



Fwusow Industry Co., Ltd.

2023 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, 2024

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Offices	Address	Phone Number
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III. Stock Transfer Agent

Name: KGI Securities

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

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IV. Auditors

Firm: Solomon & Co., CPAs

Auditors: Song Yu Lu, Yu Tzu Chen

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

Tel.: 04-2261-2200

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

V. Overseas Securities Exchange: None

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

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Appendix 2: Audited Financial Statement with the Audit Report for year 2023

I. Letter to Shareholders

Dear shareholders, ladies, gentlemen and all guests:

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

2023 was a year with many challenges: inflation, extreme weather, unstable shipping schedule, and grain commodity price fluctuations. We adapted to market changes, adjusted our operational strategies, and organized our workforce to overcome challenges and achieve our annual operational goals. Additionally, our subsidiary, Charming Food, actively developed new products, such as the certified "Little Green Man" Chicken Essence, and expanded into B2C channels. Our products are now available in major convenience store chains, hypermarkets like Carrefour and Costco, as well as various other retail channels. We have successfully entered popular restaurant chains, including fried chicken specialty stores, BBQ joints, Qiaocun Korean fried chicken franchises, and the Wowprime Group. In the current year, we have also ventured into airline catering services with companies like StarLux Airlines and China Airlines, achieving remarkable results and marking our best performance since establishment. In 2023, Fwusow Industry had a 4.03% reduction in growth compared with the previous year; the operating revenue was NT\$16,313,623,000; net income of NT\$312,570,000.

In 2023, significant advancements were made in AI-assisted manufacturing. We updated production equipment, optimized breeding platforms, and fine-tuned predictive systems for precise operations. We implemented an automated oil dispensing system for edible oil tanks and enhanced feed quality control, as well as implemented odor monitoring solutions. Furthermore, midway through the year, we transitioned our ERP to the SAP ERP system, resulting in improved overall work efficiency, enhanced production quality, and increased operational effectiveness. Continuing our commitment to sustainability, we embraced the circular agricultural business model, focusing on reusing farming and food waste. We also prioritized initiatives such as replacing energy-intensive equipment, reducing carbon emissions, and conducting product verification for carbon and water footprints. In addition, we actively invested in talent development, aligning with various ESG (Environmental, Social, and Governance) initiatives as part of our journey towards becoming a green enterprise.

Looking ahead, we are committed to continue advancing its transition towards B2C channels to increase product sales and ensure stable profit growth. This

transformation necessitates concerted efforts, including advancing digitalization initiatives and upgrading equipment, such as the revamp of the Cerear line and the remodel of the feed production line in Kaohsiung plant to expand our capacity.

We will also broaden our greenhouse gas emissions inventory quantification efforts, progressively extending them to our subsidiaries. This involves completing a comprehensive greenhouse gas inventory for the entire group, undergoing third-party verification, and enhancing our carbon footprint verification processes. Furthermore, we will continue our focus on energy-saving and carbon reduction initiatives. We will continue to host events such as the "Taiwan-Japan Pet Workshop" and the "Cerear Table Tennis Tournament" to demonstrate our commitment to corporate social responsibility.

Our dedication to sustainable development has garnered significant recognition over the past year, with a series of prestigious awards honoring our efforts. These accolades include the "TCSA Corporate Sustainability Report" Gold Award for three consecutive years, the "1111 Human Resources Happiness Enterprise Gold Award" for four consecutive years, as well as the esteemed "APEA Asia-Pacific Outstanding Enterprise Award," the "AREA Asia Corporate Social Responsibility Award," the "Business Weekly Carbon Competitiveness Top 100 Award," the "SGS Carbon Management Award," and the "Fifth Outstanding Contribution Award for Low-Carbon Emissions in Taichung City."

Again, we offer our sincerest gratitude to everyone for their unwavering support and affection towards Fwusow Industry. We respectfully seek your ongoing guidance to continue enhancing company's operations. Thank you all!

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

Fwusow Industry Co., Ltd.

Chairman, Hung, Yau-Kuen

I. 2023 Business Report

1. Operating Performance

Unit: NT\$ thousands

	2023	2022	Percent Change (%)
Net sales	16,313,623	16,999,408	(4.03)
Operating Profit	357,158	309,946	15.23
Pre-tax income	390,168	376,123	3.73
Net income	312,570	321,930	(2.91)

2. Finance Income and Costs and Profitability Analysis

(1) Finance Income and Costs

A. 2023 interest income was NT\$7,038,000 which is from bank deposits.

B. 2023 interest expense was NT\$80,709,000 which is from bank borrowings & leases.

(2) Profitability Analysis

Item	2023	2022
Return on assets (%)	3.07	3.61
Return on owners' equity (%)	6.89	6.95
Ratio of profit before income tax to paid-in capital	11.76	11.68
Profit margin (%)	1.92	1.80
Earnings Per Share (NT\$)	0.94	0.97

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. 2023 Business Plan

1. Business Objectives

With the boost in post-pandemic consumption momentum and people's lives returning to normalcy, despite the ongoing impact of the Federal Reserve's monetary policy, inflation and interest rate effects, geopolitical tensions such as the Israel-Palestine conflict, changes in labor structures, escalating climate change, and other multiple risks, the global economic recovery momentum appears slightly weakened but gradually improving.

Facing the rapidly changing market dynamics, we are strengthening cross-departmental collaboration, implementing rolling adjustments to operational strategies, restructuring organizational and manpower frameworks, and enhancing team efficiency. In terms of production, we are implementing agricultural and industrial cycles, optimizing factory layout and equipment, replacing energy-consuming machinery, streamlining processes, and increasing efficiency through AI monitoring. In operations, we are actively developing new products, integrating and expanding distribution channels, optimizing consumer experiences, and enhancing brand marketing to improve corporate brand impression and image, ultimately achieving business objectives.

2. Operations Strategy:

- (1) Continue with the introduction of AI monitoring, equipment, and systems to reduce the occurrence of hazards and shorten crisis response time, ensuring factory safety and improving efficiency.
- (2) Adjust organizational and personnel structures, strengthen cross-departmental communication and collaboration, and foster internal consensus to enhance competitiveness.
- (3) Develop various consumer products, optimize service quality, expand consumer channels and markets, and utilize joint marketing to enhance brand awareness.
- (4) Expand the scope of greenhouse gas inventory, increase the number of products verified for their carbon footprint, and purchase high-efficiency equipment to move towards low-carbon and

energy-saving development.

- (5) Respond to global sustainable development initiatives and national net-zero emission goals, we are formulating development strategies and objectives for each stage of the company's growth, implementing them, and enhancing sustainability information disclosure.

3. Sales forecast and sales policy

In accordance with past performance and market demand changes, 2024 projected sales volume to be of 750,000 tons.

III. Development Strategy and Policy

1. 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 circular economy in agriculture and food systems to enhance resource efficiency, promote industry innovation, and foster sustainable development.
5. Incorporate emerging issues into risk identification and analysis management, formulate response strategies to ensure the continuous operation of the enterprise.

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

In 2023, with the geopolitical conflicts, high inflation, the U.S.-China Relations, the release of international sustainability standards, and ongoing carbon reduction issues, we have proactively adapted to regulatory requirements, continuously adjusted our operational strategies, and embarked on corporate transformation. We have actively developed new products, enhanced product value, achieved innovative breakthroughs in business, and ensured steady development, thereby meeting our annual objectives.

We have implemented various plans such as big data analysis, refurbishing old factories and replacing equipment, and digitalizing information to optimize production processes, enhance product quality, and improve decision-making execution. We continue to comply with regulations, ensure the operation of food safety systems, and provide healthy and safe products and services. We disclose our ESG performance in accordance with international sustainability standards, increase efforts in corporate sustainable development and energy conservation and carbon reduction, promote sustainable transformation thinking among employees, and implement it in daily operations. Last year, we received seven domestic and international awards, demonstrating recognition for our promotion of ESG initiatives, enhancing the exposure and image of our corporate brand. We aim to exert influence in the future, encouraging participation from the supply chain.

In the face of challenges such as steep increases in cargo container shipping rates, shifts in interest rate policies, climate anomalies, fluctuations in energy demand, and raw material supply and price volatility, we maintain a mindset of cautious optimism and continuously adapt our strategies. As domestic and international sustainability standards are released, climate change response regulations are implemented, and awareness of environmental issues grows, we annually publish a sustainability report highlighting our efforts and achievements in ESG initiatives. We aim to use our influence to encourage collective industry response, ushering in a new era of environmentally conscious enterprises and moving towards sustainable business operations.

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

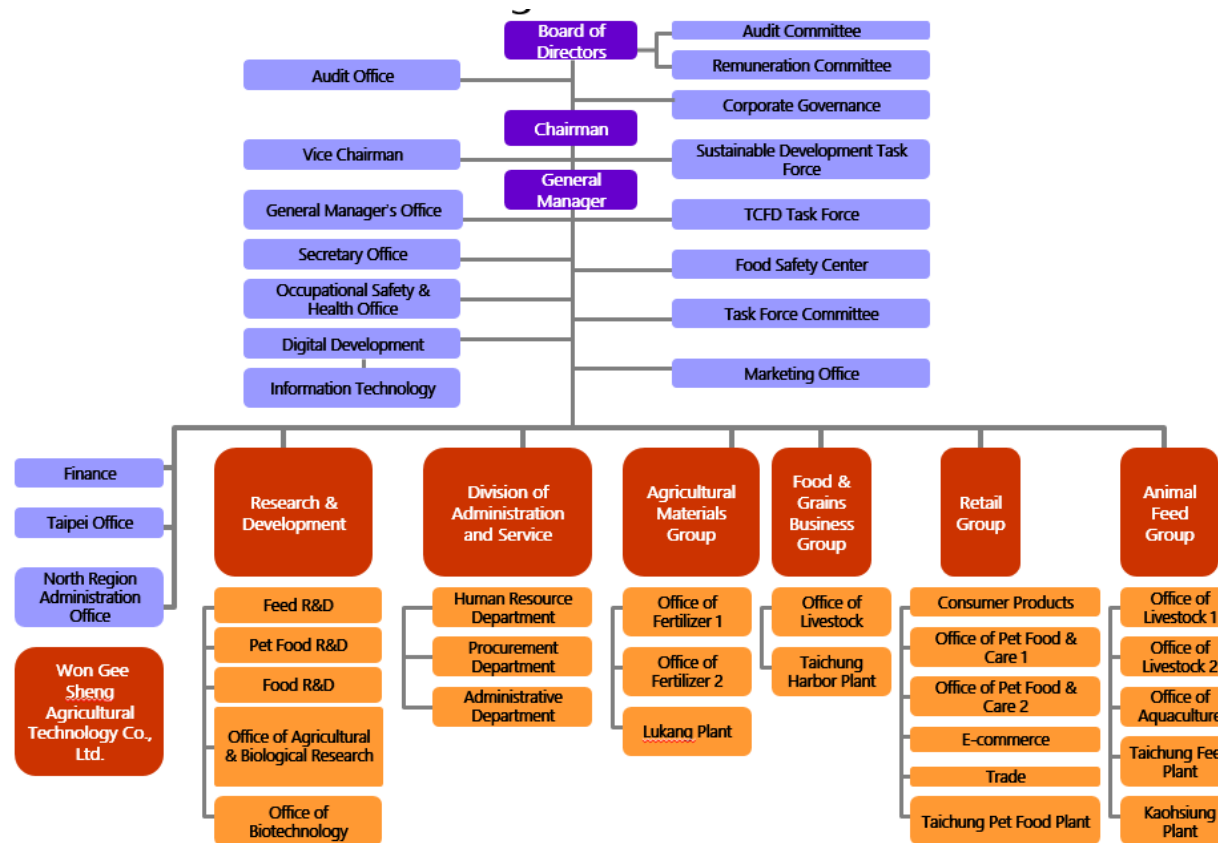
2023

Established additional egg-laying hen facility in Wan Gee Sheng to increase production capacity
Added pellet system and drying system for the pet food plant in Shalu and added extruder system, puffed making machine and ultrafine grinder to the aquaculture feed production line
Added edible oil packaging line with automatic stacking equipment, sesame oil production line control and distribution system and additional oil drum tanks
Awarded 13th Annual Asia Responsible Enterprise Awards (AREA) – Circular Economy Leadership
Awarded 17th Annual Asia Pacific Enterprise Awards (APEA) – Fast Enterprise
Awarded 16th Annual TCSA Taiwan Sustainable Enterprise Report Award – Gold
Awarded SGS ESG Awards – Carbon Management
Awarded 5th Annual Taichung City Low Carbon Sustainable City Outstanding Contribution Award
Awarded 1111 Job Bank – Happy Enterprise Award – Gold in 2023
Awarded Top 100 Carbon Competitive Enterprises" by Business Weekly

III. Corporate Governance Report

3.1. Organization

3.1.1 Organizational Chart



3.1.2 Major Corporate Function

Department	Functions
Livestock & Poultry Business Department	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	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	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	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	1. Planning and execution of general affairs, factory affairs, and information systems. 2. Responsible for internal & external announcement, compliance and documentation 3. Management and supervision of matters relating to human resources of each unit including educational training 4. Purchasing of commodities and other supplies.
Research & Development Division	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. Research and development organizational design and research personnel management 4. Technical skill transfer, intellectual property in law review and performance evaluation

Audit Office	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	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	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	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	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	1. Responsible for the summary of transaction accounting and bookkeeping, cost calculation, budget management, business and investment analysis, annual budgeting, and credit control. 2. Capital fund management 3. Stocks-related services.

