity interest</i>			<i>Total Equity</i>
			<i>Legal reserve</i>	<i>Special Reserve</i>	<i>Earnings Accumulated</i>	<i>Total</i>	<i>Foreign Currency Translation Reserve</i>	<i>Treasury Shares</i>	
Balance at January 1, 2021	\$ 3,220,139	\$ 14,358	\$ 267,003	\$ 233,273	\$ 690,952	\$ 1,191,228	\$ (5,958)	\$ (6,735)	\$ 4,413,032
Appropriation of earnings:									
Legal reserve	—	—	61,599	—	(61,599)	—	—	—	—
Cash dividends to shareholders	—	—	—	—	(321,650)	(321,650)	—	—	(321,650)
Profit for the 2021	—	—	—	—	322,817	322,817	—	—	322,817
Other comprehensive loss for the 2021	—	—	—	—	(1,215)	(1,215)	(807)	—	(2,022)
Balance at December 31, 2021	3,220,139	14,358	328,602	233,273	629,305	1,191,180	(6,765)	(6,735)	4,412,177
Appropriation of earnings:									
Legal reserve	—	—	32,160	—	(32,160)	—	—	—	—
Cash dividends to shareholders	—	—	—	—	(353,815)	(353,815)	—	—	(353,815)
From share of changes in equities of subsidiaries	—	672	—	—	—	—	—	—	672
Profit for the 2022	—	—	—	—	321,930	321,930	—	—	321,930
Other comprehensive income	—	—	—	—	2,317	2,317	1,911	—	4,228
Balance at December 31, 2022	<u>\$ 3,220,139</u>	<u>\$ 15,030</u>	<u>\$ 360,762</u>	<u>\$ 233,273</u>	<u>\$ 567,577</u>	<u>\$ 1,161,612</u>	<u>\$ (4,854)</u>	<u>\$ (6,735)</u>	<u>\$ 4,385,192</u>

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

(With Solomon & Co., audit report dated March 13, 2023)

FWUSOW INDUSTRY CO., LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Thousands of New Taiwan Dollars)

	<i>2022</i>	<i>2021</i>
Cash flows from operating activities:		
Profit before tax	\$ 392,684	\$ 393,096
Adjustments for		
Adjustments to reconcile profit (loss)		
Depreciation expense	180,876	187,425
Expected credit loss	3,100	(10,000)
Change in fair value less cost to sell of biological assets	1,430	10,647
Allowance for inventory valuation and obsolescence loss	8,300	3,500
Net loss (gains) on Financial Assets and Liabilities at Fair Value through profit or loss	3,100	(442)
Interest expense	38,867	22,666
Dividend income	(691)	(353)
Interest income	(1,321)	(217)
Share of loss (profit) of associates and joint ventures accounted for using equity method	(21,087)	40,884
Loss (gain) on disposal of property, plant and equipment	(399)	(972)
Unrealized profit from sales	3,200	—
Reversal of impairment loss recognized in profit or loss, property, plant and equipment	—	10,649
Gain of lease modification	—	(8)
Gain on Sale of Investments	—	(687)
Other adjustments to reconcile profit (loss)	183	172
Total adjustments to reconcile profit (loss)	215,558	263,264
Changes in operating assets and liabilities:		
Changes in operating assets		
Financial assets and liabilities at fair value through profit or loss	(1,240)	4,998
Notes receivable (include related parties)	(112,601)	(89,422)
Accounts receivable (include related parties)	(51,259)	(277,755)
Other receivables (include related parties)	10,896	9,363
Inventories	(705,392)	(314,677)
Biological assets	21,069	43,380
Prepayments	(18,154)	39,916
Other Current assets	1,363	—
Changes in operating liabilities		
Notes payable (include related parties)	6,848	113,712
Accounts payable (include related parties)	(64,408)	32,359
Other payables (include related parties)	16,124	(39,255)
Contract liabilities	(4,627)	5,627
Other current liabilities	481	(551)
Net defined benefit liability	(1,427)	(2,252)
Total changes in operating assets and liabilities	(902,327)	(474,557)
Total adjustments	(686,769)	(211,293)
Cash inflow (outflow) generated from operations	(294,085)	181,803
Interest received	1,321	218
Interest paid	(37,455)	(22,752)
Dividend received	42,734	66,971
Income tax refund (paid)	(44,579)	(105,625)
Cash provided by (used in) operating activities	(332,064)	120,615

(Carried over)

(Brought forward)

	<u>2022</u>	<u>2021</u>
Cash flows from investing activities:		
Decrease (increase) in financial assets	—	88
Proceeds from disposal of property, plant and equipment	790	1,740
Acquisitions of investments accounted for using equity method	(47,410)	(196,425)
Acquisitions of property, plant and equipment	(209,080)	(112,267)
Decrease (increase) in other non-current assets	1,536	—
Decrease (increase) in refundable deposits	347	1,803
Acquisition of intangible assets	(18,986)	—
Net cash flows from (used in) investing activities	<u>(272,803)</u>	<u>(305,061)</u>
Cash flows from financing activities:		
Increase (decrease) in short-term loans	1,299,476	333,206
Short-term notes and bills payable	(100,000)	100,000
Proceeds from long-term debt	400,000	450,000
Repayment of long-term debt	(490,000)	(415,000)
Payment of lease liabilities	(24,728)	(21,241)
Cash dividends paid	(353,815)	(321,650)
Decrease in quarantine deposits received	95	8
Net cash flows from (used in) financing activities	<u>731,028</u>	<u>125,323</u>
Net increase (decrease) in cash and cash equivalents	126,161	(59,123)
Cash and cash equivalents at beginning of year	<u>680,210</u>	<u>739,333</u>
Cash and cash equivalents at end of year	<u>\$ 806,371</u>	<u>\$ 680,210</u>

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

(With Solomon & Co., audit report dated March 13, 2023)

FWUSOW INDUSTRY CO., LTD.

Notes to Financial Statements

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. Organization

FWUSOW INDUSTRY CO., LTD. (the Company) was incorporated in February, 1955. Its shares were listed on Taiwan Stock Exchange (TSE) in December, 1990.

The main operating activities of the Company are

- I. Animal and vegetable oil refining and processing business.
- II. Manufacturing, processing and trading of feed and general feed additives.
- III. The breeding and processing business of livestock and poultry (except goat milk and mutton).
- IV. Manufacturing, processing, and trading of processed agricultural foods, milled foods, and baked processed foods such as rice, beans, and wheat.
- V. Canned food, frozen food, beverages, condiments (bonito flavor, chicken flavor), dairy products (except goat milk), sugar and sugar products and other food manufacturing, processing and trading business.
- VI. Manufacturing, processing, and trading of organic fertilizers.
- VII. Warehousing and labor transportation supply industry, refrigeration industry and supermarket operation
- VIII. Warehousing industry.

2. The Date and Procedure for the Authorization Of Financial Statements

The accompanying parent company only financial statements were approved and authorized for issue by the Board of Directors on March 13, 2023.

3. Application Of New And Revised International Financial Reporting Standards

- A. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, “IFRSs”) endorsed and issued into effect by the

Financial Supervisory Commission (FSC)

The initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC did not have a significant effect on the Company's accounting policies.

- B. The IFRSs endorsed by the Financial Supervisory Commission (FSC) for application starting from 2022 are as follows:

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 3)

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

Note 2: The amendments will be 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.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occur on or after January 1, 2022.

- C. The IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB
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
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

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

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

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

4. Summary Of Significant Accounting Policies

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

I. Compliance statement

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

II. Basis of Preparation

A. Measurement Bases

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

- (a) Financial instruments that are measured at fair values
- (b) Biological assets measured at fair value less costs to sell.
- (c) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

B. Functional Currency and Presentation Currency

The company uses the currency of the main economic environment in which it operates as its functional currency. The parent company only financial statements are presented in New Taiwan dollars, which is the Company's functional currency. All financial information expressed in New Taiwan Dollars are in units of New Taiwan Dollars Thousands.

III. Foreign currency

A. Foreign currency transaction

Foreign currency transactions are translated into the functional currency using the exchange

rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise. Monetary assets and liabilities denominated in foreign currencies at the period end are retranslated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, nonmonetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

B. Translation of foreign operations

Assets and liabilities of foreign operations, including the goodwill and fair value adjustment generated at the time of merge and acquisition, shall be converted into the functional currency of the parent company only financial statements at the reporting date. Income and expenses are converted into functional currency of the parent company only financial statements at the average exchange rate in the current period, and the exchange differences are recognized in other comprehensive income

When the disposal of a foreign operation causing a loss of control, loss of joint control, or significant influence, the cumulative exchange difference related to the foreign operation is entirely reclassified as profit or loss. If the disposal involves any subsidiary of the foreign operations, the relevant accumulated exchange difference shall be reclassified into the non-controlling interests on a pro rata basis. If the disposal involves any affiliate or joint venture of the foreign operations, the relevant accumulated exchange difference shall be reclassified into income or loss on a pro rata basis.

If no repayment program is defined with respect to monetary item receivable or payable of the foreign operations and it is impossible to settle in the foreseeable future, the foreign currency exchange gain or loss generated therefor shall be held as a part of the net investment of the foreign operations and recognized as other comprehensive profit or loss.

IV. Classification of current and non-current items

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

- (a) Assets held mainly for trading purposes;
- (b) Assets that are expected to be realized within twelve months from the balance sheet date;
- (c) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

Liability that meet one of the following criteria are classified as current liability; otherwise they are classified as non-current liability:

- (a) Liabilities arising mainly from trading activities;
- (b) Liabilities that are to be settled within twelve months from the balance sheet date;
- (c) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

V. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Time deposits with maturities less than 3 months and held for the purpose of meeting short-term cash commitments rather than for investment or other purpose are classified as cash equivalents.

VI. Financial Instruments

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

Financial assets and liabilities are initially recognized at fair value with transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, when the financial assets and liabilities are not measured at fair value but through profit or

loss. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

A. Financial Assets

Measurement category

On regular way purchases or sales of financial assets, the derivatives are recognized and derecognized on settlement date basis, the other financial assets are recognized and derecognized on trade date basis.