3.2. Directors, Supervisors and Management Team

3.2.1 Directors (1)

04/07/2024

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		06/09/2023	3	06/07/2002	4,982,667	155	6,593,347	1.99	0	0	0	0			NA	NA	NA
		Representative Hung, Yau-Kuen	M 70-80		3	05/06/1999			14,539,739	4.38	731,090	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 Hua Shao Investment Co., Director of Fwusow Hsin Co., Ltd.	NA	NA	NA

Director	ROC	Hung, Yau-Hsin	M 61-70	06/09/2023	3	06/03/2005	7,094,976	220	7,307,825	2.20	140,813	0.04	0	0	Komazawa University; Executive Vice General Manager of Fwusow Industry; Chairman of Taiwan Barley Products Industry Association	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	06/09/2023	3	06/03/2005	8,447,292	262	8,700,710	2.62	85,725	0.03	0	0	Eastern Michigan University, Technology Studies, MS	Assistant Vice President of Fwusow Industry; Chairman of Fwusow Hsin	NA	NA	NA
Director	ROC	Hung, Tsun-Lin	M 70-80	06/09/2023	3	05/06/1999	5,629,855	1.75	5,798,750	1.75	2,340,160	0.71	0	0	Vocational School	Chairman of Won Gee Sheng Agricultural Tech; Chairman of Chia Fa Hsin Agri -Tech.	NA	NA	NA
Director	ROC	Hung, Yao-Chi	M 61-70	06/09/2023	3	04/17/1996	546,406	0.17	562,798	0.17	0	0	0	0	Tong Hai University, Department of Animal Science; Supervisor of Fwusow Industry; Audit committee member of Central Union Oil Corp.	Fwusow Hsin Supervisor	NA	NA	NA

Director	ROC	Hung, Charn Min	F 51-60	06/09/2023	3	06/09/2023	2,900,000	0.90	2,987,000	0.90	0	0	0	0	Bachelor Degree in Economics. California State University of Long Beach. Office Manager & Staff Gemologist, International Gemological Institute (I.G.I.), Los Angeles	Director of Chia Fa Hsin Agricultural Tech; Director of Chi Tzu Investment Co., Ltd.	NA	NA	NA
Independent Director	ROC	Fang, Min Tao	M 70-80	06/09/2023	3	06/09/2023	0	0	0	0	0	0	0	0	New York University (L.L.M.) George Washington University (M.C.L.) The Securities Management Committee of the Ministry of Finance, Specialist Taiwan International Securities Co., Ltd, Executive Vice General Manager Shearson Lehman Brothers, Inc. Taiwan Branch, General Manager Shan Si Papermaking Inc., President	Chongfa International Business Law Firm Managing Partner Chi Sheng Pharma & Biotech Co.,Ltd Independent Director RealY Development & Construction Corp. Independent Director Remuneration Committee member of Fwusow Industry Audit committee member of Fwusow Industry	NA	NA	NA

Independent Director	ROC	Yu, Bi	F 70-80	06/09/2023	3	06/09/2023	0	0	0	0	0	0	0	0	0	National Chung Hsing University, Food Science, Phd. National Chung Hsing University, Animal Science, BS, MS National Chung Hsing University, Dean of Department of Animal Science World Poultry Science Association, Chairman	Honorary Distinguished Professor & Adjunct Professor of National Chung Hsing University ATRI Traceable Agricultural Products Platform Fairness Committee member Reviewer of the submission of permission on manufacture and import of feed and feed additives Remuneration Committee member of Fwusow Industry Audit committee member of Fwusow Industry	NA	NA	NA

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	Released from duty on 6/26/2023

Independent Director	ROC	Huang, Sow Tzo	F 51-60	06/17/2020	3	06/17/2020	0	0	0	0	0	0	0	0	0	National Chengchi University, Dept of Public Finance, Master's degree; Tamkang University, Dept of Management Sciences, Master's degree & PhD Taiwan Financial Holdings, General Manager Bank of Taiwan, Board of Director Taipei Exchange, Board of Director; CPA	Audit Committee member of Fwusow Industry; remuneration committee member of Fwusow Industry	NA	NA	NA

Major shareholders of the institutional shareholders:

04/07/2024

Name of Institutional Shareholders	Major Shareholders
Hua Shao Investment Co.	Hung, Yau-Kuen (78.03%). Shen, Kuay-Shaun (14.64%)

Major shareholders of the Company's major institutional shareholders: None

3.2.1 Directors (2)

Criteria Name	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	- Former Chairman of Council for Industrial and Commercial Development; former Chairman of Taiwan Vegetable Oil Manufactures Association; Former Chairman Taiwan Feed Industry Association - President of Central Union Oil Corp.; Chairman of Hua Shao Investment Co. - Possess the following abilities: ability to make operational judgments ability to conduct management administration	- Chairman of Fwusow Industry Co., Ltd. - 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: Hung, Yau-Hsin	- Director of Central Union Oil Corp - Possess the following abilities: ability to perform accounting and financial analysis ability to conduct management administration	- Vice Chairman of Fwusow Industry Co., Ltd. - 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: Hung, Yau-Chih	- Chairman of Fwusow Hsin, an e-commerce company - Possess the following abilities: ability to conduct management administration ability to make financial judgments with practical experiences	- Assistant Vice President of Fwusow Industry Co., Ltd. - 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: Hung, Tsun-Lin	- Chairman of Won Gee Sheng Agricultural Tech; Chairman of Chia Fa Hsin Agri -Tech. - Possess the following abilities: ability to conduct management administration	- 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: Hung, Charn Min	- Director of Chia Fa Hsin Agricultural Tech; Director of Chi Tzu Investment Co., Ltd. - Possess the following abilities: ability to conduct investment decision and perform financial & accounting analysis	- 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: Hung, Yao-Chi	- Audit committee member of Central Union Oil Corp.; supervisor of Fwusow Hsin - Possess the following abilities: Possess knowledge in animal science ability to conduct management administration	- 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: Fang, Min Tao	- The Securities Management Committee of the Ministry of Finance, Specialist; Shearson Lehman Brothers, Inc. Taiwan Branch, General Manager; Shan Si Papermaking Inc., President - Chongfa International Business Law Firm Managing Partner; Chi Sheng Pharma & Biotech Co.,Ltd., Independent Director; ReaLy Development & Construction Corp., Independent Director; Red Cross supervisor - Attorney at Law Licence in Taiwan - knowledge of business law ability to perform accounting and financial analysis ability to conduct management administration	- 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: Yu, Bi	- National Chung Hsing University, Professor and Dean of Department of Animal Science; World Poultry Science Association, Chairman; - Honorary Distinguished Professor & Adjunct Professor of National Chung Hsing University ATRI Traceable Agricultural Products Platform Fairness Committee member; reviewer of the submission of permission on manufacture and import of feed and feed additives - Possess the following abilities: Knowledge in animal science with practical experience	- 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, Sow Tzo	- Taiwan Financial Holdings, General Manager; Bank of Taiwan, Board of Director; Taipei Exchange, Board of Director; - CPA - Possess the following abilities: ability to conduct management administration ability to perform accounting and financial analysis	- 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

5. Director Diversity, Management and Implementation:

(1) Diversity of board members:

Article#18 of Corporate Governance Practical Guidelines (Overall Required Competencies of Board of Directors) stated:

The board of directors should consider diversity. Except for directors concurrently serving as company executives, who should not exceed one-third of the board seats, appropriate diversity policies should be formulated based on the board's own operation, business model, and development needs. These policies should encompass the following two major aspects:

1. Basic criteria and value: sex, age, nationality and culture
2. Professional background include law, accounting, industry expertise, finance, marketing or technology, without being limited to, professional knowledge and skills.

The composition of the board of directors should emphasize gender equality and possess the knowledge, skills, and qualities required to perform their duties. The overall required competencies include the following: Operational judgment ability; Accounting and financial analysis capability; Management and leadership skills; Crisis management capability; Industry expertise; International market insight; Leadership capability; Decision-making ability.

(2) Practical Implementation:

Diversity Policy in Practical Implementation and Status:

Goal	Status
Independent Directors to be 1/3 of total board of Directors	Achieved
Directors concurrently serving as executives should not exceed one-third of the total board seats	Achieved
At least one board member must have accounting or finance expertise	Achieved
Independent Directors not to exceed 3 terms	Achieved

Our company's directors serve a 3-year term, and director elections follow a candidate nomination system, adhering to director election regulations and corporate governance best practices to ensure diversity and independence among board members. The current board consists of six directors and three independent directors, totaling nine members, with independent directors accounting for 33.33%. There are seven male directors, representing 77.78%, and two female directors, representing 22.22%. Directors come from various professional backgrounds including law, industry, and finance, each bringing expertise in management, decision-making, operational judgment, crisis handling, accounting, financial analysis, and industry knowledge, demonstrating complementary skills. The board holds ultimate decision-making authority over operations, strategic direction, and performance. Within the "Board Meeting Regulations," procedures for dealing with conflicts of interest are clearly defined, requiring abstention when conflicts arise, with detailed documentation in meeting minutes. In the fiscal year of 2023, there were no conflicts of interest among board members. The company adheres to the "Corporate Governance Best Practices" to implement a policy of board member diversity, conducting an annual "Board Performance Evaluation," with results serving as a reference for future director nominations. More than half of the company's directors do not have spouses or immediate family members within the second degree of consanguinity, ensuring members possess the necessary knowledge, skills, and qualities for their roles. Training arrangements are made annually for directors and senior management to enhance their capabilities.

Board of Directors Diversity Policy in Practical Implementation and Status:

Director	Nationality	Sex	Age			Independent Director Term Year	Industry Experience					Professional Ability					
			51 To 60	61 to 70	70 to 80		Agriculture; Animal Husbandry	Food	Investment	Grain Commodity	Academia	Manag ement	Leader ship	Accounti ng	Finance	Economics	Law
Yau-Kuen Hung	ROC	M			V			V				V	V			V	
Yau-Hsin Hung	ROC	M		V				V		V		V			V		
Yau-Chih Hung	ROC	M		V				V				V			V		
Tsun-Lin Hung	ROC	M			V		V	V				V		V	V		
Charn-Min Hung	ROC	F	V						V			V		V	V		
Yao-Chi Hung	ROC	M		V			V	V				V		V	V		
Min-Tao Fang	ROC	M			V	1			V			V		V	V	V	V
Bi Yu	ROC	F			V	1	V				V	V					
Sow Tzo Huang	ROC	M			V	1			V			V		V	V	V	

3.2.2 Management Team

04/07/2024

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	Chao, James	M	08/16/2023	0	0	11,000	0	0	0	Chung Yuan Christian University	Director of Won Gee Sheng Agricultural Tech & Charming Foods; GM of Charming Foods	None	None	None	
Vice General Manager	ROC	Tsai, Chia-Kang	M	03/16/2017	57,680	0.02	0	0	0	0	National Taiwan Ocean University	Director of Chiaton Corporation	None	None	None	
Vice General Manager	ROC	Yang, Chun-Hsien	M	11/16/2020	0	0	2,060	0	0	0	National Yunlin University of Science and Technology, MS	None	None	None	None	
AVP	ROC	Hung, Yau-Chih	M	08/01/2012	8,700,710	2.62	85,725	0.03	0	0	Eastern Michigan University, Technology Studies, MS	Chairman of Fwusow Hsin	None	None	None	
AVP	ROC	Wang, Ren-Chih	M	01/01/2015	0	0	0	0	0	0	National Kaohsiung Marine University	None	None	None	None	
AVP	ROC	Lin, Mau-Shen	M	08/01/2019	906	0	0	0	0	0	Oriental Institute of Technology	None	None	None	None	

AVP	ROC	Hsu, Pei-Yu	F	03/29/2022	0	0	0	0	0	0	National Chung Cheng University	None	None	None	None	
AVP	ROC	Lee, Hsiao-Wen	F	10/11/2023	0	0	0	0	0	0	National Chengchi University	None	None	None	None	
AVP	ROC	Yang, See-Chuan	M	01/03/2024	0	0	0	0	0	0	Nan Kai University of Technology	None	None	None	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	None	None	None	

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

3.2.3 Remuneration of Directors, Supervisors, President, and Vice President

3.2.3-1 (1) Remuneration of Directors (Disclosure of Individual Compensation): Not Applicable

3.2.3-1 (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	Companies in the consolidated financial statements	
																Cash	Stock	Cash	Stock			
Director (Note 1)	Hung, Yau-Kuen	0	0	0	0	19,694	19,694	1,440	2,160	21,134 6.76%	21,854 6.99%	4,851	4,851	0	0	0	0	0	0	25,985 8.31%	26,705 8.54	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																					

Director (Note 5)	Hung, Tsun-Lin																					
Director (Note 5)	Hung, Charn-Mi n																					
Director (Note 5)	Hung, Yao-Chi																					
Ind Director	Huang, Tsu-Sun																					
Ind Director	Ren, Yao-Ting	0	0	0	0	0	0	1,538	1,538	1,538 0.49%	1,538 0.49%	0	0	0	0	0	0	0	0	1,538 0.49%	1,538 0.49%	None
Ind Director	Huang, Shi-Pin																					
Ind Director (note 5)	Fang, Min-Tao																					
Ind Director (note 5)	Yu, Bi																					
Ind Director (note 5)	Huang, Sow-Tzo																					
1. Explain the compensation, guidelines and structure for the independent directors. Explain how the compensation relates to the responsibilities, duties, risks and amount of time required to perform the job as independent directors. Board of Directors is authorized by the company to evaluate the participation and contribution of the directors when deciding the remuneration; the industry standard of remuneration levels of the same industry is also considered.																						
2. Except for disclosed as above, remuneration received by the directors for providing services disclosed in the financial report of the most recent year (such as acting as non-employee consultant): None																						

Note 1: Representative of Hua Shao Investment Co.,

Note 2: Representative of Cheng Rong Investment Co.,

Note 3: Representative of Ann Dar Hsin Investment Co.

Note 4: Representative of Taisun Yuan Co., Ltd.,

Note 5: Elected on 6/9/2023, 3-year term, until 6/8/2026

3.2.3-1 (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				
NT\$1,000,000 (incl) ~ NT\$2,000,000	Cheng Rong Investment Co/ Ann Dar Hsin Investment Co / Taisun Yuan Investment Co.,Ltd Hung, Tsun-Lin; Hung, Charn-Min; Hung, Yao-Chi	Cheng Rong Investment Co/ Ann Dar Hsin Investment Co / Taisun Yuan Investment Co.,Ltd Hung, Tsun-Lin; Hung, Charn-Min; Hung, Yao-Chi	Cheng Rong Investment Co/ Ann Dar Hsin Investment Co / Taisun Yuan Investment Co.,Ltd Hung, Tsun-Lin; Hung, Charn-Min; Hung, Yao-Chi	Cheng Rong Investment Co/ Ann Dar Hsin Investment Co / Taisun Yuan Investment Co.,Ltd Hung, Tsun-Lin; Hung, Charn-Min; Hung, Yao-Chi
NT\$2,000,000 (incl) ~ NT\$3,500,000	Hung, Yau-Hsin/ Hung, Yau-Chih/ Hua Shao Investment Co	Hung, Yau-Hsin/ Hung, Yau-Chih/ Hua Shao Investment Co	Hung, Yau-Hsin/ Hung, Yau-Chih/ Hua Shao Investment Co	Hung, Yau-Hsin/ Hung, Yau-Chih/ Hua Shao Investment Co
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\$30,000,000 (incl) ~ NT\$50,000,000				
NT\$50,000,000 (incl) ~ NT\$100,000,000				
Over NT\$100,000,000				
Total	9	9	9	9

3.2.3-2 (1) Remuneration for Supervisors (Disclosure of Individual Compensation): Not Applicable

3.2.3-2 (2) Remuneration for Supervisors (Aggregate Compensation with Individual Names Disclosed): Not Applicable

3.2.3-2 (3) Range of Remuneration for Supervisors: Not Applicable

3.2.3-3 (1) Remuneration of Management Team (Disclosure of Individual Compensation): Not Applicable

3.2.3-3 (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 (note)	Hung, She-Pin	5,339	5,339	294	294	2,188	2,188	2,290	0	2,290	0	10,111 3.23%	10,111 3.23%	None
GM	Chao, James													
Vice GM	Tsai, Chia-Kang													
Vice GM	Yang, Chun-Hsien													

Note: 8/9/2023 released from duty

3.2.3-3 (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/ Chao, James / Yang, Chun-Hsien/ Tsai, Chia-Kang	Hung, She-Pin/ Chao, James / Yang, Chun-Hsien/ Tsai, Chia-Kang
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	4	4

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	Chao, James	Note1	Note1	Note1	Note1
	Vice GM	Tsai, Chia-Kang				
	Vice GM	Yang, Chun-Hsien				
	Vice GM	Chang, Zen-Yau				
	AVP	Hung, Yau-Chih				
	AVP	Wang, Ren-Chih				
	AVP	Lin, Mau-Shen				
	AVP	Hsu, Pei-Yu				
	AVP	Lee, Hsiao-Wen				
	AVP	Yang, See-Chuan				
	Manager	Dai, Jen-Hui				

Note1: 2023 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	2023 Ratio of total remuneration paid to net income (%)		2022 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)	6.76	6.99	8.52	8.52
GM & Vice GM	3.23	3.23	3.32	3.32

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.

4. Implementation of Corporate Governance

4.1 Board of Directors

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,	8	0	100.00	6/9/2023 Re-elected
Vice Chairman	Hung, Yau-Hsin	8	0	100.00	6/9/2023 Re-elected
Director	Hung, Yau-Chih	8	0	100.00	6/9/2023 Re-elected
Director	Hung, Tsun-Lin	4	1	80	6/9/2023 newly elected
Director	Hung, Charn-Min	4	1	80	6/9/2023 newly elected
Director	Hung, Yao-Chi	5	0	100	6/9/2023 newly elected
Director	Cheng-Rong Investment Co.; Representative: Hsiao, Min-Ju	3	0	100.00	Previous term
Director	Ann Dar Hsin Investment Co., Representative: Yeh, Tzu-Ling	3	0	100.00	Previous term
Director	Taisun Yuan Co., Representative: Liu, Wei Chen	1	2	33.33	Previous term
Independent director	Fang, Min-Tao	5	0	100.00	6/9/2023 newly elected
Independent director	Yu, Bi	5	0	100.00	6/9/2023 newly elected
Independent director	Huang, Sow-Tzo	2	0	100.00	9/27/2023 by-election
Independent director	Huang, Tsun-Sun	6	0	100.00	Previous term
Independent director	Ren, Yao-Ting	6	0	100.00	6/26/2023 Released from

					duty
Independent director	Huang, Shi-Pin	5	1	83.33	Previous term

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 independent directors, and Company responses to their opinions should be noted:
 - (1) Issues specified in Article 14-3 of the Securities and Exchange Act: Significant issues were approved & ratified by the Independent Directors
 - (2) 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
2. 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
3. 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.

4.1.1-2 Performance Evaluation of the Board of Director

Evaluation Cycle	Evaluation Period	Assessment Committees	Method of Assessment	Scope	Assessment Results
IConducted once a year	01/01/2023~12/31/2023	1. Board of Directors 2. Board members 3. Remuneration Committee 4. Functional task force committee (Audit, Remuneration members)	Self-evaluation	1.Board of Directors Self-evaluation: Participation in company operations; improve the quality of decision-making; structures of board of directors; professional and continuing education of directors; internal controls	1.Internal controls of Board of Directors, 3.825, lowest score Improvement plan: (1)Audit supervisors should thoroughly review our current internal audit and control systems, transaction processes, and ensure they comply with new laws, especially regarding ESG and risk management, to lower our business operation risks (2)We need to reassess how we appoint, evaluate, and review the salaries of our internal audit staff. (3)The accounting firm providing non-audit services is KPMG, not Solomon CPAs who audit our financial statements. This ensures fairness and independence.
				2.Board members self-assessment: Mastery of company goals and tasks; level of participation in the company operations; internal relationship management and communication; board election and continuing education; internal controls	2.Board members self-assessment “Internal Relationship Management and Communication”, 4.111, lowest score Improvement plan: (1)The company holds monthly management meetings, and directors are encouraged to attend to enhance interaction with the management team and provide valuable guidance and suggestions. (2)According to legal regulations, CPAs must hold regular meetings with independent directors, audit supervisors, and members of the management team to report on the annual financial report certification and internal control audit. Our company complies with these regulations. In the future, we may also invite non-independent directors to attend.
				3.Remuneration to Board of Directors: Participation in company operations; improve decision-making quality; structure of board of directors; board election and continuing education; internal control	3.Remuneration members to Board of Directors: Scored 4.48/5 in all aspects (1)Improve decision-making quality of the Board, 4.635 (2)Participation in company operations, 4.135

				4.Functional task force self-assessment: Participation in company operations; cognition of responsibilities; improve decision-making quality; structures & formation of functional tax force members; internal controls	4.Functional tax force self-assessment: Audit committee: Scored 4.66/5 in all aspects (1)Improve decision-making quality of the Functional Task Force, 4.715, highest (2)Responsibility cognition, 4.611
					Remuneration Committee: Scored 4.61/5 in all aspects (1)Participation in company operations, 4.835, highest (2)Improve decision-making quality of the functional task force members, 4.125, lowest

Note1: On 5/12/2020, Board of Directors passed the “Board Performance Evaluation Measures”. It stipulates that the Board shall conduct an internal evaluation at least once a year, assessing the performance of the Board, its members, the Audit Committee, and the Compensation Committee. The results of the internal performance evaluation should be completed by the end of the first quarter of the following year.

Note2: The evaluation method and execution are the responsibility of the board's secretariat, conducted through internal questionnaires. Evaluation includes directors' assessment of the board's operation, self-assessment by directors, assessment of committee operation by audit committee members, and assessment of committee operation by remuneration committee members. The board's secretariat will analyze the results according to the aforementioned methods, report them to the board of directors, and propose improvement measures based on directors' suggestions.

Note3: The evaluation results for year 2023 were reported at the Board meeting held on 3/12/2024.

4.2 Operations of the Audit Committee

To implement corporate governance, according to the “Audit Committee Guideline”, the following will be the main topics for audit purpose:

- The appropriateness of the financial reports
- Selection (Appointment) and Independence of the Signing CPA
- Effective Implementation of Internal Controls within the Company
- Compliance with Relevant Laws and Regulations by the Company.
- Risk Management within the company

Audit Committee Members:

Date Established	3 rd Term of Audit Committee Members	
	Convenor	Committee Members
6/20/2017	Fang, Min-Tao	Fang, Min-Tao; Yu, Bi; Huang, Sow-Tzo

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

4.2-2 In 2022, a total of 8 (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 (convenor)	Fang, Min-Tao	5	0	100.00	6/9/2023 newly elected
Independent director	Yu, Bi	5	0	100.00	6/9/2023 newly elected
Independent director	Huang, Sow-Tzo	2	0	100.00	9/27/2023 by-election
Independent director	Ren, Yao-Ting	4	0	100.00	6/26/2023 released from duty
Independent director	Huang, Tsun-Sun	3	0	100.00	Previous term
Independent director	Huang, Shi-Pin	3	0	100.00	Previous term

Other mentionable items:

- 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:
 - For matters listed in Article 14-5 of the Securities and Exchange Act: Audit committee approved & ratified (total of 8 meetings held)
 - Items were not approved by the Audit Committee but were approved by two thirds or more of all directors: None
- 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
- 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.)
 - The internal audit manager attends the Board meetings and has communicated the result of the audit reports to the members of the Audit Committee.
 - The audit reports are presented to the independent directors: all the findings, and the necessary follow-ups on a quarterly basis.
 - After reading the audit reports, the independent directors can inquire the internal audit manager should there be any questions or concerns.
 - 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.
 - The accountant and the independent director should have a separate

communication session at least once a year regarding the annual audit plan, key audit matters, internal controls, etc.

- (6) The independent director and the internal audit manager should hold a separate communication session at least once a year, during which they provide a report on the company's internal audit execution status and the operation of internal controls.

4.2-3 Operations & Major resolutions of the Audit Committee meeting in 2023:

Date of Board Meetings	Proposals & Resolutions	Opinions	The Company's response to the Audit Committee
3/13/2023 (13 th meeting in 19 th session)	1. The financial statements of year 2022 2. Approved the date of 2023 Annual Shareholders' meeting, place and convene matters 3. 14th term of Board of Directors Election 4. To remove the non-compete clause for newly appointed directors 5. The statement of internal control 6. The evaluation of the independence of Company's CPA firm 7. Draft the "Major Internal Information Processing Operations Procedures" 8. Amend the "Insider Trading Prevention Management" Policy	The proposals were deemed approved	Those opinions were raised at the Company's Board for discussion
4/18/2023 (13 th meeting 20 th session)	1. Approved the distribution of retained earnings for year 2022 2. Approved issue of stock dividend from capital surplus 3. Distribution of employees and directors compensation for Year 2022 4. Review shareholders who own at least 1% of the company's share, for future nominee for board members and independent directors 5. Approved the contents of 2023 General Shareholders Meeting 6. The credit limit with the banks to be expired; thus, need to discuss the renewals. 7. The renewal of the credit line for engaging in forward foreign exchange transactions with banks regarding derivative financial instrument transactions. 8. Apply for a new comprehensive credit line contract with Taishin Bank 9. Apply for a new comprehensive credit line contract with Cathay United Bank 10. To extend the endorsement and guarantee for the subsidiary, Charming Food	The proposals were deemed approved	Those opinions were raised at the Company's Board for discussion
5/10/2023 (13 th meeting 21 st session)	1. The consolidated financial statements for first quarter of 2023 2. The credit limit with the banks to be expired; thus, need to discuss the renewals 3. To apply to Taiwan Bank for a new 5-year-term loan	The proposals were deemed approved	Those opinions were raised at the Company's Board for discussion

	4. Renewal of the credit line for derivative financial instrument transactions with related parties. 5. Conduct renewal of derivatives trading business with Cooperative Bank 6. Conduct renewal of derivatives trading business with First Bank 7. To endorse and guarantee for the subsidiary, Charming Food		
6/9/2023 3 rd term 1 st session	1. Nominate 3 rd term Audit Committee convenor	Fang, Min-Tao was nominated and elected by the directors at the meeting	Those opinions were raised at the Company's Board for discussion
6/26/2023 3 rd term 2 nd session	1. Report of Greenhouse Gas Emissions Quantification Schedule 2. Resolution on Matters Related to the Increase of Capital through Profit Allocation and Issuance of New Shares, Rights Offering, and Dividend Distribution Base Date for the Fiscal Year 2022 3. Re-election of Member Fang Min-Tao as the Convenor of the Audit Committee for the Current Term Due to the Passing of the Previous Convenor	The proposals were deemed approved	Those opinions were raised at the Company's Board for discussion
8/9/2023 3 rd term 3 rd session	1. The consolidated financial statements for the second quarter of 2023 2. The Date, Venue, and Purpose of the First Extraordinary General Meeting of Shareholders for the Year 2023 3. Independent Director by-election 4. Nomination and Review of Independent Director Candidates 5. The credit limit with the banks to be expired; thus, need to discuss the renewals 6. Conduct renewal of derivatives trading business with E.Sun Bank 7. To extend the endorsement and guarantee for the subsidiary, Charming Food 8. To endorse and guarantee for the	The proposals were deemed approved	Those opinions were raised at the Company's Board for discussion

	subsidiary, Charming Food, with China Bills Finance Corporation		
11/07/2023 3 rd term 4 th session	1. The consolidated financial statements for third quarter of 2023 2. Internal auditing proposal for year 2024 3. Not to distribute earning for the first half of 2023 4. Renewal of the credit line for derivative financial instrument transactions with the bank 5. Request to change the credit line limit with Cooperative Bank	The proposals were deemed approved	Those opinions were raised at the Company's Board for discussion
12/19/2023 3 rd term 5 th session	1. Budget Plan for 2024 2. Establish "The Standard Operating Procedures for handling the Director Requests" 3. The credit limit with the banks to be expired; thus, need to discuss the renewals 4. To extend the endorsement and guarantee for the subsidiary, Charming Food	The proposals were deemed approved	Those opinions were raised at the Company's Board for discussion

Communication Summary between the independent directors and the internal audit manager:

Date	Communicating Party	Topic Discussion	Result
03/13/2023	Audit committee	1. Submit and present audit execution report 2. Present the Statement of Internal Control	No Opinion
04/18/2023	Audit committee	Submit and present audit execution report	No Opinion
05/10/2023	Audit committee	Submit and present audit execution report	No Opinion
06/26/2023	Audit committee	Submit and present audit execution report	Independent Director suggests listing pending items in the audit report for tracking purposes. The audit department has already acted on the recommendation of the independent director.
08/09/2023	Audit committee	Submit and present audit execution report	The audit report should focus on key audit points based on the principle of materiality. The audit department has already acted on the recommendation of the independent director.
11/07/2023	Audit committee	1. Submit and present audit execution report 2. Propose 2024 Audit Plan	Provide the legal basis and audit items of the audit report to each committee member for a clearer understanding of the audit operation process The audit department has provided to each independent director
12/19/2023	Audit committee	Submit and present audit execution report	No Opinion
12/19/2023	Independent communication with the independent directors	1. Key audit matters for the CPA ° 2. Other communicated matters	No Opinion