Financial assets held by the Company are classified into financial assets at fair value through profit or loss and financial assets at amortized cost.

(1) Financial assets at fair value through profit or loss (Financial asset at FVTPL)

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

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 6(20).

(2) Financial assets at amortized cost

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

- (a) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- (b) 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, and trade receivables at amortized cost, are measured at amortized cost, which equals to gross carrying amount determined by 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 a financial asset, except for:

- (a) For purchased or created credit-impaired financial assets, interest income is calculated by multiplying the credit-adjusted effective interest rate by the amortized cost of the financial asset.
- (b) For financial assets that are not purchased or initiated credit impairment but subsequently become credit impairment, interest income is calculated by multiplying the effective interest rate by the cost of financial assets amortization.

Impairment of financial assets

The company assesses the expected credit losses of the financial assets (including accounts receivable) measured at amortized cost at each balance sheet date.

The loss allowance for accounts receivable is measured at an amount equal to lifetime expected credit losses. For other financial assets, when the credit risk on the financial instrument has not increased significantly since initial recognition, a loss allowance is recognized at an amount equal to expected credit loss resulting from possible default events of a financial instrument within 12 months after the reporting date. If, on the other hand, there has been a significant increase in credit risk since initial recognition, a loss allowance is recognized at an amount equal to expected credit loss resulting from all possible default events over the expected life of a financial instrument.

Expected credit loss is the weighted average credit loss based on the risk of default. The 12-month expected credit loss refers to the expected credit loss caused by the possible default event of the financial instrument within 12 months after the reporting date, and the lifetime expected credit loss represents the expected credit loss caused by all possible default events during the expected lifetime of the financial instrument. The impairment loss of all financial assets is adjusted through a loss allowance account.

B. Financial liabilities and equity instruments

(1) Classification of liabilities or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity based on the substance of the contractual agreement and the definition of financial liabilities and equity instruments.

An equity instrument refers to any contract that evidence a residual interest in the assets after deducting all its liabilities from its assets.

The equity instruments issued by the Company are recognized at the amount obtained after deducting the cost of direct issuance.

Interests and losses or benefits related to financial liabilities are recognized as profit and loss and listed under non-operating income and expenses.

Financial liabilities are reclassified into equity at the time of conversion, and conversion does not recognize gain or loss.

(2) Financial liabilities measured at fair value through profit and loss

Such financial liabilities are measured at fair value at the time of initial recognition, and transaction costs are recognized as profit or loss when incurred; subsequent evaluations are measured at fair value, and any gain or loss (including related interest expenses), which is reported under non-operating income and expenses.

(3) Other financial liabilities

Financial liabilities are not held for trading and are not designated as those measured at fair value through profit and loss (including long-term and short-term borrowings, accounts payable and other payables). The original recognition is measured at fair value plus directly attributable transaction costs; The subsequent evaluation adopts the effective interest rate method to measure the cost after amortization. Interest expenses that have not been capitalized as the cost of assets are reported under non-operating income and expenses.

(4) Derecognition of financial liabilities

The company derecognizes financial liabilities when contractual obligations have been fulfilled, cancelled or expired.

When derecognizing financial liabilities, the difference between the book value and the total consideration paid or payable (including any transferred non-cash assets or liabilities) is recognized as gain and loss which is reported under non-operating income and expenses.

(5) Mutual offset of financial assets and liabilities

Financial assets and financial liabilities are offset only when the company has the statutory right to offset and intend to settle on a net amount or to realize assets and settle liabilities at the same time, and then financial assets and liabilities are offset and expressed on the balance sheet as a net amount.

VII. Inventories

Inventories are stated at the lower of cost or net realizable value. When comparing lower of

cost and net realizable value, except for the comparison of same inventory, it shall be made item by item. The cost of inventories, using weighted average method, includes expenditures incurred in acquiring the inventories, production cost and other costs incurred in bringing them to their existing location and condition. The cost of finished goods and work in process will be allocated production costs based on normal production. Net realized value is the estimated by the difference of the selling price in the ordinary course of business and the estimated cost of completion and applicable variable selling expenses.

VIII. Biological assets

Biological assets are initially recognized and measured at their fair value less costs to sell at each report date. The selling cost means that any additional cost can be directly attributed to the disposal assets except for the financial cost and income tax. Gains or losses from initial recognition of biological assets and subsequent changes in fair value less costs to sell are recognized profit or loss in current period.

IX. Investment in associates

Affiliated company refers to the company that the Company has significant influence on its financial and operating policies but has no control. When the company holds 20% to 50% of the voting rights of the investee, it is assumed to have significant influence.

Under the equity method, the original acquisition is recognized at cost, which includes transaction costs. The book value of the investment in the related company includes the goodwill arising from the acquisition less any accumulated impairment loss.

The financial report includes the Company's share of profit and loss and other comprehensive income of the equity accounted investee after making adjustments to the company's accounting policy consistency, from the date significant influence commence to the date significant influence ceases.

Unrealized benefits arising from transactions between the company and affiliated companies have been eliminated to the extent of the company's equity in the investee company. The method of eliminating unrealized losses is the same as that of unrealized benefits, but only when there is no evidence of impairment.

When the company shall recognize the loss of the affiliated company in proportion to or exceed its equity in the affiliated company, it shall stop recognizing its losses. Only when legal

obligations, constructive obligations or payments have been made on behalf of the investee have occurred, additional losses and related liabilities are recognized.

X. Investment in subsidiaries

When preparing individual financial reports, the Company adopts the equity method to evaluate investee companies with control. Under the equity method, the current profit and loss and other comprehensive profit and loss of the individual financial report are prepared on the basis of the consolidated financial report. The current profit and loss and other comprehensive profit and loss in the financial report are the same attributable to the owners of the parent company, and the owner's equity of the individual financial report is prepared on the basis of the merger. The equity attributable to the owners of the parent company in the financial report is the same.

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

XI. Property, Plant and Equipment

A. Recognition and Measurement

Property, plant and equipment are measured at cost less accumulated depreciation and impairment. Cost includes expenditures that can be directly attributable to the acquisition of assets. The cost of self-built assets includes raw materials and direct labor, any cost to bring the asset to the usable state for its intended use, the cost of dismantling and removing and restoring the location, and the borrowing cost of the capitalized assets that meet the requirements. The software purchased to integrate the functions of the related equipment is also capitalized as part of the equipment.

When property, plant and equipment are in different categories and the difference is significant to the total cost, it would be appropriate to adopt different depreciation rate or method as separate item.

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

B. Subsequent cost

Subsequent expenditure is capitalized, only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the expenditure can be

measured reliably. The carrying amount of the replacement is derecognized. Ongoing repairs and maintenance are expensed when incurred.

C. Depreciation

The property, plant and equipment were depreciated on straight-line basis over the estimated useful life. Depreciation of property, plant and equipment is evaluated by major identical category. Only when the useful lives of the assets in that category are different from the rest. Thus that different category shall be depreciated separately. Depreciation is recognized as profit or loss.

Land is not depreciated.

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

- (1) Buildings 3~53years
- (2) Machinery and equipment 3~25years
- (3) Transportation equipment 3~12 years
- (4) Office and Other equipment 3~40 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If the expected value is different from original estimation, it will be adjusted appropriately when necessary. Such adjustment shall be accounted for a change in accounting estimation.

XII. Lease

The company assesses whether the contract belongs to (or includes) a lease at the date of contract establishment.

A. The company is the lessor

When the lease clause transfers almost all the risks and rewards attached to the ownership of the asset to the lessee, it is classified as a financial lease. All other leases are classified as operating leases.

Under finance leases, lease payments include fixed payments and variable lease payments that depend on an index or rate. The net lease investment is measured by the sum of the present value of the lease payment receivable and the unguaranteed residual value plus the original direct cost which is expressed as a financial lease receivable. Finance income is allocated to each accounting period to reflect the fixed rate of return that the combined

company's unexpired net lease investment can obtain in each period.

Under operating leases, lease payments after deducting lease incentives are recognized as income on a straight-line basis during the relevant lease period. The original direct cost incurred in obtaining an operating lease is added to the book value of the underlying asset and recognized as an expense during the lease period on a straight-line basis.

B. The company is the lessee

Except for the lease payments of low-value underlying asset leases and short-term leases that are subject to the applicable recognition exemption, the lease payments are recognized as expenses on a straight-line basis during the lease period, and other leases are recognized as right-of-use assets and lease liabilities on the lease start date.

The right-of-use asset is initially measured at cost (including the original measured amount of the lease liability and the lease payment paid before the lease start date), and subsequently measured at the cost after deducting accumulated depreciation and accumulated impairment losses, and the remeasured amount of the lease liability is adjusted. Right-of-use assets are separately expressed on the balance sheet.

Right-of-use assets are depreciated on a straight-line basis from the lease start date to the end of the service life or the expiration of the lease term, whichever is earlier.

Lease liabilities were originally measured by the present value of lease payments (including fixed payments and substantive fixed payments). If the implicit interest rate of the lease is easy to determine, the lease payment is discounted using that interest rate. If the interest rate is not easy to determine, use the lessee's incremental borrowing interest rate.

Subsequently, the lease liability is measured on the amortized cost basis using the effective interest method, and the interest expense is amortized during the lease period. If changes in the lease period lead to changes in future lease payments, the company will re-measure the lease liabilities and relatively adjust the right-of-use asset. However, if the book value of the right-of-use asset has been reduced to zero, the remaining remeasured amount is recognized in profit and loss. Lease liabilities are separately expressed on the balance sheet.

The variable rent in the lease agreement that is not dependent on the index or rate is recognized as an expense in the period in which it occurs.

XIII. Impairment of Non-financial Assets

The Company measures whether impairment occurred in non-financial assets, except for

inventories, deferred income tax assets, employee benefits and biological assets at the end of every reporting date, and estimates the recoverable amount. If it is not possible to determine the recoverable amount (fair value less cost to sell and value in use) for the individual asset, then the Company will evaluate the impairment based on the recoverable amount from the asset's cash-generating unit.

The recoverable amount is determined by the higher value of an individual asset or a cash-generating unit less costs to sell or its value in use. If, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount and recognized an impairment loss. An impairment loss shall be recognized immediately in current period.

The Company should assess at the end of each reporting period whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. If any such indication exists, the entity shall estimate the recoverable amount of that asset. An impairment loss recognized in prior periods for an asset other than goodwill shall be reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset shall be increased to its recoverable amount. That increase is a reversal of an impairment loss. An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Regarding inventory, deferred income tax assets, assets generated from employee benefits, and non-financial assets other than biological assets, the company assesses whether impairment has occurred at the end of each reporting period, and estimates the recoverable amount of assets with signs of impairment. If the recoverable amount of an individual asset cannot be estimated, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs to assess the impairment.

XIV. Treasury Stock

The Company acquires its outstanding shares, the acquisition cost is debited to the treasury stock account (including any directly attributable costs). When treasury stock is sold, the

excess of the selling price over the carrying amount is credited to the capital surplus from treasury stock transactions account. If the carrying amount exceeds the selling price, the excess is first offset against capital surplus from the same class of treasury stock transactions, and the remainder, if any, is debited to retained earnings. The carrying amount of treasury stock is calculated by using the weighted-average approach according to the same class of treasury stock (common stock or preferred stock).

When the Company's treasury stock is the capital surplus - premium on stock account and capital stock account should be debited proportionately according to the share ratio. The carrying value of treasury stock in excess of the sum of its par value and premium on stock should first be offset against capital surplus from the same class of treasury stock transactions, and the remainder, if any, debited to retained earnings. The sum of the par value and premium on treasury stock in excess of its carrying value should be credited to capital surplus from the same class of treasury stock transactions.

XV. Revenue recognition

1. Sales of goods

- A. The Company manufactures and sells animal feeds, cooking oil, agricultural livestock products and related consumer food. Sales are recognized when control of the products has transferred, which also means that the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customers, and either the customers have accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.
- B. Revenue from sales of goods is recognized based on the price specified in the contract, net of the estimated volume discounts, sales discounts and allowances. The volume discount or sales allowance is usually offered by client's purchase volume. Based on historical experience of sales discounts offered, revenue is only recognized to the extent that it is highly probable that no significant reversal will occur. The estimation is reassessed at each reporting date. The credit term of 30 to 60 days after shipment is consistent with market practice, which is deemed not involved major financial

arrangement in the sales contracts. The down payment receiving from selling products is deemed as contractual liability to fulfill the Company's obligation.

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

2. Financing components

The contract between the Company and client is the obligation to transfer goods or services to the client and payment term is within one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

XVI. Employee benefits

A. Defined contribution plans

Obligations for contributions to defined contribution plans are recognized as pension expense in the period when employees render service.

B. Defined benefit plans

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

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Company's defined benefit plan. Net defined benefit asset is recognized to the extent of a contribution refund to the plan or deduction in future payments.

C. Short-term employee benefits

Short-term employee benefits are expensed at the undiscounted amount in exchange for service rendered by employees. A liability is reliably estimated and recognized for the amount of short-term cash bonus or employee dividend plan expected to be paid when the Company has a present legal or constructive obligation as a result of past service provided by the employee.

XVII. Income taxes

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

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year, and any adjustment to the tax payable or receivable in respect of previous years

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are not recognized for the following conditions:

- A. The initial recognition of assets and liabilities in a transaction that is not a business combination which affects neither accounting nor taxable profits (losses) at the time of the transaction.
- B. Temporary differences related to investments in subsidiaries, associates and joint arrangements which is probable that they will not reverse in the foreseeable future.
- C. Temporary differences arising from the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

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

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

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

tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

XVIII. Earnings per share

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

XIX. Operating segments

The Company has disclosed the information on operating segments in its consolidated financial statements. Hence, no further information is disclosed in the parent company only financial statements.

5. **Critical Accounting Judgments And Key Sources Of Estimation Uncertainty**

The preparation of the parent company only financial statements in conformity with "Regulations Governing the Preparation of Financial Reports by Securities Issuers" requires management to make judgments, estimations and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimations.

The Company has considered the economic implications of COVID-19 pandemic on critical accounting estimates and will continue evaluating the impact on its financial position and financial performance as a result of the pandemic. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years. The following are the key assumptions concerning the future, and other key sources of estimation :

1. Note 6(4) , Assessment of impairment of accounts receivable
2. Note 6(5) , Valuation of Inventory

3. Note 6(12) , Measurement of net definite benefit liabilities
4. Note 6(13) , Realization of Deferred Income Tax Assets ◦

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand	\$ 877	\$ 905
Checking accounts	6,886	4,035
Demand deposits	674,208	653,406
Foreign currency deposit	124,400	21,864
	<u>\$ 806,371</u>	<u>\$ 680,210</u>

(2) Current financial asset at fair value through profit or loss

	December 31, 2022	December 31, 2021
Listed OTC stock and fund	\$ 4,969	\$ 4,849
Unquoted shares	84,493	83,373
Adjustments for change	(84,289)	(83,679)
	<u>\$ 5,173</u>	<u>\$ 4,543</u>

Current financial liability at fair value through profit or loss

	December 31, 2022	December 31, 2021
Forward exchange contracts	\$ 2,490	\$ —

The Company entered into forward exchange contracts to manage exposures due to fluctuations of foreign exchange rates.

For forward foreign exchange contracts that have not yet expired, the following instructions:

	December 31, 2022		
	<u>Currency</u>	<u>Maturity Date</u>	<u>Contract Amounts (Thousand)</u>
Forward foreign exchange buying contracts	USD exchange NTD	2023.01	USD 2,000

The company's estimated net profit and loss on derivative financial products in 2022 and 2021 are (2,490) thousand dollars and 0 thousand dollars.

In 2022 and 2021, the net gains and losses recognized by offsetting contracts of derivative financial asset transactions were 18,331 thousand dollars and 0 thousand dollars, respectively.

(3) Notes receivable

	December 31, 2022	December 31, 2021
Notes receivable	\$ 461,358	\$ 449,218
Less: Loss allowance	(697)	(208)
	<u>\$ 460,688</u>	<u>\$ 449,010</u>

(4) Accounts receivable (including overdue receivables)

Current:

	December 31, 2022	December 31, 2021
Accounts receivable	\$ 873,417	\$ 890,006
Less: Loss allowance	(5,513)	(1,802)
	<u>\$ 867,904</u>	<u>\$ 888,204</u>

Non-current :

	December 31, 2022	December 31, 2021
overdue receivables	\$ 1,253	\$ 9,497
Less: Loss allowance	(1,253)	(9,497)
	<u>\$ —</u>	<u>\$ —</u>

The average credit period for sales of goods was 60 days. No interest was charged on accounts receivable. In determining the recoverability of trade receivables, the Company considered any change in the credit quality of the trade receivable since the date credit was initially granted to the end of the reporting period. The company will first review the credit rating of customers for new transactions, and obtain sufficient guarantees when necessary to reduce the default risk of financial losses. The company will use other publicly available financial information and historical transaction records to rate major customers. The Company's credit exposures and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty credit limit that are reviewed and approved by the accounting department annually.

In order to minimize credit risk, the management of the Company 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 debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on accounts receivable are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Company estimates expected credit losses based on past due days. As the Company'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 between the Company's different customer base.

The Company writes off accounts receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For accounts receivable that have been written off, the Company 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 accounts receivable based on the Company's provision matrix.

December 31, 2022

	Current	1 to 30 days	31 to 60 days	61 to 120 days	Over 120 days	Total
Expected Credit Loss	0%-0.02%	0%-1%	0%-5%	100%	100%	
Carrying amount	\$ 2,072,776	\$ 30,937	\$ 7,407	\$ 154	\$ 1,253	\$ 2,112,527
lifetime expected credit losses	(2,539)	(1,795)	(2,104)	(154)	(1,253)	(7,845)
Amortized cost	\$ 2,070,237	\$ 29,142	\$ 5,303	\$ —	\$ —	\$ 2,104,682

December 31, 2021

	Current	1 to 30 days	31 to 60 days	61 to 120 days	Over 120 days	Total
Expected Credit Loss	0%-0.2%	0%-2%	0%-6%	100%	100%	
Carrying amount	\$ 1,899,765	\$ 37,159	\$ 8,376	\$ 1,014	\$ 9,497	\$ 1,955,811
lifetime expected credit losses	(750)	(448)	(180)	(1,014)	(9,497)	(11,889)
Amortized cost	\$ 1,899,051	\$ 36,711	\$ 8,196	\$ —	\$ —	\$ 1,943,922

Change information of loss allowance :

	2022	2021
Opening balance	\$ 11,889	\$ 24,772
Overdue credit impairment loss	3,100	(10,000)
Non recoverable receivable	(7,144)	(2,883)
Ending balance	\$ 7,845	\$ 11,889

(5) Inventories

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Raw materials	\$ 1,062,721	\$ 415,759
Materials	71,166	59,226
Semi-manufactures	32,631	28,551
Manufactures	855,947	410,493
Inventory in transit - materials	445,381	848,425
	<u>2,467,846</u>	<u>1,762,454</u>
Less: allowance for inventory write-down	(31,315)	(23,015)
Net inventories	<u>\$ 2,436,531</u>	<u>\$ 1,739,439</u>

The cost of inventories recognized as expense for the year:

	<u>2022</u>	<u>2021</u>
Cost of goods sold	\$ 14,640,261	\$ 12,891,269
Costs of conversion	2,610	2,965
Loss on decline in market value	8,300	3,500
Net loss on physical inventory	36,581	28,456
Income from disposal of leftover and scraps	(397)	(749)
loss on inventory retired	—	1,620
Others	7,474	8,543
	<u>\$ 14,694,829</u>	<u>\$ 12,935,604</u>

(6) Investments accounted for using equity method

Investments accounted for using equity method-subsiaries are provided as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Subsidiary company	\$ 510,189	\$ 462,574
Associates	368,471	346,558
	<u>\$ 878,660</u>	<u>\$ 809,132</u>

1. Investments in subsidiaries

A. Investments accounted for using equity method

Investee	<u>December 31, 2022</u>		<u>December 31, 2021</u>	
	Carrying amount	share holding ratio %	Carrying amount	share holding ratio %
FWUSOW NEW INDUSTRY CO., LTD.	\$ 171,458	99.07	\$ 170,600	99.07
WONDERFUL INVESTMENT CO.	129,294	85.70	124,114	85.70