Communication between Audit Committee members and CPA:

Date	Topic Discussion	Result
03/13/2023	1. Items completed in the audit report for the year of 2022 2.CPA's audit opinion 3.Update and explanation of the related regulations °	No Opinion
12/19/2023	1. Audit planning and key audit matters for year 2023 ° 2. Other communicated matters	No Opinion

3.3.3 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	✓		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. 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. 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 2 female board members, 22.2% of the board of directors.	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?	✓		1. The company has set up the Remuneration Committee and the Audit Committee according to law. 2. We also have Sustainable Development, and TCFD task force committees to monitor climate risk management and promote sustainable development strategies. 3. Plan to establish Risk Management Task Force in 2024	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?	✓		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 1) 2. The result is reported to the Audit Committee and further has received approval by the Board of Directors on 03/13/2023.	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)?			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. I. 2023 Business Activities: 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	
5. Has the company established a communication channel with stakeholders (including but not limited to shareholders, employees, customers, and	✓		The Company has created a “Stakeholders” section in the corporate website providing detailed contact information, telephone numbers and email addresses. Ensuring that various interested parties, employees, consumers and	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	
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?			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)?	✓		1. for English: https://www.fwusow.com.tw/en/ 2. The company has a spokesperson and a deputy spokesperson. The Company has assigned a dedicated person to handle information collection and disclosure. 3. Investor conference was held at Taiwan Stock Exchange 1F on 9/21/2023; information was disclosed on MOPS and the corporate website.	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)?	✓		1. Employee's rights and wellness: The company values greatly the harmonious labor relations, and effective communication channels. 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). 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 4. Customer policy: The company strives to provide safe, healthy and good quality products for our consumers. Food	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	
			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. 5. Continuing education of directors: the directors of the company are qualified with professional skills and they attend training courses periodically. 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 7. Purchase of liability insurance for directors and corporate auditors by the company: The Company has purchased Directors & Officers insurance for its 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	
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?			On 11/16/2022, amendments were made to the "Insider Trading Prevention Policy ". It stipulates that within thirty days prior to the announcement of annual financial reports, and fifteen days prior to the announcement of quarterly financial reports, individuals are prohibited from trading their stocks during closed periods. This prohibition is communicated to internal stakeholders via email by the stock

Evaluation Item		Implementation Status ¹		Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
		Yes	No	
				Abstract Illustration
				affairs unit, along with other informing measures
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.
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. Risk Management Task Force will be established in 2024.
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.

Evaluation Item			Implementation Status ¹		Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
			Yes	No	
					Abstract Illustration
2.25	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 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,				We have an English website and

Evaluation Item		Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
		Yes	No	Abstract Illustration	
				corporate governance and other related information?	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 details of the general manager (chief executive officer) and assistant general manager(s)?	No voluntary disclosure
	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 Dec 9, 2023.
	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: 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 2023

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

3.3.4. Composition, Responsibilities and Operations of the Remuneration Committee

(1) The company has a Remuneration Committee of three members.

(2) The term of the committee member: June 9, 2023 to June 8, 2026

Remuneration Committee Members' information: 3/31/2024

Title	Name	Professional Qualification and Experience	Independence	The number of members concurrently serving on the remuneration committee of other publicly traded companies
Independent Director (convenor)	Huang, Sow-Tzo	Note	Note	0
Independent Director	Fang, Min-Tao	Note	Note	0
Independent Director	Yu, Bi	Note	Note	0

Note: Refer to page 13 for Professional qualification and experience of independent directors

Remuneration Committee Responsibilities

The Remuneration Committee shall exercise due care of a good administrator and faithfully perform the following duties, submitting recommendations for discussion to the board of directors:

- Establish and periodically review policies, systems, standards, and structures for the evaluation of the performance of directors and executives, as well as for compensation.
- Regularly evaluate and determine compensation for directors and executives

Three Remuneration Committee meetings were held in 2023 (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 (convenor)	Huang, Sow-Tzo	2	0	100%	9/27/2023 By-election
Independent	Fang, Min-Tao	2	0	100%	Newly

Director					elected
Independent Director	Yu, Bi	2	0	100%	Newly elected
Independent Director	Ren, Yao-Ting	1	0	100%	Released on 6/26/2023
Independent Director	Huang, Tsun-Sun	1	0	100%	Previous term
Committee Member	Huang, Chu-Min	1	0	100%	Previous term

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.

Discussion of Main Issues and Decisions Made in the Remuneration Committee Meetings for year 2023:

Date of Meeting	Proposals	Resolutions	Company's Response
4/27/2023 (4 th meeting 6 th session)	- Report on the Distribution Status of the Compensation of Employees and Directors for 2022 - Compensation Adjustment for the independent directors	Approved	Remuneration committee's opinion approved at the Company's Board meeting
11/7/2023 (5 th meeting 1 st session)	Nominated Huang, Sow-Tzo as the convenor of the Remuneration Committee	Unanimously approved for Huang, Sow-Tzo as the convenor for this committee	
12/19/2022 (5 th meeting 2 nd session; workshop)	how should the company counteract in a period of global inflation, to retain, cultivate, and attract talents with competitive compensation package	- Conclusion: In June 2023, the Executive Yuan approved a 4% salary increase for military personnel and civil servants effective in 2024. In late November of 2023, also approved raising the tax-free allowance for meal subsidies to 3,000 NT dollars. Companies can synchronize salary adjustments to increase employee satisfaction. Moreover, with salaries increase, we can attract more talented individuals. Therefore, proposed adjusting employee salaries based on the operating performance of 2023 and authorized the chairman to decide on this matter. - Commissioner Yu's statement: From my understanding, our starting salaries are similar to those of other companies in the industry, but there are some differences in the bonus systems. Thus, led many students that I mentored to pursue careers with other companies in the industry. - General Manager Chao's response: The bonus system is currently being adjusted, and we will ensure that our sales staff are clear about their targets and the corresponding bonus rates for achieving them. This will motivate our sales team to strive for better performance, knowing that their efforts will yield results. Additionally, we will review the bonus system every three months to identify any areas that may require adjustment.	All board members approved at the Board meeting

3.3.5 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?	✓		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. 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. The task force reported to the Board of Directors twice in 2023 (5/10/2023 & 8/9/2023) on issues of timeline for publishing Sustainability Report, goals, operational impacts and performance appraisals.	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?	✓		The ESG related material issues and operational related topics are disclosed in the 2023 Sustainability Report, and we also have corrective action plans and strategies to reduce risk impacts. The Committee reports the results on the performance of sustainable development, and risk assessment from Jan 2023 to Dec 2023 to the board of directors including the subsidiaries, Fwusow Hsin, Charming Food and Won Gee Sheng Agricultural Technology.	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. Currently, our Taichung Harbor and Shalu plants have established environmental management policies, which include regular environmental clean-up, disinfection, and 6S inspection operations. 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. Installed solar panels since 2014, with a total capacity of 3,514.61kW. Electricity generation increased 28.39% from 2022 to 2023. 3. We are actively researching ways of reusing waste and resources, and hope to find alternatives for natural resources and raw materials. All boilers have been converted to natural gas since 2018. Moreover, we continue to invest in high-efficiency equipment and optimize production processes to achieve precision manufacturing and reduce production waste. In 2023, we reduce electricity usage by 515.04 tonsCO₂e , estimated cost saving of \$4,140,540. 4. Increase the purchase of FSC cardboard boxes. In 2023, purchased 136,890 counts and that’s 20.59% of the total cardboard box purchases.	None
(3) Does the Company evaluate current and future climate change	✓		Please refer to Climate Related Section in this annual report or the 2023 Sustainability Report for climate financial related disclosures.	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	
potential risks and opportunities and take measures related to climate related 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													
(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?	✓		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. (1) Greenhouse Gas Emissions: Please refer to the most recent two years of greenhouse gas emissions quantification and assurance report or Chapter 3 of the 2023 Sustainability Report (2) Reuse of water collected from steam condenser: 2022: 15,621 tons 2023: 21,162 tons % change: 35.4% increase (3) Operation-Induced Waste Generated: (tons) <table><tr><th></th><th>Hazardous Waste</th><th>Non-Hazardous Waste</th><th>% change</th></tr><tr><td>2022</td><td>0.035</td><td>436.05</td><td>-</td></tr><tr><td>2023</td><td>0.000025</td><td>446.35</td><td>2.35%</td></tr></table> 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		Hazardous Waste	Non-Hazardous Waste	% change	2022	0.035	436.05	-	2023	0.000025	446.35	2.35%	None
	Hazardous Waste	Non-Hazardous Waste	% change													
2022	0.035	436.05	-													
2023	0.000025	446.35	2.35%													

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			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.	

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?	✓		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. <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. <u>Vacation Policy</u> Vacation policy abides by the labor laws and the policy is part of the Work	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	
			Guidelines in the company bulletin. <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 34.9% participation in 2023. <u>Fair Pay and Diversification</u> Not to discriminate against gender, race, political stances, and etc. In 2023, female employees consist of 29.9% of our total employees and female managers consist of 10.9% of total employees.	
(3) Does the Company provide employees with a safe and healthy working environment, with regular safety and health training?	✓		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. Also, certified for TOSHMS (effective 10/21/2022 to 10/20/2025) In 2023, the disabling frequency rate (FR) was 3.81, 3 people (0.49% of total employees). 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. In 2023, Fwusow Industry’s 4 major manufacturing plants experienced one minor fire incident. Immediate fire handling measures were implemented, and	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													
			there were no personnel injuries. Monitoring of labor safety and working environment To ensure the protection of workers from hazardous environments in the workplace, environmental monitoring is conducted annually. Based on the monitoring report findings, special health checks are carried out in areas with extreme working conditions to ensure the well-being of the workers Occupational Safety and Health Training for the past 3 years <table><tr><th>Year</th><th>Accumulated Training staff count</th><th>Training Hours</th></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><tr><td>2023</td><td>1, 204</td><td>2, 377. 5</td></tr></table>	Year	Accumulated Training staff count	Training Hours	2021	1, 043	1, 924	2022	1, 569	3, 680	2023	1, 204	2, 377. 5	
Year	Accumulated Training staff count	Training Hours														
2021	1, 043	1, 924														
2022	1, 569	3, 680														
2023	1, 204	2, 377. 5														
(4) Has the Company established effective career development training plans?	✓		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	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	
			courses. By doing so, we wish to achieve individual career development alongside enterprise development.	
(5) Does the Company's product and service 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?	✓		The company embraces product responsibility and value marketing ethics. In the process of procurement, production, operation, and service, the Company 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.	None
(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	✓		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 2023, did onsite inspection and all meet the	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	
status?			criteria.	
5. Enhancing Information Disclosure Does the company reference internationally 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?	✓		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 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. The 2023 Sustainability Report was independently audited by KPMG in accordance with the "Assurance Engagements other than Audits or Reviews of Historical Financial Information" (Public Bulletin No. 1) issued by the Financial Supervisory Commission. The report has been disclosed on the MOPS and our Sustainability website.	None
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: The company formulated the "Sustainable Development Practices Guidelines" in March 2015 and it was approved by the board of directors to enforce corporate sustainable development. Furthermore, the guidelines were amended and approved by the board of directors in February 2022. The company's operations remain consistent with these guidelines. In accordance with legal requirements, the company publishes its annual Sustainability Report. For accurate information and data, please refer to the Sustainability Report				

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
7. Other important information to facilitate better understanding of the Company’s corporate social responsibility practices :				
(1) Social				
a. 9 th Annual Cerear Table Tennis Tournament, 77 teams totaled 675 people				
b. 8 th Annual Taiwan-Japan Pet Workshop total 479 people attended the event				
c. For consecutive 17 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.				
d. Continuous financial and material donations to Andrew Charity Association and Taiwan People’s Food Bank Association				
e. Every year, the company participates in the Dajia Mazu Pilgrimage, providing food and water to the followers to replenish their energy. In 2023, the company collaborated with Dajia Jenn Lann Temple to jointly offer amulets to the followers and sponsored a parade float, actively participating in Mazu cultural activities.				
f. The company collaborated with a drama series, "The Flavorful Little Kitchen Master: Ghost Festival Feast," for product placement, promoting the company's oil and Cerear cereal products. This initiative supports the domestic drama industry. Further details are provided on the company's Facebook page.				
(2)Environmental				
a. Increased procurement of local grown dent corn in an effort to reduce carbon emission if imported.				
b. Continue to be certified for SQF, FSSC22000, ISO 22000, and TQF food safety management system in 2023				
c. Charming Food, the subsidiary, certified for ISO 14046: 2014 water footprint.				
d. Adopted ISO 50001 energy management to review and improve energy efficiency.				
e. Purchased high efficiency motor, energy efficient LED, and energy efficient air compressor, estimated total CO ₂ reduction of 421.25 tons.				
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				

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
(3) Governance The company participated in the ESG evaluation conducted by American company Dun & Bradstreet. Our overall score exceeded the industry average, and obtained certification for sustainability excellence (4)Awards & Recognitions Received the Asia Responsible Enterprise Awards (AREA), Asia Pacific Enterprise Award (APEA), SGS Carbon Management Award, Top 100 Carbon Competitive Enterprises" from Business Today, 1111 Job Bank Happy Enterprise Gold Award (received consecutively for 4 years), Taichung City 5th Low Carbon Sustainable City Outstanding Contribution Award (received consecutively for 2 years), and the 16th TCSA Corporate Sustainability Reporting Award - Gold Award (received consecutively for 3 years). (4) Corporate Social Responsibility Report: please refer to our company website https://www.fwusow.com.tw/index.php/download/itemlist/category/126				

I. Climate –Related Financial Disclosures

Since 2021, Fwusow Industry has been referencing the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) to disclose the risks and opportunities posed by climate change, as well as demonstrating corresponding governance responsibilities and strategies. The company allocates resources reasonably and effectively to mitigate the potential impacts of climate change. Additionally, we publish a TCFD report every December.