Investee	December 31, 2022		December 31, 2021	
	Carrying amount	share holding ratio %	Carrying amount	share holding ratio %
ZILLION HOLDING CO.	5,566	100.00	5,386	100.00
WANJISHENG AGRICULTURAL TECHNOLOGY CO.,	203,871	98.71	162,474	100.00
	<u>\$ 510,189</u>		<u>\$ 462,574</u>	

B. Investments accounted for using equity method credit balance

Investee	December 31, 2022		December 31, 2021	
	Carrying amount	share holding ratio %	Carrying amount	share holding ratio %
CHARMING FOOD INTERNATIONAL MARKETING CO., LTD.	<u>\$ (234,367)</u>	72.75	<u>\$ (188,086)</u>	72.75

- (a) The above-mentioned long-term equity investment and its related investment gains and losses evaluated according to the equity method are calculated based on the financial statements of the investee company that have been verified by an accountant during the same period.
- (b) In 2018, the Company sold land to its subsidiary, Charming Food International Marketing Co., Ltd. deferred recognition of disposal benefits in accordance with the IFRS 10 Bulletin, and accounted for its disposal benefits of 294,128 thousand dollars for investment deductions using the equity method. The net investment using the equity method is negative, and the third party is subsequently disposed of in the subsidiary to realize its benefits.
- (c) Charming Food International Marketing Co., Ltd. reduced its capital in March 2021 to make up for the loss of 270,000 thousand dollar . In the same year, the Company made a new investment of 196,425 thousand dollars based on its shareholding ratio.
- (d) In December 2021, the Company increased its investment in Wanjisheng Agricultural Technology Co., Ltd. by 100,000 thousand dollars, and obtained a 100% shareholding ratio based on the investment cost. The Company is mainly engaged in livestock breeding and other businesses. In accordance with the provisions of International Accounting Standard No. 27 "Consolidated and Separate Financial Statements", the Company has control over the investee and constitutes a parent subsidiary company, the investee company shall be included in the preparation scope of the consolidated statement.

- (e) In November 2022, the Company further invested 47,410 thousand shares in the subsidiary WANJISHENG AGRICULTURAL TECHNOLOGY CO., which did not subscribe or acquire new shares proportionately cause the decrease in percentage of ownership to 98.71%.

2. Investments in associates

The Company's associates are as follows:

Investee	December 31, 2022		December 31, 2021	
	Carrying amount	Share holding ratio %	Carrying amount	share holding ratio %
CENTRAL UNION OIL CORP.	\$ 296,808	32.33	\$ 276,418	32.33
CHIATON INTERNATIONAL CO., LTD.	71,663	37.50	70,140	37.50
	<u>\$ 368,471</u>		<u>\$ 346,558</u>	

Details of share of profit and loss of associate are as follows:

	2022	2021
The company's share of the net profit of the associated companies for the current period	<u>\$ 67,723</u>	<u>\$ 53,315</u>
The company's share of other comprehensive profits and losses of associated companies	<u>\$ 495</u>	<u>\$ (620)</u>

Details of financial information of associate are as follows:

	December 31, 2022	December 31, 2021
Total assets	\$ 3,175,596	\$ 3,249,718
Total liability	<u>2,064,322</u>	<u>2,207,735</u>
Net assets	<u>\$ 1,111,274</u>	<u>\$ 1,041,983</u>
	2022	2021
Revenues	<u>\$ 11,884,589</u>	<u>\$ 10,571,559</u>
Net profit	<u>\$ 204,261</u>	<u>\$ 159,543</u>
Share of profit (loss) of associates for using	<u>\$ 1,531</u>	<u>\$ (1,916)</u>

equity method

(7) Property, plant and equipment

1. Capitalization amount and interest rate range of borrowing costs for property, plant and equipment:

	2022	2021
Capitalization amount	\$ 1,244	\$ 393
Capitalization interest rate	1.59%	1.03%

2. Details of property, plant and equipment

	Land	Buildings	Machinery and Equipment	Transportation equipment	Other equipment	Construction in progress and equipment to be inspected	Total
Cost :							
At January 1, 2022	\$ 1,343,331	\$ 1,669,878	\$ 2,444,152	\$ 115,452	\$ 313,624	\$ 30,534	\$ 5,916,971
Additions	—	974	876	697	2,729	222,423	227,699
Reclassifications	—	20,914	53,385	2,511	(10,332)	(74,690)	(8,442)
Disposals	—	(830)	(23,260)	(3,956)	(3,202)	—	(31,248)
December 31, 2022	<u>\$ 1,343,331</u>	<u>\$ 1,690,936</u>	<u>\$ 2,475,153</u>	<u>\$ 114,704</u>	<u>\$ 302,819</u>	<u>\$ 178,037</u>	<u>\$ 6,104,980</u>
At January 1, 2021	\$ 1,339,331	\$ 1,766,976	\$ 2,445,785	\$ 119,831	\$ 282,504	\$ 56,238	\$ 6,010,665
Additions	—	814	8,636	2,727	23,618	62,986	98,781
Reclassifications	4,000	8,676	17,823	663	19,194	(88,690)	(38,334)
Disposals	—	(106,588)	(28,092)	(7,769)	(11,692)	—	(154,141)
December 31, 2021	<u>\$ 1,343,331</u>	<u>\$ 1,669,878</u>	<u>\$ 2,444,152</u>	<u>\$ 115,452</u>	<u>\$ 313,624</u>	<u>\$ 30,534</u>	<u>\$ 5,916,971</u>
Accumulated depreciation and impairment							
	Land	Buildings	Machinery and Equipment	Transportation equipment	Other equipment	Construction in progress and equipment to be inspected	Total
At January 1, 2022	\$ (26,643)	\$ (1,156,818)	\$ (1,783,310)	\$ (98,645)	\$ (184,622)	\$ —	\$ (3,250,038)
Additions	—	(46,322)	(79,444)	(6,277)	(22,951)	—	(154,994)
Gain on reversal of impairment loss	—	—	(13,932)	—	13,932	—	—
Disposals	—	813	22,994	3,863	3,187	—	30,857
At December 31, 2022	<u>\$ (26,643)</u>	<u>\$ (1,202,327)</u>	<u>\$ (1,853,692)</u>	<u>\$ (101,059)</u>	<u>\$ (190,454)</u>	<u>\$ —</u>	<u>\$ (3,374,175)</u>
At January 1, 2021	\$ (26,643)	\$ (1,158,796)	\$ (1,723,434)	\$ (98,958)	\$ (156,675)	\$ —	\$ (3,164,506)
Additions	—	(52,122)	(67,773)	(7,351)	(34,488)	—	(161,734)
Gain on reversal of impairment loss	—	—	—	—	—	—	—

	Land	Buildings	Machinery and Equipment	Transportatio n equipment	Other equipment	Construction in progress and equipment to be inspected	Total
Disposals	—	54,100	7,897	7,664	6,541	—	76,202
At December 31, 2021	<u>\$ (26,643)</u>	<u>\$ (1,156,818)</u>	<u>\$ (1,783,310)</u>	<u>\$ (98,645)</u>	<u>\$ (184,622)</u>	<u>\$ —</u>	<u>\$ (3,250,038)</u>

Book Value:

December 31, 2022	<u>\$ 1,316,688</u>	<u>\$ 488,609</u>	<u>\$ 621,461</u>	<u>\$ 13,645</u>	<u>\$ 112,365</u>	<u>\$ 178,037</u>	<u>\$ 2,730,805</u>
December 31, 2021	<u>\$ 1,316,688</u>	<u>\$ 513,060</u>	<u>\$ 660,842</u>	<u>\$ 16,807</u>	<u>\$ 129,002</u>	<u>\$ 30,534</u>	<u>\$ 2,666,933</u>

- The information about the property, plant and equipment is pledged as collateral is disclosed in Note 8.
- The land and building in Zhuzi Douliu City, Yunlin County owned by the Company was in agriculture and animal husbandry category, which was registered under personal name. The Company had agreement to pledge the property to the Company as collateral.

(8) Lease arrangements

(a) Right-of-use assets

	Land	Building	Transportation equipment	Total
Cost :				
Balance at January 1, 2022	\$ 12,539	\$ 13,142	\$ 80,236	\$ 105,917
Addition	497	2,048	9,016	11,561
Lease Modifying	—	—	(7,034)	(7,034)
Balance at December 31, 2022	<u>\$ 13,036</u>	<u>\$ 15,190</u>	<u>\$ 82,218</u>	<u>\$ 110,444</u>

Accumulated depreciation and
impairment:

Balance at January 1, 2022	\$ 4,668	\$ 4,005	\$ 23,226	\$ 31,899
Depreciation	1,655	3,314	19,960	24,929
Decrease	—	—	(7,034)	(7,034)
Balance at December 31, 2022	<u>\$ 6,323</u>	<u>\$ 7,319</u>	<u>\$ 36,152</u>	<u>\$ 49,794</u>

Book value:

Balance at December 31, 2022	<u>\$ 6,713</u>	<u>\$ 7,871</u>	<u>\$ 46,066</u>	<u>\$ 60,650</u>
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Cost :

Balance at January 1, 2021	\$ 13,598	\$ 5,769	\$ 19,760	\$ 39,127
Increase	—	7,373	63,781	71,154
Decrease	(1,059)	—	(3,305)	(4,364)

	Land	Building	Transportation equipment	Total
Balance at December 31, 2021	\$ 12,539	\$ 13,142	\$ 80,236	\$ 105,917
Accumulated depreciation and impairment:				
Balance at January 1, 2021	\$ 3,342	\$ 2,042	\$ 8,653	\$ 14,037
Depreciation	1,584	1,963	17,878	21,425
Decrease	(258)	—	(3,305)	(3,563)
Balance at December 31, 2021	\$ 4,668	\$ 4,005	\$ 23,226	\$ 31,899
Book value:				
Balance at December 31, 2021	\$ 7,871	\$ 9,137	\$ 57,010	\$ 74,018

For the years ended December 31, 2022 and 2021, the Company did not undergo major sub-leases and impairments.

(b) Lease liabilities

	December 31, 2022	December 31, 2021
Book value of lease liabilities		
current	\$ 24,024	\$ 23,283
non-current	\$ 37,270	\$ 51,178

The discount rate of leasing liability was both 1.03% in above accounting years.

(c) Material lease-in activities and terms

The Company leases buildings for the use of warehouse and offices with lease terms of 1 to 9 years. The Company does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms. In addition, the Company is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

(d) Other lease information

	2022	2021
Expenses relating to short-term leases	\$ 157	\$ 3,257
Low-value asset lease expenses	\$ 38	\$ 27
Expenses relating to variable lease payments not included in the measurement of lease liabilities	\$ 5,036	\$ 1,260
Total cash (outflow) for leases	\$ 30,993	\$ 26,020

The Company leased transportations and equipment which meets the threshold to waive the recognition of ownership assets and leasing liability.

(9) Short-term loans

Nature of loan	December 31, 2022	interest rates range from	Maturity year	Collateral
Bank loans				
Purchase loans	\$ 225,096	5.48%~6.03%	2023.01~2023.06	NONE
Credit loans	1,780,000	1.32%~1.86%	2023.01~2023.08	NONE
	<u>\$ 2,005,096</u>			

Nature of loan	December 31, 20210	interest rates range from	Maturity year	Collateral
Bank loans				
Purchase loans	\$ 220,620	0.76%~0.99%	2022.02~2022.08	NONE
Credit loans	485,000	0.90%~1.00%	2022.01~2022.08	NONE
	<u>\$ 705,620</u>			

(10) Short-term commercial paper payable

	December 31, 2022	December 31, 2021,
Commercial paper payable	\$ —	\$ 100,000
Discount	—	—
	<u>\$ —</u>	<u>\$ 100,000</u>
Interest rate range	—	0.89%~0.90%
Maturity year	—	2022.01~2022.02

1. Short-term commercial paper payable pledged as collateral are set out in Note 8.

2. The above short-term bills payable are guaranteed by financial institutions.

(11) Long-term loans

	December 31, 2022	December 31, 2021
Collateralize loans	\$ 75,000	\$ 175,000
Credit loans	1,245,000	1,235,000
Less: Current portion of long-term loans payable	(503,333)	(490,000)
Long-term debt payable	<u>\$ 816,667</u>	<u>\$ 920,000</u>
Interest rate range	1.51%~1.86%	0.88%~1.11%
Maturity year	2023.4~2027.6	2022.5~2026.2
Unspent amount	<u>\$ 430,000</u>	<u>\$ 340,000</u>

(12) Plan of post-retirement benefits

A. Defined benefit plans

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Total present value of obligations	\$ 13,826	\$ 15,212
Fair value of project assets	(13,265)	(10,946)
Recognized definite benefit obligation liabilities	<u>\$ 561</u>	<u>\$ 4,266</u>

The Company's employee retirement plan based on the Labor Standards Law is a definite benefit plan. According to the plan, a monthly retirement reserve fund is allocated at 10% of the total salary of the employees, which is managed by the Labor Retirement Reserve Supervision Committee, and deposited in the special retirement reserve account of the Trust Department of Bank of Taiwan in the name of the committee. The retirement payment of each employee subject to the Labor Standards Law is calculated based on the base number of years of service and the average salary of the six months before retirement.

(a) Statement of changes present value of a defined benefit obligation

	<u>2022</u>	<u>2021</u>
present value of a defined benefit	\$ 15,212	\$ 14,929
employee benefits expense	—	(636)
Current service cost and interest	114	74
Recognition of other comprehensive income	(1,500)	845
present value of a defined benefit	<u>\$ 13,826</u>	<u>\$ 15,212</u>

(b) Composition of project asset composition

The retirement fund allocated by the Company in accordance with the Labor Standards Law is coordinated and managed by the Labor Retirement Fund Supervisory Committee of the Labor Committee of the Executive Yuan. According to the provisions of the "Labor Retirement Fund Revenue and Expenditure and Utilization Measures", the use of the fund and its annual final accounting distribution of the lowest income, shall not be lower than the income calculated based on the two-year fixed deposit interest rate of the local bank.

Details of employee benefit plan bank account:

	2022	2021
Fair value of planned assets at the beginning of the period	\$ 10,946	\$ 9,155
Allocated amount	1,450	2,274
Interest income	91	51
Benefits paid from plan assets	—	(636)
Plan asset return	778	102
Fair value of plan assets at the end of the period	<u>\$ 13,265</u>	<u>\$ 10,946</u>

(c)Recognition as an profit and loss

	2022	2021
Current service cost	\$ —	\$ —
Interest cost	114	74
Interest income	(91)	(51)
Employee retirement benefits	<u>\$ 23</u>	<u>\$ 23</u>

(d)Actuarial gains and losses recognized as other comprehensive gains and losses (before tax)

	2022	2021
Accumulated balance on January 1	\$ 159,818	\$ 159,074
Recognized during the period	(2,278)	744
Accumulated balance on December 31	<u>\$ 157,540</u>	<u>\$ 159,818</u>

(e)Actuarial assumptions

The Company is exposed to the following risks due to the pension system of the "Labor Standards Law":

- 1). Investment risk: The Labor Fund Utilization Bureau of the Ministry of Labor invests labor retirement funds in domestic (foreign) equity securities, debt securities, and bank deposits through its own use and entrusted operations, but the company's planned assets can be allocated to the amount of The income calculated based on the interest rate not lower than the local bank's 2-year fixed deposit rate.
- 2). Interest rate risk: The decline in the interest rate of government bonds will increase the present value of defined welfare obligations, but the return on debt investment of planned assets will

also increase, and the impact of the two on the net defined welfare liabilities will partially offset the effect.

- 3). Salary risk: The calculation to determine the present value of the benefit obligation refers to the future salary of the plan members. Therefore, the increase in the salary of the plan members will increase the present value of the determined benefit obligation.

The present value of the company's determined welfare obligations is actuarially calculated by qualified actuaries. The major assumptions on the measurement date are as follows:

	2022	2021
Discount rate	1.38%	0.75%
Expected salary increase rate	2.25%	2.25%

- (f) When calculating and determining the present value of welfare obligations, the Company must use judgments and estimates to determine relevant actuarial assumptions on the balance sheet date, including employee turnover rates and future salary changes. Any change in actuarial assumptions may materially affect the amount of the company's determined welfare obligations.

Assuming that the discount rate changes by 0.5%, there will be the following effects:

	2022	
	Increase	Decrease
Net defined benefit liability	\$ 415	\$ (435)

	2021	
	Increase	Decrease
Net defined benefit liability	\$ 494	\$ (517)

The Company expects to allocate 450 thousand dollar to the determined benefit plan within one year after December 31, 2022.

B. Defined contribution plans

The company's definite allocation plan is based on the labor pension regulations, and is allocated to the labor insurance bureau's labor pension individual account at a rate of 6% of the labor's monthly salary. After the fixed amount is allocated to the Labor Insurance Bureau under this plan, there is no statutory or constructive obligation to pay additional amounts.

The pension expenses under the Company's 2022 and 2021 pension plans are 19,377 thousand dollar and 19,025 thousand dollar respectively, which have been transferred to the Labor

Insurance Bureau.

(13) Income tax

1. Income tax expense recognized in profit or loss :

	<u>2022</u>	<u>2021</u>
Income tax expense calculated at the statutory rate	\$ 78,536	\$ 78,619
Amount of tax impact of income tax adjustment items		
Permanent differences	(4,423)	(15,998)
Temporary differences	2,142	(14,173)
Income tax credits	—	(220)
Adjustments for prior years	(2,519)	(198)
Income tax on unappropriated earnings	—	11,637
Deferred income tax expenses adjusted this year	(2,982)	10,612
Income tax expense	<u>\$ 70,754</u>	<u>\$ 70,279</u>

2. Deferred income tax

The analysis of deferred income tax assets (liabilities) is as follows :

	<u>2021</u>			
	<u>Balance on</u>	<u>Profit and</u>	<u>Other</u>	<u>Balance as of</u>
	<u>January 1</u>	<u>loss</u>	<u>comprehensive</u>	<u>December 31</u>
			<u>e income</u>	
Temporary differences				
Deferred Bad Debt Losses	\$ 4,954	—	—	\$ 4,954
Inventory Valuation Losses	5,041	1,946	—	6,987
Unrealized Gain or Loss	(163)	(225)	—	(388)
Net changes in equity of investment				
accounted for using equity method	19,273	—	—	19,273
Impairment loss recognized under the				
cost method	7,218	—	—	7,218
Fixed asset impairment loss	(468)	—	—	(468)
Others	(3,521)	1,261	—	(2,260)
Defined benefit plans actuarial loss	(12)	—	(456)	(468)
Conversion difference in the				
conversion of financial statements of				
foreign operating organizations	(741)	—	(477)	(1,218)
	<u>\$ 31,581</u>	<u>\$ 2,982</u>	<u>\$ (933)</u>	<u>\$ 33,630</u>

	2021			
	Balance on	Profit and	Other	Balance as of
	January 1	loss	comprehensiv e income	December 31
Temporary differences				
Deferred Bad Debt Losses	\$ 4,954	—	—	\$ 4,954
Inventory Valuation Losses	2,212	2,829	—	5,041
Unrealized Gain or Loss	7	(170)	—	(163)
Net changes in equity of investment accounted for using equity method	32,455	(13,182)	—	19,273
Impairment loss recognized under the cost method	7,218	—	—	7,218
Fixed asset impairment loss	(468)	—	—	(468)
Others	(3,432)	(89)	—	(3,521)
Defined benefit plans actuarial loss	(161)	—	149	(12)
Conversion difference in the conversion of financial statements of foreign operating organizations	(943)	—	202	(741)
	<u>\$ 41,842</u>	<u>\$ (10,612)</u>	<u>\$ 351</u>	<u>\$ 31,581</u>

3. Deductible temporary differences and unused taxable loss balances that are not recognized as deferred income tax assets:

	2022	2021
Net investment income or loss accounted for using equity method	\$ 41,296	\$ 41,296
Net investment income or loss accounted for using cost method	7,690	7,690
	<u>\$ 48,986</u>	<u>\$ 48,986</u>

4. The income tax settlement declaration of the company's for-profit business has been approved by the auditing agency until 2020.