Classification	Management Strategy & Implementation
Governance	Fwusow Industry’s highest governing body is the Board of Directors ● Review climate issues along with other significant operational concerns ● Report the execution status to the board of directors annually The senior management has established the TCFD Committee ● The TCFD Committee is chaired by the General Manager and includes other senior executives as members ● Responsibilities include collecting and assessing climate risk issues, identifying climate risks, formulating response strategies and goals, tracking progress, and reporting to the board of directors.
Strategy	● TCFD task force adopts a collaborative discussion approach ● Through scenario simulation analysis, identify short, medium, and long-term climate risks and opportunities, and assess the impact of significant climate risks and opportunities on the company's situation and potential financial impact ● Update high-performance production equipment, conduct greenhouse gas inventories, implement energy-saving measures, and reduce carbon emissions. These actions are aligned with the company's sustainable development goals, aiming to achieve the vision of transitioning to a low-carbon economy.

Risk Management	● Develop a climate risk identification process according to the TCFD framework ● Based on the identified risk results, formulate corresponding response measures and incorporate them into the Sustainability Committee's review of sustainable strategies and goal tracking
Metrics and Targets	● Establish relevant management indicators and formulate goals for tracking of implementation progress

(i) Climate Risk Identification, Assessment, and Management Process

According to TCFD regulations, disclosure of short, medium, and long-term risks associated with climate change categorizes risk sources into transition and physical risks. Transition risks include policy and regulatory, technological, market, and reputational risks. Physical risks are divided into immediate (such as typhoons, floods) and long-term (such as temperature, sea-level rise) risks. Scenario simulations based on Nationally Determined Contributions (NDC) and Representative Concentration Pathways (RCP) are incorporated into risk scenario development. "Likelihood of occurrence", "impact on factory area", "time scale (short, medium, long term)", and "financial impact (NTD 16 million)" are used as criteria for risk and operational impact items, identifying significant, medium, and low-risk/opportunity items.

According to the assessment results, four types of transition risks/opportunities were identified as significant short-term risks/opportunities. Impact analysis, transition strategies, and execution status are detailed in the following table. Additionally, significant medium and long-term climate risks were not identified. For more information, please refer to the Fwusow Industry Climate-related Financial Disclosure Report.

(ii) Impact of Climate Change Risks and Opportunities on Finance

Type	Climate Drivers	Impacts and Potential Financial Effects	Strategy	2022 Implementation Status
Transition Risk/ Opportunity	Greenhouse Gas Emission Management, Carbon Tax, and Carbon Fee Collection	Early completion of greenhouse gas inventory scope, demonstrating the effectiveness of sustainable development	Early planning for greenhouse gas inventory schedules for parent and subsidiary companies, with completion expected by 2027	The holding group-style inventory and third-party verification of greenhouse gas emissions have been completed for Fwusow Industry's three major production plants (Shalu Plant, Taichung Harbor Plant, and Lukang Plant).
	Renewal Energy Regulations	Mandatory installation of renewable energy devices to reach a certain ratio; if installations are insufficient, capital investment would be required	Collaboration with vendors to install solar panels and sell the generated electricity to TaiPower	
	Energy Transformation (Increased Purchased Electricity Costs)	Increase in electricity costs, leading to higher operational costs for production plants.	Implement ISO 50001 Energy Management System for energy efficiency improvements, prioritize the replacement of energy-consuming equipment.	Replace with IE3 high-efficiency motors, LED lighting fixtures, and high-efficiency air compressors can enhance efficiency.

	Increased raw material costs	The main raw materials, corn and soybeans, are imported, making the production process susceptible to delays due to climate change and geopolitical conflicts, thereby impacting operations.	Diversify procurement sources and adjust the import origins of raw materials, initiate procurement arrangements in advance, and increase inventory levels.	Adopt diversified procurement from Europe and the United States, increase inventory from 2 months to 2.5 months.
Physical Risk	Increased Typhoons/Intensified Heavy Rainfall	affect production scheduling and increases operational costs.	Strengthen disaster prevention measures to reduce the degree of impact.	After assessment, there were no significant risks and potential financial impacts identified
	Rising Temperatures	· Impact on animal and plant productivity · Increased air conditioning electricity consumption	· install environmental control equipment in the farms. · Manage and improve through the ISO 50001 Energy Management System	After assessment, there were no significant risks and potential financial impacts identified
	Rise of sea level	Flood, production disruption	Periodic monitoring of sea level	After assessment, there were no significant risks and potential financial impacts identified.

(iii) Climate Risk Metrics and Targets

The metrics and targets set for climate risks and opportunities are as follows and reported under the environment section of the sustainability report.

1. Greenhouse gas emissions and targets: Conduct an annual inventory of greenhouse gas emissions and verify by a third party. Set an annual reduction target of more than 1% for the electricity consumption. Use the economic intensity indicator (carbon dioxide emissions kg/revenue thousand yuan) to present the carbon emissions situation.

The economic intensity indicator from 2020 to 2022

year	2020	2021	2022
Economic intensity indicator	1.97	1.6	1.43

Note: Greenhouse gas emissions include Scope 3 emissions

2. Increase in the installation of solar power generation units: In 2022, an additional 833 kW of solar power generation units were installed, resulting in a total solar power generation of 3,257 thousand kWh, compared to 3,143 thousand kWh in 2021, representing a 3.6% increase. It is projected to increase solar equipment by 150 kW in 2023

II. Greenhouse gas emissions statistics and verification status for the past two years

According to the sustainability development roadmap for listed companies, disclosure of greenhouse gas data should include the scope of coverage. Effective in 2026, the parent company should conduct inventory checks, while subsidiaries included in consolidated financial reports should commence inventory checks in 2027. Fwusow Industry has voluntarily conducted greenhouse gas inventories since 2020 in accordance with ISO 14064-1 standards. Twenty-two products have undergone carbon footprint verification, and an ISO 50001 energy management system has been implemented. The greenhouse gas inventory verification for the year 2024 is planned to be conducted by SGS to ensure compliance.

year	Scope	Emission (tons CO _{2e})				Intensity (tons CO _{2e} /million\$)	Verification status
		Scope 1	Scope 2	Scope 3 (voluntary disclosure)	Total		
2022	Parent	7,577.835	11,729.382	4,079.832	23,387.05	1.43	Scope 1 to 3 total emissions are all verified by SGS.
2023	Parent	7,546.459	12,151.685	4,437.601	24,135.75	1.61	

Note: In 2022, the greenhouse gas emissions inventory covers the three production plants (Shalu plant, Taichung Harbor plant, and Lukang plant)

In 2023, increase Kaohsiung plant; thus, completed all four major manufacturing plants of greenhouse gas emissions quantification.

The company discloses greenhouse gas emissions with Scope 1 and Scope 2 emissions verified by an assurance provider in accordance with the ISO 14064-3 standard, providing a reasonable assurance level. For Scope 3 emissions, the assurance opinion is limited assurance level.

In 2023, greenhouse gas inventory and verification operations were completed for Fwusow Industry's three major production plants: Taichung Harbor Plant, Shalu Plant, and Lukang Plant. It is expected that by February 2024, greenhouse gas inventory and verification for the fourth

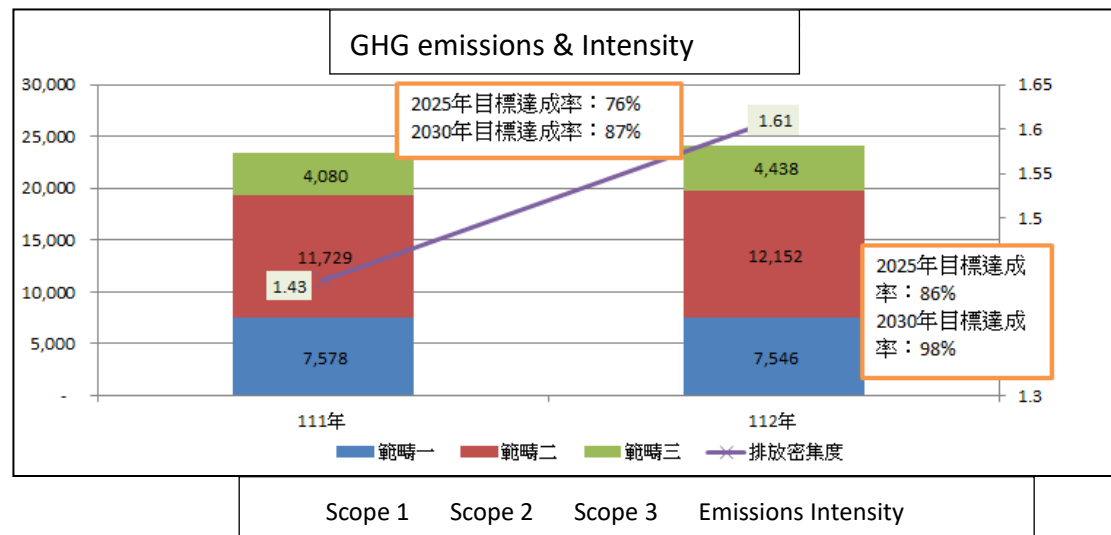
plant (including Kaohsiung Plant) will be completed. This information will be disclosed in the 2023 Sustainability Report and on the Sustainability website. Additionally, the company plans to complete greenhouse gas inventory and verification for the parent company in 2025, and for the parent and subsidiary companies in a holding group-style inventory and verification by 2026.

Greenhouse Gas Reduction Targets, Strategies, and Specific Action Plans

Using a baseline greenhouse gas emission density of 2.36 kg CO₂ per thousand dollars in 2019, reduction targets of 20% by 2025 and 30% by 2030 have been set. Progress will be reviewed annually, with adjustments to targets made as necessary.

The strategy for reducing greenhouse gas emissions includes the following actions:

Upgrading production equipment; purchasing high-efficiency motors (IE3) to replace old energy-consuming motors; updating to energy-efficient LED lighting fixtures; replacing diesel forklifts with electric ones; purchasing high-efficiency air compressors. These initiatives aim to decrease carbon emissions while enhancing operational competitiveness.



3.3.6 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 on 12/9/2023..	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				
6. Other important information to facilitate a better understanding of the company’s ethical corporate management policies (e.g., review and amend its policies). (a) The Company has established the “The Procedures for Ethical Management and Guidelines for Conduct” (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. (c) The implementation of Code of Conducts is reported to Board of Directors annually (last reported on 12/9/2023) (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.				

3.3.7 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>)

3.3.8 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

3.3.9 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.

3.3.10 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

3/12/2024

With reference to the 2023 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, 2023 (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, total of nine directors in attendance with 2 directors had different opinion at the board meeting on March 12, 2024.

Fwusow Industry Co., Ltd
Chairman: Yau-Kuen Hung
General Manager: James Chao

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

3.3.11-1. Major resolutions of 2022 General Shareholders Meeting

Date of the Shareholders' Meeting: June 17, 2022

Date	Type of Meeting	Resolutions	Implementation & Execution
6/9/2023	General Shareholders Meeting	Resolutions & Results: (1) Submission of the 2022 business reports and financial statements of the company for approval (2) Submission of 2022 earning distribution plan for approval (3) 14 th term of Board of Directors Election (4) Lifted the "non-compete" restriction on the newly appointed directors (5) Increase in capital stock by issuing new shares with surplus from year 2022	(1) Accepted, disclosed and reported to the relevant agencies (2) Cash dividend NT\$0.50 per share, stock dividend NT\$0.30 per share; ex-dividend date: 7/17/2023; payment date of cash dividend: 7/26/2023; payment date of stock dividend: 8/22/2023 (3) Ministry of Economic Affairs approved on 6/9/2023 the newly elected board of directors (4) Effective upon resolution of the general shareholders' meeting (5) From the capital surplus, an allocation of NT\$96,494,960 was used for issuing 9,649,496 new shares. For every thousand shares, a free distribution of 30 shares as stock dividends was determined. July 17, 2023, was set as the ex-dividend date, and all distributions were completed on August 22, 2023. The Ministry of Economic Affairs approved the registration change on August 7, 2023
9/27/2023	General Shareholders Meeting	Independent director's by-election	The Ministry of Economic Affairs approved the registration change on October 19, 2023

3.3.11-2. Major resolutions of 2022 Board Meetings

Date	Major Resolutions
3/13/2023	1. Performance evaluation of Board of Directors and functional committees reports of 2022

13 th session 19 th meeting	2. Greenhouse Gas Emission Quantification Schedule Report 3. Approval of the 2022 business report and financial statements. 4. The resolution on the date and agenda and other related matters of 2023 shareholders' general meeting of the company was passed 5. Approved 14th term of Board of Directors Election 6. Approved to lift the "non-compete" restriction on the newly appointed directors 7. The resolution on the Internal Control Statement was passed 8. The evaluation of CPA's independence was passed 9. Approved the adoption of "Internal Material Information Processing Procedures" 10. Approved the amendment of "Insiders Trading Prevention Management Policy"
4/18/2023 13 th session 20 th meeting	1. Approved the 2022 earning distribution plan of the company 2. Approved the 2022 new stock issues from the capital surplus 3. Approved the 2022 profit sharing plan for employees and board directors of the company 4. Approved to select shareholders who own at least 1% of shares to nominate candidates for the board of directors, and review their qualifications, including for independent director roles, through the board. 5. Approved the added discussion contents to 2023 Annual Shareholders' Meeting 6. Approved the "Compilation and Verification Procedures of Sustainability Report" 7. Instituted the renewal of the loans with the bank 8. Conduct derivatives trading business or engage in derivatives trading in accordance with regulations governing the acquisition and disposal of assets upon maturity 9. Approval of the new comprehensive credit line agreement from Taishin Bank 10. Approval of the new comprehensive credit line agreement from Cathay United Bank 11. Approved to extend the endorsement and guarantee for the subsidiary, Charming Food
5/10/2022 13 th session 21 st meeting	1. Report on the company's directors liability insurance coverage 2. Reported on the status of 2021 Corporate Social Responsibility Report 3. Approved the consolidated financial statements for first quarter of year 2023 4. The resolution on the approval for loan renewals from banks 5. Approved 5-year loan from Taishin Bank 6. Approved the renewal of conducting derivatives trading business upon maturity with Taiwan Bank 7. Approved the renewal of conducting derivatives trading business upon maturity with Cooperative Bank 8. Approved the renewal of conducting derivatives trading business upon maturity with First Bank 9. The resolution to endorse and guarantee for the subsidiary, Charming Food was passed 10. Approved the compensation adjustment for the independent directors
6/9/2023 14 th session 1 st meeting	1. Unanimous election of Hung, Yau-Kuen as Chairman of the Board of Directors. 2. Unanimous election of Hung, Yau-Hsin as Vice Chairman of the Board of Directors