(14) Capital and other equity

A. Issuance of ordinary shares

In 2022 and 2021, the total amount of the company's rated share capital is 500,000 dollar, each with a par value of 10 dollars, and the issued shares are all 322,014 thousand ordinary shares.

B. Capital Surplus

Details of capital reserve balance:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Treasury stock trading	\$ 5,996	\$ 5,996
Change in ownership interests in subsidiaries	672	—
Others	<u>8,362</u>	<u>8,362</u>
	<u>\$ 15,030</u>	<u>\$ 14,358</u>

According to the provisions of the Company Law, the capital reserve must be given priority to make up for the losses before it can be issued to new shares or cash in proportion to the shareholders' original shares based on the realized capital reserve. The "realized capital reserve" mentioned in the preceding paragraph includes the excess of the issuance of stocks in excess of the par value and the income received from donations. In accordance with the issuer's guidelines for the handling of securities raised and issued, the total amount of the capital reserve that can be allocated for replenishment each year shall not exceed 10% of the paid-in capital.

C. Retained earnings

If the company makes a profit in the year, it shall allocate 2% for employee remuneration, and the remuneration of directors and supervisors shall be no more than 5%. After review and approval by the Salary and Remuneration Committee, it shall be submitted to the board of directors for resolution. Employee compensation and the distribution of directors and supervisors' compensation shall be reported to the shareholders meeting. However, when the Company still has accumulated losses, it shall retain the amount of the loss to be made up before the allocation, and then allocate the compensation for employees and directors and supervisors in proportion to the preceding paragraph.

If the Company has surpluses after its annual accounts, in addition to paying income tax and making up previous losses in accordance with the law, it should first set aside 10% of the statutory surplus reserve, and deduct the shareholders' equity (including foreign operating institutions). The balance of the conversion difference in the conversion of financial statements, unrealized gains and losses of financial assets available for sale, and the cumulative balance of hedging tool benefits and losses that are the effective hedging part of cash flow hedging) shall

be set to special surplus reserve. If there is a subsequent reduction in the amount of deductions for shareholders' equity, the reduced amount can be transferred from the special surplus reserve back to the undistributed surplus. If there is a balance available for the current period, the shareholder's dividend will be based on the current period's distributable amount and the accumulated undistributed surplus in the previous year. The allocated surplus and the undistributed surplus adjustment amount of the current year shall be allocated 40% to 90%, of which the cash dividend shall not be less than 10% of the total dividend. If the cash dividend per share is less than 0.1 dollar, the payment shall be made as a stock dividend.

(a) Legal reserve

According to the Company law, the company shall allocate 10% of its net profit after tax as a statutory surplus reserve until it is equal to the total capital. When the company has no losses, it may be approved by the shareholders' meeting to issue new shares or cash with the statutory surplus reserve, but only if the reserve exceeds 25% of the paid-in capital.

(b) Appropriated Retained Earnings

When the Company first adopted the International Financial Reporting Standards recognized by the FSC, it chose to apply the IFRS No. 1 "First-time Application of International Financial Reporting Standards" exemption item, and accounted for the unrealized revaluation increase and accumulation under shareholders' equity Conversion adjustments (benefits), and the fair value on the conversion date is used as the recognized cost to increase the retained surplus amount to 243,814 thousand dollars. The same amount is set forth in accordance with the FCA's April 6, 2012 Jin Guan Zheng Fa Zi Order No. 1010012865 When using, disposing of, or reclassifying related assets, the proportion of the special surplus reserve that was originally set aside may be converted to distribute the surplus. As of December 31, 2021, the balance of this special surplus reserve is 233,273 thousand dollars.

In accordance with the provisions of the letter and order mentioned in the previous paragraph, when the company distributes distributable surplus, the difference between the net deduction of other shareholders' equity in the current year and the balance of the special surplus reserve mentioned in the previous paragraph shall be calculated from the current profit and loss The undistributed surplus in the previous period shall be added to the special surplus reserve; the amount of other shareholder equity deductions accumulated in the previous period will not be distributed to the special surplus reserve from the undistributed surplus in the previous period. If there is a subsequent reversal of the deduction of other shareholders' equity, the reversal part of

the surplus may be distributed.

(c)Disposition of net income

Details of the company passed the 2021 and 2020 annual earnings distribution proposal and dividend distribution on June 17, 2022 and July 29, 2021 through the resolutions of the shareholders' meeting

	Surplus distribution		Dividend per share(dollar)	
	2021	2020	2021	2020
Legal reserve	\$ 32,160	\$ 61,599	—	—
Cash dividends	353,815	321,650	1.10	1.00
	<u>\$ 385,975</u>	<u>\$ 383,249</u>		

D. Other equity

The items listed under other equity are the cumulative amount of net after-tax in the financial statements of the company's foreign operating organizations.

(15)Treasury stock

Reason	2022			
	Beginning	Increase	Decrease	The end
Transfer shares to employees	<u>364,000</u>	<u>—</u>	<u>—</u>	<u>364,000</u>

A. Ordinary Stock

- (a) The company's board of directors resolved on April 7, 2020 to buy back 10,000,000 common shares in order to transfer shares to employees. The price per share is scheduled to be between 13.00 dollars and 26.00 dollars, and the total amount of shares to be repurchased is expected to be capped at 476,765 Thousand dollars. As of June 6, 2020, 364,000 shares have been executed, accounting for 0.11% of the total issued shares of the company. The average repurchase price is 18.50 dollars, and the repurchase cost is 6,735 thousand dollars.
- (b) Treasury stock shall not be pledged, nor does it entitle voting rights or receive dividends, in compliance with Securities and Exchange Law of the ROC.

(16) Earnings Per Share

	2022	2021
	After tax	After tax
Consolidated net income attributed to stockholders of the company	\$ 321,930	\$ 322,817

	2022	2021
Number of issued shares at the beginning of the period(thousand)	322,014	322,014
Stock repurchase	(364)	(364)
Number of shares outstanding at the end of the period(thousand)(B)	321,650	321,650
Basic(A/B)(dollar)	\$ 1.00	\$ 1.00

(17) Customer contract revenue

A. Customer contract revenue

	2022	2021
Animal Feeds	\$ 7,685,151	\$ 6,985,774
Food	7,046,141	5,933,724
Others	1,233,284	1,304,578
	\$ 15,964,576	\$ 14,224,076

B. Contract balance

	December 31, 2022	December 31, 2021
<u>Current contract liabilities</u>		
Advance sales receipts	\$ 7,062	\$ 11,689
	2022	2021
<u>Contract liabilities from the beginning of the year</u>		
Merchandise sales	\$ 11,689	\$ 6,062

(18) Other revenue

	<u>2022</u>	<u>2021</u>
Rent revenue	\$ 12,328	\$ 12,988
Investment revenue	691	353
Income from subsidies and tax refunds	4,714	8,140
Service revenue	3,597	7,779
Bad debt recovery income	1,105	2,950
Others revenue	8,616	8,214
	<u>\$ 31,051</u>	<u>\$ 40,424</u>

(19) Other benefits and losses

	<u>2022</u>	<u>2021</u>
Foreign currency exchange gains and losses	\$ 30,168	\$ 18,786
financial asset or financial liability at fair value through profit or loss	(3,100)	442
Gain on disposal of financial assets	—	687
Gain on disposal of property plant and equipment	399	972
Impairment loss on non-financial assets.	—	(10,649)
lease modify income	—	8
other	(4,780)	(3,081)
	<u>\$ 22,687</u>	<u>\$ 7,165</u>

(20) Financial costs

	<u>2022</u>	<u>2021</u>
Interest on bank loans	\$ 39,368	\$ 21,533
Interest on lease liabilities	743	1,526
Minus : Capitalization of interest	(1,244)	(393)
	<u>\$ 38,867</u>	<u>\$ 22,666</u>

(21) Financial Instruments

1. Credit risk

(a) Maximum exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. Requirement credit risk comes from cash and cash equivalents, derivative financial

instruments, and deposits in banks and financial institutions. There are also credit risks from wholesale and retail customers, including unpaid receivables and promised transaction.

The Company's customers is significantly concentrated in a few customers. In 2022 and 2021, a small number of companies accounted for 36.4% and 30.6% of invoices receivable, respectively, consisting of 3 customers.

2. Liquidity risk

The following table is an analysis of the contractual maturity date of financial liabilities, including estimated interest, but does not include the impact of the net agreement.

December 31, 2022

	Book value	cash flow	under one year	1~5 years	five years and above
non-derivative financial liability					
Short-term loans and finance bills	\$ 2,005,096	\$ 2,005,096	\$ 2,005,096	\$ —	\$ —
Notes payable and account payable	443,880	433,880	433,880	—	—
Other payable	261,910	261,910	261,910	—	—
Lease liability	61,294	61,811	24,553	37,258	—
Long-term loans	1,320,000	1,320,000	503,333	816,667	—
	<u>\$ 4,082,180</u>	<u>\$ 4,082,697</u>	<u>\$ 3,228,772</u>	<u>\$ 853,925</u>	<u>\$ —</u>

December 31, 2021

	Book value	cash flow	under one year	1~5 years	five years and above
non-derivative financial liability					
Short-term loans and finance bills	\$ 805,620	\$ 805,620	\$ 805,620	\$ —	\$ —
Notes payable and account payable	491,440	491,440	491,440	—	—
Other payable	225,755	225,755	225,755	—	—
Lease liability	74,461	77,195	23,648	53,547	—
Long-term loans	1,410,000	1,410,000	490,000	920,000	—
	<u>\$ 3,007,276</u>	<u>\$ 3,010,010</u>	<u>\$ 2,036,463</u>	<u>\$ 973,547</u>	<u>\$ —</u>

The Company does not expect the cash flow analysis on the due date to occur significantly earlier, or the actual amount will be significantly different.

3. Foreign currency risk

(a)The Company undertook transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arose.

	December 31, 2022			December 31, 2021		
	Foreign currency	exchange rate	New Taiwan dollar	Foreign currency	exchange rate	New Taiwan dollar
<u>Financial asset</u>						
<u>Currency units</u>						
USD	4,843	30.71	148,728	1,760	27.68	48,717
<u>Financial liability</u>						
<u>Currency units</u>						
USD	7,330	30.71	225,104	7,970	27.68	220,610

The Company's monetary items have a significant impact due to exchange rate fluctuations, and the total exchange gains and losses for 2022 and 2021 respectively are 30,168 thousand dollars and 18,786 thousand dollars.

(b)Sensitivity analysis

The Company's exchange rate risk mainly comes from foreign currency denominated cash and cash equivalents, accounts receivable, other receivables, loans, accounts payable, expenses payable and other payables, etc., resulting in foreign currency exchange gains and losses during conversion. In December 31,2022 and 2021, when the new Taiwan dollar depreciated or appreciated by 1% relative to the U.S. dollar, and all other factors remained unchanged, the net profit after tax in 2022 and 2021 would increase 763 thousand or decrease 1,719 thousand.

4. Interest rate analysis

The Company's analysis method for floating interest rate liabilities assumes that the amount of liabilities out of circulation at the reporting date is in circulation throughout the year. The rate of change used by the company when reporting interest rates internally to key management is an increase or decrease of 1% in interest rates, which also represents management's assessment of the reasonably possible range of changes in interest rates.

If interest rates increase or decrease by 1% on the reporting date, and all other variables remain unchanged, the company's net profit for 2022 and 2021 will decrease or increase by 33,251

thousand and 22,156 thousand, mainly due to the company's floating interest rate loan.

5. Fair value

A. Fair value and book amount

The management of the Company believes that the financial assets and financial liabilities measured by the Company's amortized cost in the financial statements are close to their fair value.

B. Fair value measurement

The determination of the fair value of the company's financial assets and financial liabilities is based on the following methods and assumptions:

- i. The stocks of listed (counter) companies are financial assets and financial liabilities that have standard terms and conditions and are traded in an active market, and their fair values are determined with reference to market quotes.
- ii. The fair value of stocks of unlisted (counter) companies without an active market is estimated by the market method, and the judgment is made with reference to recent fund-raising activities, evaluations of similar companies, company technological development, market conditions and other economic indicators.
- iii. The fair value of other financial assets and financial liabilities is determined by the generally accepted evaluation model based on discounted cash flow analysis.

C. level of fair value

Level 1: Public quotation of the same asset or liability in an active market.

Level 2: Except for the public quotes included in the first level, the input parameters of assets or liabilities are directly or indirectly observable.

Level 3: Input parameters of assets or liabilities are not based on observable market data.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
December 31, 2022				
Current Financial Assets at Fair Value through Profit or Loss	\$ 4,053	\$ —	\$ 1,120	\$ 4,543
Current Financial Liabilities at Fair Value through Profit or Loss	—	(2,490)	—	(2,490)
	<u>\$ 4,053</u>	<u>\$ (2,490)</u>	<u>\$ 1,120</u>	<u>\$ 2,683</u>
December 31, 2021				
Current Financial Assets at Fair Value through Profit or Loss	<u>\$ 4,543</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 4,543</u>

(a) Fair value evaluation for measuring financial instruments

Non hedge Derivative financial instruments

It is based on evaluation models that are widely accepted by market users, such as discount method and option pricing model. Forward foreign exchange contracts are usually evaluated based on the current forward exchange rate.

(b) Transfer between the first level and the second level

There was no transfer of the second-tier financial assets to the first-tier situation in 2022 and 2021.

(c) Reconciliation of Level 3 fair value measurements of financial assets

	2022	
	Loss	合計
Balance, beginning of year	\$ —	\$ —
Purchases	1,120	1,120
Balance at December 31, 2022	<u>\$ 1,120</u>	<u>\$ 1,120</u>

The Company's policy to recognize the transfer into and out of fair value hierarchy levels is based on the event or changes in circumstances that caused the transfer.

D. Quantitative information of fair value measurement of significant unobservable inputs
(level 3)

December 31, 2022	Fair value	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Financial Assets at Fair Value through Profit or Loss	\$ 1,120	The latest issuance of common stock for cash	N/A	N/A	N/A

E. Classification of Financial Instruments

	December 31, 2022	December 31, 2021
<u>Financial assets</u>		
Amortized cost		
Cash and Cash equivalents	\$ 806,371	\$ 680,210
Accounts receivable and notes receivable	2,104,682	1,943,922
other receivable	28,832	36,166
Refundable Deposits	12,546	12,893
financial asset at fair value through profit or loss	5,173	4,543

	December 31, 2022	December 31, 2021
<u>Financial liabilities</u>		
financial liabilities at fair value through profit or loss	2,490	—
Amortized cost		
Short-term loans	2,005,096	805,620
Accounts payable and notes payable	433,880	491,440
other payable	261,910	225,755
Long-term loans	1,320,000	1,410,000
deposits received	1,656	1,561

(22)Financial risk management

The Company's main financial instruments include accounts receivable and accounts payable. The Company'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 Company through internal risk reports which analyze the exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

A. Market risk

The purpose of the company's financial derivative transactions is to avoid the risks of foreign currency net assets or net liabilities due to exchange rate or interest rate fluctuations, because the profits and losses arising from exchange rate and interest rate fluctuations will generally offset the profits and losses of hedging projects. Therefore, the market price risk should not be significant.

B. Credit risk

Financial assets are potentially affected by the company's counterparty's failure to perform contractual obligations. Financial assets with positive fair values at the balance sheet date are evaluated for credit risk. The Corporation only transacts with financial institutions and companies with good credit ratings. Therefore, no significant credit risk is anticipated.

C. Liquidity Risk

The company has obtained sufficient loan credit lines from financial institutions and the

working capital is still sufficient to cover it, so there is no liquidity risk due to the inability to raise funds to fulfill contractual obligations.

D. Cash flow risk from changes in interest rates

If the long-term and short-term bank borrowings undertaken by the company are debts with floating interest rates, changes in market interest rates will cause the effective interest rates of the long-term and short-term bank borrowings to change accordingly, which will cause fluctuations in future cash flows.

The company manages interest rate risk by maintaining an appropriate combination of fixed and floating interest rates and using interest rate exchange contracts. The company regularly evaluates hedging activities to make them consistent with the interest rate view and established risk appetite to ensure that the most cost-effective hedging strategy is adopted.

(23)Capital risk management

The Company manages its capital to ensure its ability to continue as a going concern while maximizing the returns to shareholders. The capital structure of the Company consists of its net debt (loan after deduction of cash and cash equivalents) and equity. The Company is not subject to any externally imposed capital requirements.

7、RELATED PARTY TRANSACTION

A. Parent company and ultimate controller: The company is the ultimate controller of the company and its subsidiaries

B. Compensation of key management personnel

	2022	2021
Short-term employee benefits	\$ 20,105	\$ 17,640
Post-employment benefits	448	388
	<u>\$ 20,553</u>	<u>\$ 18,028</u>

C. Related Party Transactions

Company	Relationship
FWUSOW NEW INDUSTRY CO., LTD.	Subsidiaries
CHARMING FOOD INTERNATIONAL MARKETING CO., LTD.	Subsidiaries
WAN JI SHENG AGRICULTURAL TECHNOLOGY CO., LTD.	Subsidiaries
CENTRAL UNION OIL CORP.	Associates
CHIATON INTERNATIONAL CO., LTD.	Associates
CHIA FHA HSING AGRICULTURAL SCIENCE AND TECHNOLOGY CO., LTD.	Substantive Related Parties
CHIA YUH TRADING CO., LTD.	Substantive Related Parties
ALWAYS FOOD RESTAURANT CO., LTD.	Substantive Related Parties
CHIA FA INDUSTRY CO., LTD.	Substantive Related Parties
CHIA LI ENTERPRISE CO., LTD.	Substantive Related Parties
CHIA YOU ENTERPRISE CO., LTD.	Substantive Related Parties
Cing Yue Chen	Substantive Related Parties
Tsung Lin Hung	Substantive Related Parties
Jhuang Shang Wun	Substantive Related Parties

D. The significant transactions between the Company and its related parties, other than those disclosed in other notes, are summarized as follows:

1. Net revenue

Related Parties	2022	2021
	Amount	Amount
Subsidiaries	\$ 1,013,735	\$ 938,153
CENTRAL UNION OIL CORP.	3,090,055	2,814,378
Associates	1,345	1,450
Substantive Related Parties	50,122	26,012
	<u>\$ 4,155,257</u>	<u>\$ 3,779,993</u>

Prices and credit terms for such sales were similar to those given to third parties.

(a) Selling price: According to current prices and product individually negotiated.

(b) Payment terms: The average payment period is about 60~90 days, which is not significantly different from the general company.

2. Purchases

Related Parties	2022	2021
	Amount	Amount
Subsidiaries	\$ 48,025	\$ 32,867
CENTRAL UNION OIL CORP.	268,860	315,514
Associates	902	72
Substantive Related Parties	46,849	—
	<u>\$ 364,636</u>	<u>\$ 348,453</u>

Prices and credit terms for such purchases were generally comparable to those given by other suppliers

(a) Purchase prices: According to current prices and product individually negotiated.

(b) Payment terms: The average payment period is about 15~30 days, which is not significantly different from the general company.