6/26/2023 14 th session 2 nd meeting	1. Reported on the schedule of GHG quantifications 2. Approval of matters related to the issuance of new shares, as well as the dividend distribution date for the increase of capital through surplus earnings for the fiscal year 2022 3. Approved the 5th term of Remuneration Committee
8/9/2023 14 th session 3 rd meeting	1. Reported on the completion of 2022 Corporate Social Responsibility Report 2. Reported on the schedule of GHG quantifications 3. Approved the consolidated financial statements for second quarter of year 2023 4. Approval of the date, location, and purpose of the first extraordinary general meeting of shareholders for the fiscal year 2023 5. Approved the by-election of the independent director 6. Approved the nomination and review of the independent director's qualifications 7. The approval for loan renewals from banks 8. Approved to get a comprehensive credit line with E.Sun Bank 9. Approved to extend the endorsement and guarantee for the subsidiary, Charming Food 10. Approved the endorsement and guarantee for the subsidiary, Charming Food, with China Bills Finance Corporation 11. Approved the change of General Manager
11/7/2023 14 th session 4 th meeting	1. Reported on the schedule of GHG quantifications 2. The consolidated financial statements for third quarter of 2023 3. Approved internal auditing proposal for year 2024 4. Approved not to distribute earning for the first half of 2023 5. The approval for loan renewals from banks.
12/19/2023 14 th session 5 th meeting	1. Ethical and Integrity Management Policy and Implementation report. 2. Report the implementation of TCFD 3. Intellectual Property Management plan and implementation report 4. Budget Plan for 2023 5. Approval of the revised 'Standard Operating Procedures for Handling Director Requests' 6. Approval of the renewal of credit limit with the banks 7. Approved to extend the endorsement and guarantee for the subsidiary, Charming Food
3/12/2024 14 th session 6 th meeting	1. Performance evaluation of Board of Directors and functional committees reports of 2023 2. Reported on the schedule of GHG quantifications 3. Reported the implementing status of the Sustainability Report 4. Approval of the 2023 business report and financial statements. 5. The resolution on the date and agenda and other related matters of 2024 shareholders' general meeting of the company was passed 6. The resolution on the Internal Control Statement was passed 7. The resolution on the evaluation of the independence of CPAs was passed. 8. Did not pass the Kaohsiung Plant upgrade plan

3.3.12 Major Issues of Record or Written Statements Made by Any Director or

Supervisor Dissenting to Important Resolutions Passed by the Board of Directors:

3/12/2024 14th session 6th meeting:

Presented: Internal Control Statement

Vote: 7 yes; 2 nay; Board of directors approved the statement

Presented: Kaohsiung Plant upgrade plan

Vote: 4 yes; 5 nay; Board of directors vetoed the upgrade plan

3.3.13 Resignation or Dismissal of the Company's Key Individuals, Including the Chairman, CEO, and Heads of Accounting, Finance, Internal Audit and R&D:

Title	Name	Start Date	End Date	Reason
General Manager	Hung, She-Pin	06/17/2020	08/09/2023	Dismissal

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	2023.01.01~2023.12.31	3,733	0	12	0	650	662	4,395

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	2023		As of Apr. 7, 2024	
		Holding Increase (Decrease)	Pledged Holding Increase/(Decrease)	Holding Increase (Decrease)	Pledged Holding Increase/(Decrease)
Director	Hua Shao Investment Co.,	307,680	0	1,240,000	0
Director	Hung, Yau-Kuen	(304,070)	0	0	
Director	Hung, Yau-Hsin	212,849	0	0	0
Director	Hung, Yau-Chih	253,418	0	0	0
Director	Hung, Tsun-Lin	168,895	0	0	0
Director	Hung, Charn-Min	87,000	0	0	0
Director	Hung, Yao-Chi	16,392	0	0	0
Independent Director	Fang, Min-Tao	0	0	0	0
Independent Director	Yu, Bi	0	0	0	0
Independent Director	Huang, Sow-Tzo	0	0	0	0
General Manager	Chao, James	0	0	0	0
Vice General Manager	Tsai, Chia-Kung	1,680	0	0	0
Vice General Manager	Yang, Chun-Hsien	0	0	0	0
Vice General Manager	Chang, Zen-Yau	0	0	0	0
AVP	Wang, Ren-Chih	0	0	0	0
AVP	Lin, Mau-Shen	26	0	0	0
AVP	Hsu, Pei-Yu	0	0	0	0
AVP	Lee, Hsiao-Wen	0	0	0	0
AVP	Yang, See-Chuan	0	0	0	0
Accounting Manager	Dai, Jen-Hui	0	0	0	0

3.7.2. 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						

3.7.3. 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 4/7/2024

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	4.39	709,797	0.22	0	0	Hua-Shao Investment-	Chairman-	
Hung, Yau-Chih	8,700,710	2.62	85,725	0.03	0	0	Chiang, Ling-Yu	Mother & Son	
							Hung, Yau-Hao & Hung, Yau-Tzer	Siblings	
Hung, Yau-Hao	7,666,217	2.31	0	0	0	0	Chiang, Ling-Yu	Mother & Son	
							Hung, Yau-Chih & Hung, Yau-Tzer	Siblings	
Hung, Yau-Tzer	7,774,232	2.34	0	0	0	0	Chiang, Ling-Yu	Mother & Son	
							Hung, Yau-Chih & Hung, Yau-Hao	Siblings	
Chiang, Ling-Yu	7,440,919	2.24	6,743,212	2.03	0	0	Hung, Tzen-Fa	Spouse	
							Hung, Yau-Chih, Hung, Yau-Hao & Hung, Yau-Tzer	Mother & Son	
Hung, Cheng-Fang	7,251,101	2.19	1,594,660	0.48	0	0			
Hua Shao Investment	6,593,347	1.99	-	-	0	0	Hung, Yau-Kuen	Representative	
Hung, Yau-Hsin	7,307,825	2.20	140,813	0.04	0	0	Hung, Yau-Hsi	Siblings	
Hung, Yau-Hsi	7,301,858	2.20	0	0	0	0	Hung, Yau-Hsin	Siblings	
Hung, Tzen-Fa	6,743,212	2.03	7,440,919	2.24	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

12/31/2023 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%	16,267	0.29%	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	19,741,000	98.71%	0	0	19,741,000	98.71%

Note: The company adopts the equity method for its investments

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
2023	08	10	500,000	5,000,000	331,663	3,316,634	Capitalization of retained earnings \$96,495,000	2023/08/07 Jin So Sun Tzi No.11230148930

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	331,299,383	364,000	168,336,617	500,000,000	Listed Stock

4.1.1-3. Information for Shelf Registration: None

4.1.2 Structure of Shareholdings

As of 04/07/2024

Item	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	0	0	231	47,441	80	47,752
Shareholding (shares)	0	0	29,483,509	281,020,473	21,159,401	331,663,383
Percentage	0	0	8.89%	84.73%	6.38%	100%

4.1.3 Shareholding Distribution

4.1.3-1. Common Shares

As of 04/07/2024

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1 ~ 999	29,186	1,719,343	0.52
1,000 ~ 5,000	13,396	26,045,063	7.85
5,001 ~ 10,000	2,404	16,005,515	4.83
10,001 ~ 15,000	1,188	13,394,073	4.04
15,001 ~ 20,000	366	6,341,495	1.91
20,001 ~ 30,000	476	11,212,525	3.38
30,001 ~ 40,000	194	6,551,495	1.98
40,001 ~ 50,000	112	4,943,373	1.49
50,001 ~ 100,000	223	15,666,442	4.72
100,001 ~ 200,000	88	12,204,980	3.68
200,001 ~ 400,000	43	11,994,773	3.62
400,001 ~ 600,000	10	5,292,461	1.60
600,001 ~ 800,000	7	4,930,380	1.49
800,001 ~ 1,000,000	6	5,569,367	1.68
1,000,001 or over	53	189,792,098	57.21
Total	47,752	331,663,383	100.00

4.1.3-2. Preferred Shares: Not Applicable

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

As of 04/07/2024

Shareholder's Name	Shareholding	
	Shares	Percentage
Hung, Yau-Kuen	14,235,669	4.39
Hung, Yau-Chih	8,700,710	2.62
Hung, Yau-Tzer	7,774,232	2.34
Hung, Yau-Hao	7,666,217	2.31
Chiang, Ling-Yu	7,440,919	2.24
Hung, Yau-Hsin	7,307,825	2.20
Hung, Yau-Hsi	7,301,858	2.20
Hung, Cheng-Fang	7,251,101	2.19
Hung, Tzen-Fa	6,743,212	2.03
Hua Shao Investment	6,593,347	1.99

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

Unit: NT\$, shares, %

Items			Year	2022	2023
Market price per share	Highest			28.90	23.40
	Lowest			18.30	18.60
	Average			20.62	20.27
Net worth per share	Before Distribution			13.62	13.67
	After Distribution			13.22	(Note 1)
Earnings per share	Weighted average shares			322,013,887	331,663,383
	Earnings per share	Earnings per share (undiluted)		1.0	0.94
		Earnings per share (diluted) Note2		0.97	(Note 1)
Dividends per share	Cash Dividends			0.5	(Note 1)
	Stock Dividends	Dividends from Retained Earnings		0.3	(Note 1)
		Dividends from Capital Reserve		0	(Note 1)
	Accumulated Undistributed Dividends			0	(Note 1)
Return on Investment	Price / Earnings Ratio (Note 3)			21.26	(Note 1)
	Price / Dividend Ratio (Note 4)			41.24	(Note 1)
	Cash Dividend Yield Rate (Note 5)			2.42	(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 2023 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	\$19,694
Employee Bonus – in Cash	\$7,878
Total	\$27,572

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 2022 Earnings Set Aside for Employee Bonus and Directors' and Remuneration: (NT\$ thousands)

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

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	31.1%
Cooking Oil	23.3%
Single ingredient products (Barley)	24.7%
Organic Fertilizer	2.4%
Grain Commodity	14.2%
Husbandry products (Others)	4.3%
Total	100.0%

(4) New products development

Savory crisp puffs, microbial fertilizer, non-registered plant protection materials, home gardening fertilizers, functional pig feed, sustainable pig feed, sustainable aquaculture feed, liver prescription dog and cat food, functional pet food, small animal feed, cat cans, aquarium fish feed and sinking koi feed.

5.1.2 Industry Overview.

A. Feed Industry

a. The port factors caused price spikes in global grain commodity. 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. Due to the changes in the consumer habits and the payment channels the company will re-evaluate market trends and maximize the effective utilization of raw material and the implementation toward a sustainable future.
- 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. Post pandemic era, 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 2023: \$47,716,000

5.1.3-2. Research and Development Achievements

- (1) Small packaging bottles of flavored cooking oil.
- (2) Low-protein pig milk replacer
- (3) The completion of aquaculture feed in floating probiotic-enhanced feed for sea bass, floating probiotic-enhanced feed for Japanese sea bass, and high-energy floating sustainable feed for California sea bass
- (4) Prescription weight management pet food for dogs, urinary health care pet food, Mix freeze-dried series for dog and cat food, Pro's Choice freeze-dried series dog and cat food, Mobius health series dog and cat food, Cere's pet rabbit feed, Cere's guinea pig feed.
- (5) Circular agriculture products, compound and specialized fertilizers, organic cultivation substrates.

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. 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.
2. 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:
 - (a) Product functionality
 - (b) Relevant certifications to enhance product transparency
 - (c) Product differentiation in the distribution channels
 - (d) 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 domestic edible oil market has experienced negative growth post-pandemic due to changes in consumer behavior. The company aims to enhance product quality and sales capabilities while diversify its distribution channels. The company aims to increase its market share to over 25% to demonstrate its competitive edge.
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. Develop natural and healthy snack products
2. Develop natural leisure snack without additives or excessive processing
3. The consumer trend is moving towards functional pet food; thus, the quality and food safety requirements are even more stringent.
4. The market for dog food slightly declines.
5. The market for cat food continues to grow.
6. The market for the global brand products continues to grow.
7. Affordable products will continue to gain popularity.
8. Integration of the market information will be achieved with a thorough understanding of the supply source and the market price.
9. In search and develop franchise distribution channels and the opportunities in the operations of animal hospital.
10. E-commerce continues to grow.
11. Accelerate the process to expand the markets to the mainland, Southeast Asia, and other foreign markets to gain global recognition and market share.
12. Advocate for certifications of pet care food.
13. Develop pet care and prescription food products
14. Develop fresh pet food

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. In recent years, consumer awareness has been shifting towards safety, hygiene, freshness, environmental protection, convenience, and energy efficiency, as well as an increasing demand for high-quality protein. Therefore, the sustainable growth of compliant and traceable feed quantities should continue to see modest expansion.
- 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	2022				2023			
	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	2022				2023			
	Company Name	Amount	[%]	Relation with Issuer	Company Name	Amount	[%]	Relation with Issuer
1	Central Union Oil Corp.	3,110,255	19.45	Re-investment	Central Union Oil Corp.	3,190,853	20.61	Re-investment
	Net Sale Amount	15,964,576	100.00	-	Net Sale Amount	14,933,039	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	2022			2023		
	Capacity	Quantity	Amount	Capacity	Quantity	Amount
Feed	370,000	264,799	4,617,246	224,798	228,364	3,967,905
Edible Oil	Note	44,765	2,369,600	Note	42,141	2,124,906
Single-Ingredient Products	Note	249,787	4,201,432	Note	234,571	3,960,012
Organic Fertilizer	49,000	36,088	299,091	45,120	35,205	270,375
Livestock fresh meat products(Other)	24,000	13,154	680,488	10,000	5,378	185,919
Total		608,593	12,167,857		545,659	10,509,117

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	2022				2023			
	Local		Export		Local		Export	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Feed	241,724	4,722,571	3,751	155,546	223,978	4,511,603	2,955	121,932
Edible Oil	69,001	3,604,216	614	77,708	72,642	3,404,653	512	65,538
Single-Ingredient Products	192,265	3,601,703	5	92	194,619	3,615,415	0	0
Organic Fertilizer	38,593	356,547	0	0	41,583	353,187	0	0
Grain commodity	175,950	2,508,389	0	0	153,870	2,116,880	0	0
Livestock fresh meat products(Other)	20,706	937,804	0	0	11,189	743,831	0	0
Total	738,239	15,731,230	4,370	233,346	697,881	14,745,569	3,467	187,470

5.3 Human Resources

Year		2022	2023	As of March 31, 2024
Number of employees	Staff	337	259	342
	Periodic	257	343	263
	Total	594	602	605
Average Age		42.9	43.4	43.6
Average Years of Service		6.9	7.58	7.6
Education %	pHD	0.3%	0.2%	0.2%
	Masters	10.6%	11.5%	11.2%
	Bachelors	52.4%	51.9%	51.4%
	High School	27.8%	27.4%	27.6%
	Not High School Graduates	8.9%	9%	9.6%

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	2023.02.10	Taichung City Environmental Audit Office Ticket # 1120012381	Violated Air Pollution Control Act Article 20 item 1 & fined in accordance to the act of article 62, item 1 and sub-1.	NT\$246,000

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)	5,235

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 2023, release of PM was 19.86 ton in comparison to the release in 2022 of 22.24 tons, a reduction of 11.98%. NOx emissions was 2.712 tons in

2023 vs. 2.955 tons in 2022, a reduction of 8.96%..

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.

In 2023, the total employee welfare income was NT\$8,268,207 and the total employee welfare expense was NT\$7,232,266, an expense ratio of 87.4% for events, company group tour, scholarship for the employee dependents and group insurance. 1 employee had health issues; thus, the Employee Benefits Committee provided illness relief funds to the respective employee. Also, the employees can participate in the employee stock ownership trust voluntarily and, for each participant, we match 20% of the employee's monthly contribution amount with 35% of the employees participated in 2023.

(2) Employer-employee relations:

Outstanding talent adds to enterprise competitiveness. We continue to enhance the work efficiency of employees and actively recruit talents. We place emphasis on the value of middle-aged and elderly talents, promoting intergenerational cooperation and exchange through collaboration between younger and older employees. This facilitates the hand down of professional skills and experience, thereby enhancing and strengthening workplace competitiveness.

In 2023, we applied for the "Middle-aged and Elderly Training Subsidy Program" from the Ministry of Labor, collaborating with the government to support stable employment plans. Middle-aged and elderly employees play a crucial role in familiarity with work, stability, and knowledge transfer. This contributes to improving work efficiency and strengthening retention value. 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 2023, total internal training provided 5,721 employee hours; total off-site training provided 2,034 employee hours; total training expense of NT\$1,021,227.

(3) 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.

(4) Labor Management:

We are committed to promoting cooperation between labor and management. Through various labor-management meetings, complaint platforms, and other channels, we reach consensus between labor and management. We accept employee organizations and activities to alleviate workplace psychological fears. We fully comply with labor laws and regulations to ensure that both labor and management can establish a harmonious labor relationship with the proper attitude.

To provide employees with a work environment free from sexual harassment and to take appropriate preventive, corrective, disciplinary, and handling measures, we have established measures for the prevention and control of sexual harassment, as well as procedures for complaints and penalties. We have also set up a "Sexual Harassment Complaints Investigation Committee" responsible for receiving and investigating sexual harassment complaints. We

handle sexual harassment complaints properly. In 2023, there was one case of sexual harassment complaint, which was investigated and processed with the consent of the complainant. There were no other cases of employee complaints.

(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. 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 2023. The employees of Lukang and Kaohsiung plants received their physical examinations in April and May. We inspect and monitor working conditions and environment to ensure and provide preventive measures against occupational hazards.

b. 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 2023, we provided high-risk cardiovascular follow-up to 11 people and mother-care to 3 people. At the same time, the musculoskeletal management was offered for a work site evaluation with recommendations with 6 people.

c. Flu vaccination

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 2023 at our Shalu plant, 110 people received the flu shot

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. The company has implemented secure design and configuration for its communication and network systems and has introduced Palo Alto ML-based next-generation firewalls. These firewalls utilize advanced threat detection technologies such as machine learning and behavioral analysis to identify and block various known and unknown network threats. They provide flexible security policy management features, allowing administrators to easily configure and manage security policies based on network requirements. This ensures network security and compliance to prevent network attacks and infiltration.
- 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. Implemented endpoint protection systems and unified periodic distribution of virus signatures to client endpoints.
- b. Established an access control system to ensure that only authorized users can access the company's information systems and assets. The company also implements control measures such as identity authentication, authorization management, and log recording.
- c. Restrict internet and social media use; permission given when necessary for 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).
- f. Important information systems have all adopted MDR (Managed Detection and Response) cybersecurity protection. This involves monitoring network activity on hosts, analyzing incidents, and responding to various cybersecurity situations encountered. Additionally, security checks are conducted on networks and devices within the IT environment. AI and big data technologies are utilized in conjunction with cybersecurity intelligence databases to perform real-time analysis and response to potential cybersecurity threats, thereby achieving effective cybersecurity protection for the enterprise environment.
- g. By implementing NetApp, the storage infrastructure leverages its powerful anti-tampering Snapshot snapshot copy locking, enabling SnapLock protection mechanisms, and employing business continuity technologies for disaster recovery. These capabilities provide stronger data protection for applications and virtual machines.

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 and MDR 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:

(1) In September 2023, the company faced repeated malicious cyberattacks, causing the virtual machines (VMs) to crash and disrupt normal operations. Prompt action was taken to resolve the issue, and no operational losses occurred. To prevent such attacks in the future, the company installed additional security equipment like intrusion detection and encryption hard drive arrays. Additionally, individual user controls were implemented to reduce the risk of personal misuse affecting network security.

(2) In 2024, the company will implement the ISO 27001 Information Security Management System to promote company-wide security policies, thus enhancing employee awareness of information security.

(3) Information security maintenance and prevention are carried out by the Information Department, which includes one supervisor and four staff.

(4) Firewalls and email protection systems are installed, along with antivirus software on each computer, which is regularly updated

(5) Data integrity and confidentiality are ensured through permission control and regular backups

(6) We've installed an Uninterruptible Power Supply (UPS) and set up remote backup facilities to regularly save important data, reducing security risks. We've also partnered with telecom providers for security services and hired security vendors to maintain and update software for security protection on a monthly basis.

5.7 Important Contracts

Agreement	Counterparty	Period	Major Contents	Restrictions
Mid-term & Long-term Loan	Bank of Taiwan	2023.10.16-2026.10.16	NTD500,000,000	None
Mid-term & Long-term Loan	Bank of Taiwan	2020.08.04-2025.08.04	NTD300,000,000	None
Mid-term & Long-term Loan	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 & Long-term Loan	Taiwan Business Bank	2020.01.30-2025.01.30	NTD50,000,000	None
Mid-term Loan	The	2023.08.28-2024.10.28	NTD150,000,000	None

	Export-Import Bank of the Republic of China			
Mid-term & Long-term Loan	First Bank	2023.07.13-2028.07.13	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				
		2019	2020	2021	2022	2023
Item						
Current Assets		4,439,679	4,148,204	4,890,899	5,908,691	5,764,433
Property, Plant & Equipment		3,996,629	3,877,047	3,706,430	3,728,725	3,736,619
Intangible Assets		28,902	34,744	30,816	51,419	77,889
Other Assets		472,361	490,068	522,050	586,660	606,537
Total Assets		8,937,571	8,550,063	9,150,195	10,275,495	10,185,478
Current Liabilities	Before Distribution	2,697,617	2,007,574	2,645,949	3,954,111	3,736,068
	After Distribution	2,826,423	2,329,224	2,999,764	4,114,936	Note1
Non-Current Liabilities		2,280,664	2,099,075	2,030,069	1,877,578	1,848,236
Total Liabilities	Before Distribution	4,978,281	4,106,649	4,676,018	5,841,689	5,584,304
	After Distribution	5,107,087	4,428,299	5,029,833	6,002,514	Note 1
Equity attributable to owners of the parent		3,931,220	4,413,032	4,412,177	4,385,192	4,534,794
Common Stock		3,220,139	3,220,139	3,220,139	3,220,139	3,316,634
Capital Surplus		14,358	14,358	14,358	15,030	15,030
Retained Earnings	Before Distribution	704,042	1,191,228	1,191,180	1,161,612	1,216,989
	After Distribution	575,237	1,512,878	837,365	1,000,787	Note 1
Other Equity		(7,319)	(5,958)	(6,765)	(4,854)	(7,124)
Treasury Stock		0	(6,735)	(6,735)	(6,735)	(6,735)
Non-Controlling Interest		28,070	30,382	62,000	48,614	66,380
Total Equity	Before Distribution	3,959,290	4,443,414	4,474,177	4,433,806	4,601,174
	After Distribution	3,830,484	4,765,064	4,120,362	4,272,981	Note 1

Note1: The Proposal of 2023 profit distribution is pending for resolution by the Annual General Shareholders' Meeting

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

6.1.1-2. Condensed non-consolidated balance sheet- IFRS

Unit: NT\$ thousands

Year Item		Financial Summary for The Last Five Years				
		2019	2020	2021	2022	2023
Current assets		4,209,524	3,898,607	4,458,963	5,430,784	5,180,894
Property, Plant & Equipment		2,874,176	2,846,159	2,666,933	2,730,805	2,783,737
Intangible assets		38,689	14,338	11,342	32,298	59,708
Other assets		729,895	820,020	929,744	991,186	1,018,476
Total assets		7,852,284	7,579,124	8,066,982	9,185,073	9,042,815
Current liabilities	Before distribution	2,116,722	1,492,320	2,073,682	3,293,328	3,013,449
	After distribution	2,245,528	1,813,970	2,427,497	3,454,153	Note 1
Non-Current Liabilities		1,804,342	1,673,772	1,581,123	1,506,553	1,494,572
Total liabilities	Before distribution	3,921,064	3,166,092	3,654,805	4,799,881	4,508,021
	After distribution	4,049,870	3,487,742	4,008,620	4,960,706	Note 1
Common Stock		3,220,139	3,220,139	3,220,139	3,220,139	3,316,634
Capital surplus		14,358	14,358	14,358	15,030	15,030
Retained earnings	Before distribution	704,042	1,191,228	1,191,180	1,161,612	1,216,989
	After distribution	575,237	1,512,878	837,365	1,000,787	Note 1
Other Equity		(7,319)	(5,958)	(6,765)	(4,854)	(7,124)
Treasury Stock		0	(6,735)	(6,735)	(6,735)	(6,735)
Total equity	Before distribution	3,931,220	4,413,032	4,412,177	4,385,192	4,534,794
	After distribution	3,802,414	4,734,682	4,058,362	4,224,367	Note 1

Note1: The Proposal of 2023 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				
	2019	2020	2021	2022	2023
Operating Revenue	12,259,254	12,324,165	14,778,782	16,999,408	16,313,623
Gross Profit	995,926	1,358,002	1,361,048	1,455,027	1,493,483
Operating Profit	33,435	331,428	302,712	309,946	357,158
Non-operating income & Expense	141,775	344,301	51,025	66,177	33,010
Income before tax	175,210	675,729	353,737	376,123	390,168
Profit from Continuing Operations	175,210	675,729	353,737	376,123	390,168
Profit/Loss from Discontinued Operations	0	0	0	0	0
Net Income (Loss)	141,379	565,233	281,356	305,533	330,790
Other Comprehensive Income/ Loss for the period (After Tax)	(3,495)	2,348	(2,183)	4,610	(2,597)
Total Comprehensive Income/Loss	137,884	567,581	279,173	310,143	328,193
Net earnings attributable to owners of the parent	203,114	615,277	322,817	321,930	312,570
Net earnings attributable to non-controlling interest	(61,735)	(50,044)	(41,461)	(16,397)	18,220
Comprehensive Income attributable to owners of the parent	200,349	617,352	320,795	326,158	310,427
Comprehensive Income attributable to non-controlling interest	(62,465)	(49,771)	(41,622)	(16,015)	17,766
Earnings per Share	0.63	1.91	1.00	0.97	0.94

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				
	2019	2020	2021	2022	2023
Operating revenue	11,627,824	11,775,775	14,224,076	15,964,576	14,933,039
Gross Profit	1,074,922	1,384,225	1,277,825	1,265,117	1,154,730
Operating Profit	288,268	519,022	408,840	355,405	246,116
Non-operating income & Expense	(56,082)	175,430	(15,744)	37,279	120,199
Income before tax	232,186	694,452	393,096	392,684	366,315
Profit from Continuing Operations	232,186	694,452	393,096	392,684	366,315
Profit/Loss from Discontinued Operations	0	0	0	0	0
Net Income (Loss)	203,114	615,277	322,817	321,930	312,570
Other Comprehensive Income/ Loss for the period (After Tax)	(2,765)	2,075	(2,022)	4,228	(2,143)
Total Comprehensive Income/Loss	200,349	617,352	320,795	326,158	310,427