3. Receivables from related parties

Item	Company	December 31, 2022	December 31, 2021
		Amount	Amount
Notes receivable	CHARMING		
	FOOD	\$ 214,160	\$ 157,970
	WAN JI SHENG	46,659	—
	Substantive Related Parties	454	2,869
		<u>\$ 261,273</u>	<u>\$ 160,839</u>
Accounts receivable	CHARMING		
	FOOD	\$ 59,881	\$ 48,952
	WAN JI SHENG	43,586	43,259
	Subsidiaries	2,676	1,956
	CENTRAL UNION OIL CORP.	403,450	348,038
	Associates	618	—
	Substantive Related Parties	4,988	4,046
		515,199	446,251
Less: allowance for loss		(382)	(382)
NET		<u>\$ 514,817</u>	<u>\$ 445,869</u>

Item	Company	December 31, 2022	December 31, 2021
		Amount	Amount
Other receivable	FWUSOW NEW	\$ 55	\$ —
	CENTRAL UNION		
	OIL CORP.	43	—
	CHARMING		
	FOOD	2,829	9,435
	WAN JI SHENG	—	7,745
	CHIATON	10,687	7,125
		<u>\$ 13,614</u>	<u>\$ 24,305</u>

4. Payables to related parties

Item	Company	December 31, 2022	December 31, 2021
		Amount	Amount
Accounts payable	Subsidiaries	\$ 7,066	\$ 2,298
	CENTRAL UNION		
	OIL CORP.	6,114	32,767
	Substantive Related Parties	1,223	—
		<u>\$ 14,403</u>	<u>\$ 35,065</u>
Other payable	Subsidiaries	\$ 691	\$ 467
	Associates	5,830	5,829
	Substantive Related Parties	467	564
		<u>\$ 6,988</u>	<u>\$ 6,944</u>

5. Manufacturing expenses and Operating cost

Company	2022	2021
	Amount	Amount
Manufacturing expenses		
CENTRAL UNION	\$ 236,840	\$ 224,161
Substantive Related Parties	1,078	1,353
Operating cost— Other expenses		
Subsidiaries	9,807	8,379
Associates	—	102
Substantive Related Parties	4,754	5,936
	<u>\$ 252,479</u>	<u>\$ 239,931</u>

The above-mentioned processing fees and other expenses are the processing expenses of entrusting CENTRAL UNION OIL CORP. and CHIA FHA HSING, and the production and management expenses of seconded personnel from CHIA FHA HSING enterprises to engage in the production and management of compound feed. They are settled once a month and the payment period is one month.

6. Lease agreement

Related Party Categories	2022	2021
<u>Right-of-use asset</u>		
Subsidiaries	\$ 359	\$ 719
Substantive Related Parties	4,182	2,990
	\$ 4,541	\$ 3,709
Related Party Categories	2022	2021
<u>Lease obligations</u>		
Subsidiaries	\$ 364	\$ 723
Substantive Related Parties	4,326	3,126
	\$ 4,690	\$ 3,849
<u>Interest expense</u>		
Subsidiaries	\$ 8	\$ —
Substantive Related Parties	54	42
	\$ 62	\$ 42

7. Non- operating income

	2022	2021
<u>Endorsement guarantee fee income</u>		
Subsidiaries	\$ 6,201	\$ 9,086
Associates	359	531
<u>Rent revenue</u>		
Subsidiaries	538	538
Associates	418	1,753
Substantive Related Parties	131	131
	\$ 7,647	\$ 12,039

The company collects endorsement guarantee revenue from CHARMING FOOD INTERNATIONAL

MARKETING CO., LTD., and FWUSOW NEW INDUSTRY CO., LTD., CHIA YUH TRADING CO., LTD. collect rental revenue according to the lease price, and CHARMING FOOD INTERNATIONAL MARKETING CO., LTD. collect technical guidance revenue according to the contract.

8. Consignment

Substantive Related Parties	2022		2021	
	Consignment	Commissions Expense	Consignment	Commissions Expense
Substantive Related Parties	\$ 12,346	\$ 255	\$ 7,207	\$ 137

The company entrusts CHIA YUH TRADING CO., LTD. to sell pet feed and supplies, and pay a commission of 2% each month based on the amount of the agency.

9. Acquisition/Disposal of property, plant and equipment

Related Party Categories	Acquisition Price			
	2022		2021	
Substantive Related Parties				
Transportation Equipment	\$ 232		\$ —	
Related Party Categories	Proceeds		Gains(Loss)	
	2022	2021	2022	2021
Subsidiaries— building	\$ —	\$ 53,170	\$ —	\$ 683
Subsidiaries— office equipment	—	44,263	—	697
Substantive Related Parties				
Transportation Equipment	—	19	—	18
	\$ —	\$ 97,452	\$ —	\$ 1,398

10. The company endorses and guarantees information for related parties : Refer to Chinese financial statements.

8 · Mortgage Assets

Item	Property	December 31, 2022	December 31, 2021
Property, plant and equipment			
Land	Bank	\$ 311,563	\$ 311,563
Buildings, net	Bank	29,903	32,610
Machinery equipment, net	Bank	51	148
		\$ 341,517	\$ 344,321

9、Commitments And Contingent Liabilities

		<u>December 31, 2022</u>	<u>December 31, 2021</u>
A. The Company had outstanding usage letters of credit amounting to	USD	\$ 35,134	\$ 20,365
B. The balance of guaranteed bills issued for borrowing and developing letters of credit	NTD USD	4,060,000 24,000	7,130,000 390,000
C. Project payment payable	NTD	87,994	19,130

10、Significant Losses From Disasters : NONE。

11、Significant Subsequent Events : NONE。

12、Others :

(1) Statement of labor, depreciation and amortization by function:

	2022			2021		
	Classified as Cost of Revenue	Classified as Operating Expenses	Total	Classified as Cost of Revenue	Classified as Operating Expenses	Total
Labor cost						
Salary and bonus	\$ 147,829	\$ 264,119	\$ 411,948	\$ 146,797	\$ 255,107	\$ 401,904
Labor and health insurance	15,766	25,591	41,357	15,818	19,595	35,413
Pension	7,018	12,382	19,400	6,941	12,107	19,048
Board compensation	—	21,112	21,112	—	21,134	21,134
Others	6,463	17,837	24,300	6,689	17,134	23,823
Depreciation-PPE	127,801	52,122	179,923	130,926	52,233	183,159
Depreciation-Biological assets	953	—	953	4,266	—	4,266

Note 1: As of December 31, 2022 and 2021, the Company had 604 and 601 employees, respectively. There were both two year 6 non-employee directors, respectively.

Note 2: Companies whose stocks have been listed on the stock exchange or listed on the stock counter trading center for over-the-counter trading should increase the disclosure of the following information:

- (a) Average labor cost for the years ended December 31, 2022 and 2021 were NT\$831 thousand and NT\$807 thousand, respectively.
- (b) Average salary and bonus for the years ended December 31, 2022 and 2021

were NT\$689 thousand and NT\$676 thousand, respectively.

- (c) The average salary and bonus increased by 2% year over year.
- (d) The Company did not have supervisors for the years ended December 31, 2022 and 2020. Therefore, there was no compensation to the supervisor.

The Company's salary and remuneration policy is as follows:

A. Directors and managers

- (a) In accordance with Article 19 of the Company's articles of association, a salary and remuneration committee was set up. The committee was empowered to evaluate the salary and remuneration policies and systems of the Company's directors, independent directors and managers, and make recommendations to the board of directors for its decision-making reference.
- (b) According to Article 26 of the company's articles of association, if the Company makes a profit during the year, it shall first make up the losses and allocate no more than 5% as directors' remuneration.
- (c) The remuneration of directors, independent directors and managers, including cash remuneration, stock options, dividends, retirement benefits or severance payments, various allowances and other measures with substantial incentives; should refer to the usual level of payment in the industry and consider personal performance, The reasonableness of the relationship between the company's financial status and the Company's operating performance and future risks.

B. Employee

- (a) The salary payment standard refers to the salary market, the Company's operating conditions and the organizational structure; and it is adjusted in a timely manner according to the market salary dynamics, the overall economic and industrial boom changes, and government laws and regulations.
- (b) The salary and remuneration of employees are determined based on their academic experience, professional knowledge and technology, professional experience and personal performance, and there is no discrimination based on their gender, race, religion, political position, marital status, or membership of a trade union.
- (c) The starting salaries of freshmen and foreign workers comply with local laws

and regulations.

(d) According to Article 26 of the Company's articles of association, if the company makes a profit each year, it shall first make up for its losses and allocate 2% as employee compensation.

(e) The employee reward system aims at motivating employees. According to the production, business and profit goals set by the company, employees are assessed for their personal performance, and performance bonuses are issued.

At the same time, year-end bonuses are issued based on profitability.

There is no difference between the actual allotted amount of employee compensation and director compensation in 2021 and the amount of employee compensation and director compensation recognized in the 2021 individual financial report.

The estimated amount of remuneration for employees and directors and supervisors of the company for 2022 is 29,557 thousand dollars, which is based on the deduction of pre-tax benefits before the distribution of employees and directors and supervisors' remuneration at a rate of 2% and no more than 5% for employee remuneration and directors' remuneration. Supervisors' remuneration shall be reported as operating costs or operating expenses for 2022. If there is a difference between the actual distribution amount and the estimated amount, it shall be treated as a change in accounting estimates, and the difference shall be recognized as the profit and loss for 2022.

13 、 Additional Disclosures

A. Following are the additional disclosures required by the Securities and Futures Bureau for the Company:

(1) Financings provided: NONE

(2) Endorsement/guarantee provided: Refer to Chinese financial statements.

(3) Marketable securities held (excluding investments in subsidiaries and associates):
Refer to Chinese financial statements.

(4) Marketable securities acquired and 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 properties at costs of at least NT\$300 million or 20% of the paid-in capital: NONE

(6) Disposal of individual real estate properties at prices of at least NT\$300 million or

20% of the paid-in capital: NONE

- (7) Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: Refer to Chinese financial statements.
- (8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Refer to Chinese financial statements.
- (9) Information about the derivative financial instruments transaction: Refer to Chinese financial statements.
- (10) Names, locations, and related information of investees over which the Company exercises significant influence (excluding information on investment in mainland China): Refer to Chinese financial statements.

B. Information on investment in mainland China

- (1) The name of the investee in mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, share of profits/losses of investee, ending balance, amount received as dividends from the investee, and the limitation on investee: Refer to Chinese financial statements.
- (2) Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in mainland China on financial reports: NONE
- (3) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes : NONE

C. Information of major shareholders

List of all shareholders with ownership of 5 percent or greater showing the names and the number of shares and percentage of ownership held by each shareholder: NONE

14 、 Operating Segments Information

The Company has provided the operating segments disclosure in the consolidated financial statements.

Fwusow Industry Co., Ltd

Chairman: Hung, Yau-Kuen