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
2019	Solomon & Co., CPAs	Lu, Song Yu & Chen, Yu Tzu	Unqualified
2020	Solomon & Co., CPAs	Lu, Song Yu & Wu, Chien Mong	Unqualified
2021	Solomon & Co., CPAs	Lu, Song Yu & Wu, Chien Mong	Unqualified
2022	Solomon & Co., CPAs	Lu, Song Yu & Chen, Yu Tzu	Unqualified
2023	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				
		2019	2020	2021	2022	2023
Financial Structure (%)	Debt Ratio	55.70	47.80	51.10	56.85	54.83
	Ratio of long-term capital to property, plant and equipment	143.62	156.54	160.97	154.75	157.62
Solvency (%)	Current Ratio	164.58	206.63	184.84	149.43	154.29
	Quick Ratio	93.22	128.13	110.92	82.23	76.37
	Interest earned ratio (times)	3.95	16.99	10.56	7.63	5.83
Operating Performance	Accounts receivable turnover (times)	9.20	8.94	9.09	8.91	8.61
	Average collection days in sales	39.65	40.84	40.15	40.96	42.39
	Inventory turnover (times)	6.79	6.35	7.69	6.83	5.40
	Accounts payable turnover (times)	32.76	36.01	30.41	32.05	29.93
	Average days in sales	53.76	57.48	47.46	53.44	67.59
	Property, plant and equipment turnover (times)	3.07	3.18	3.99	4.56	4.37
	Total assets turnover (times)	1.40	1.41	1.67	1.75	1.59
Profitability	Return on total assets (%)	2.16	6.85	3.51	3.61	3.69
	Return on stockholders' equity (%)	3.66	13.55	6.38	6.95	7.01
	Net income before tax as a percentage of paid-in capital (%)	5.44	20.98	10.99	11.68	11.76
	Profit Margin (%)	1.15	4.59	1.90	1.80	1.92
	Earnings per share (NT\$)	0.63	1.91	1.00	1.00	0.94
Cash Flow	Cash flow ratio (%)	(4.14)	40.99	(3.99)	(6.22)	13.74
	Cash flow adequacy ratio (%)	(0.03)	39.86	17.91	18.58	34.97
	Cash reinvestment ratio (%)	(1.50)	6.87	2.12	(5.82)	3.30

Leverage	Operating leverage	81.93	9.11	11.47	12.76	10.82
	Financial leverage	(1.29)	1.15	1.14	1.22	1.29

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

1. Solvency: interest coverage ratio decreased 23.5%.
Due to multiple interest rate hikes by the Federal Reserve, the company experienced an increase in short-term and long-term borrowing rate by 0.5% to 1%. Interest expenses increased by \$23.95 million
2. Financial performance: inventory turnover ratio decreased by 20.9% whereas average days of inventory increased by 26.5%
Mainly due to:
 - (1) A 4.6% reduction in cost of goods sold and an increase of 17% in average inventory
 - (2) The decrease in inventory turnover ratio of 20.9% led to an increase in average days of inventory
3. Cash flow: increased by 3.2 times (from negative to positive), cash reinvestment ratio increased by 1.6 times (from negative to positive), and cash flow adequacy ratio increased by 88%
Mainly due to:
Net cash inflow from operations amounted to \$513,280 thousand

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

6.2.2. Parent Company Only Financial Analysis

Year Item		Financial Summary for The Last Five Years				
		2019	2020	2021	2022	2023
Financial Structure (%)	Debt Ratio	49.94	41.77	45.31	52.26	49.85
	Ratio of long-term capital to property, plant and equipment	174.18	188.78	199.94	190.49	193.06
Solvency (%)	Current Ratio	198.87	261.24	215.03	164.90	171.93
	Quick Ratio	113.47	163.08	129.41	89.88	86.72
	Interest earned ratio (times)	7.04	28.85	18.34	11.10	7.23
Operating Performance	Accounts receivable turnover (times)	8.57	8.12	8.33	8.08	7.34
	Average collection days in sales	42.59	44.97	43.80	45.16	49.73
	Inventory turnover (times)	6.76	6.42	8.07	7.00	5.53
	Accounts payable turnover (times)	25.33	24.66	28.51	31.16	30.29
	Average days in sales	53.99	56.85	45.23	52.14	66.00
	Property, plant and equipment turnover (times)	4.05	4.14	5.33	5.85	5.36
	Total assets turnover (times)	1.51	1.53	1.82	1.85	1.64
Profitability	Return on total assets (%)	3.04	8.23	4.36	4.09	3.95
	Return on stockholders' equity (%)	5.26	14.75	7.32	7.32	7.01
	Net income before tax as a percentage of paid-in capital (%)	7.21	21.57	12.21	12.19	11.04
	Profit Margin (%)	1.75	5.22	2.27	2.02	2.09
	Earnings per share (NT\$)	0.63	1.91	1.00	1.00	0.94
Cash Flow	Cash flow ratio (%)	2.89	86.61	5.82	(10.08)	16.50
	Cash flow adequacy ratio (%)	19.61	68.84	50.55	39.84	40.36
	Cash reinvestment ratio (%)	0.33	12.58	(2.17)	(7.40)	3.52
Leverage	Operating leverage	9.50	5.78	8.26	10.44	13.99
	Financial leverage	1.15	1.05	1.06	1.12	1.31

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

1. Solvency: interest coverage ratio decreased 34.9%.
Due to multiple interest rate hikes by the Federal Reserve, the company experienced an increase in short-term and long-term borrowing rate by 0.5% to 1%. Interest expenses increased by \$19.92 million
2. Financial performance: inventory turnover ratio decreased by 21% whereas average days of inventory increased by 26.6%
Mainly due to:
 - (1) A 6.4% reduction in cost of goods sold and an increase of 187% in average inventory
 - (2) The decrease in inventory turnover ratio of 21% led to an increase of 26.6% in average days of inventory
3. Cash Flow: increased by 2.6 times (from negative to positive), cash reinvestment ratio increased by 1.5 times (from negative to positive), and cash flow adequacy ratio increased by 34%
Mainly due to:
 - (1) Net cash inflow from operations amounted to \$497,142 thousand
 - (2) Operating profit decreased by 30.8%

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 2024

The undersigned has duly audited the 2023 Operating Report, and Financial Statements audited and prepared by Solomon CPA, Ltd., Lu, 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: Min-Tao Fang

March 12, 2024

To: The General Meeting of Shareholders of year 2024

The undersigned has duly audited the Schedule of Earnings Distribution prepared by the Audit Committee for the year of 2023, 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: Min-Tao Fang

April 16, 2024

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	2022	2023	Difference	
			Amount	%
Current Assets	5,908,691	5,764,433	(144,258)	(2.44)
Property, Plant and Equipment	3,728,725	3,736,619	7,894	0.21
Other Assets	586,660	606,537	19,877	3.39
Total Assets	10,275,495	10,185,478	(90,017)	(0.88)
Current Liabilities	3,954,111	3,736,068	(218,043)	(5.51)
Non-Current Liabilities	1,887,578	1,848,236	(39,342)	(2.08)
Total Liabilities	5,841,689	5,584,304	(257,385)	(4.41)
Capital stock	3,220,139	3,316,634	96,495	3.00
Capital surplus	15,030	15,030	0	0
Retained Earnings	1,161,612	1,216,989	55,377	4.77
Equity attributed to owners of the parent	4,385,192	4,534,794	149,602	3.41
Total Equity	4,433,806	4,601,174	167,368	3.77
Explanation for variance (if the variation is 20 % or more & the amount is equal to or larger than NT\$10 million): None				

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	2022	2023	Difference	
			Amount	%
Net Operating Revenue	16,999,408	16,313,623	(685,785)	(4.03)
Operating Cost	15,539,508	14,824,093	(715,415)	(4.60)
Gross Profit	1,455,027	1,493,483	38,456	2.64
Operating Expenses	1,144,381	1,136,425	(7,956)	(0.70)
Operating Income	309,946	357,158	47,212	15.23
Non-operating Income and Expenses	66,177	33,010	(33,167)	(50.12)
Income Before Tax	376,123	390,168	14,045	3.73
Income Tax Expenses	70,590	59,378	(11,212)	(15.88)
Net Income	305,533	330,790	25,257	8.27
Other Comprehensive Income	4,610	(2,597)	(7,207)	(156.33)
Total Comprehensive Income	310,143	328,193	18,050	5.82
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 decreased NT\$33.17 million, reduction of 50.12% Mainly due to: The financial cost increased, resulting in an increase of \$23.95 million, an increase of 42.2%				

7.2.2 Sales Volume Forecast

Based on the anticipated product orders and future operation and production capacity, we forecasted sale volume to be 750,000 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
806,371	497,142	(277,274)	(395,956)	0	630,283	-	-
Analysis of cash flow changes: 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
630,283	355,500	(352,000)	633,783	-	-
Analysis of cash liquidity in the coming year: 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:

In 2023, significant capital expenditure was allocated to invest in intangible assets, specifically to replace the company's ERP. This investment aims to enhance the immediacy for production and sales information, serving as a basis for management decision-making.

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.

2. Investment for the coming year: A budget of NT\$1 billion over the next two to 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

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.

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".

3. Future Research & Development Projects and Corresponding Budget

Projected NT\$56,095,000 toward research and development in 2024.

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.

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.

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

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

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

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

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

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

12. Litigation or Non-litigation Matters

(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.

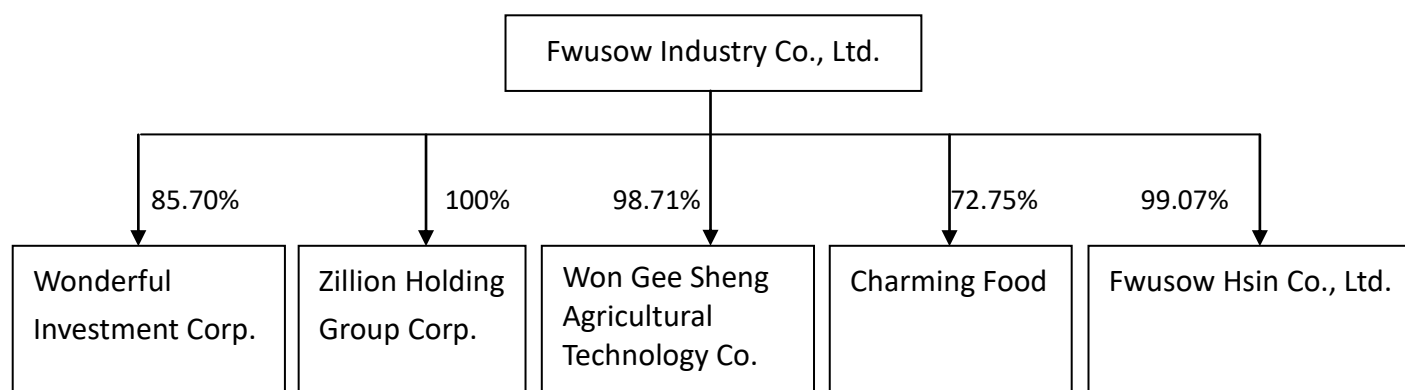
13. Other Major Risks: None

7.7 Other significant matters: None

VIII. Special Disclosure

8.1 Summary of Affiliated Companies

8.1.1 Summary of Affiliated Companies



8.1.2 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. 183, Tzu Li 1st St., Wuci 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

8.1.3 Presumed Control and Be-controlled Relation Information: None

8.1.4 Line of business for the inter-companies: None

8.1.5 Information regarding Directors, Supervisors, and Chairman of Affiliates

Entity Name	Position	Name or Representative	Shareholding	
			Shares	%
Fwusow Hsin Co., Ltd	Director	Representative: Hung, Yau-Kuen, Hung, Yau-Chih, Hung, Yau-Chun, Hung, Tsun-Lin, Hung, She-Pin	5,473,703	99.07
	Supervisor	Hung, Yao-Chi		
	General Manager	Hung, Yau-Chih		
Wonderful Investment Corp.	Directors	Representative: Hung, Yau-Kuen, Hung, Yau-Hsin, Hung, Yau-Chun, Tsai, Chia-Kuang, Yang, Chun-Hsien	12,585,000	85.70
	General Manager	Hung, Yau-Kuen		
Zillion Holding Group Corp.	Directors	Representative: Hung, Yau-Kuen, Hung, Yau-Hsin, Hung, Yau-Chun	183,000	100.00
	General Manager	Hung, Yau-Kuen		
Charming Food	Directors	Representative: Hung, Yau-Hsin, Chao, James	29,100,000	72.75
	Supervisor	Hung, Yuan-Chin		
	General Manager	Chao, James		
Won Gee Sheng Agricultural Technology Co., Ltd	Director	Representative: Hung, Tsun-Lin	19,741,000	98.71
	General Manager	Lee, Chih-Hong		

8.1.6 Operations of Affiliates

Year 2023

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	189,393	12,287	177,106	91,774	1,898	3,339	0.60	NT\$
Wonderful Investment Corp.	12,585	4,888	0	4,888	0	0	77	0.06	USD
Zillion Holding Group Corp.	183	227	46	182	0	0	4	0.22	USD

Charming Food	400,000	1,680,752	1,532,004	148,748	1,760,770	85,985	64,799	1.62	NT\$
Won Gee Sheng Agricultural Technology Co., Ltd	200,000	351,487	130,079	221,408	434,782	14,847	14,593	0.73	NT\$

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

(2) 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: 2023 Audited Consolidated Financial Reports

FWUSOW INDUSTRY CO., LTD. and Subsidiaries
Consolidated Financial Statements for the Years Ended
December 31, 2023 and 2022 and Independent Auditors' Report

FWUSOW INDUSTRY CO., LTD. and Subsidiaries

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Representation Letter

Our company for the fiscal year 2023 (from January 1, 2023 to December 31, 2023) should include the same companies in the preparation of consolidated financial statements of related companies according to the 'Guidelines for the Preparation of Consolidated Financial Statements of Related Companies, and Related Reports' as well as in the preparation of consolidated financial statements of parent and subsidiary companies according to International Financial Reporting Standard No. 10." And the relevant information required to be disclosed in the consolidated financial statements of related companies has already been disclosed in the aforementioned consolidated financial statements of parent and subsidiary companies. Therefore, there is no need to prepare separate consolidated financial statements for related companies."

Hereby declare

The company name: Fwusow Industrial Co., Ltd.

Chairman: Hung Yao-Kun

March 12, 2024 Year of the Republic of China

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, 2023 and 2022, 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, 2023 and 2022, 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, 2023.

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, 2023 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, 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 were NTD 351,303 thousand (the same below)

accounting for 3.42% of consolidated total assets.; and the total operating income were NTD 341,419 thousand, accounting for 2.01% 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 NTD312,602 thousand and NTD296,808 thousand respectively for the above-mentioned investee companies on December 31, 2023 and 2022, respectively, accounting for 3.07% and 2.89% of the total consolidated assets and the total consolidated profit and loss recognized using the equity method in 2023 and 2022 in the Republic of China were 52,152 thousand and 56,008 thousand, respectively, accounting for 15.89% and 18.06% 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, 2023 and 2022 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 12, 2024

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)

		Year ended December 31			
		2023		2022	
Assets		Amount	%	Amount	%
Current assets					
1100	Cash and cash equivalents(Note 6(1))	\$ 848,678	8.3	\$ 1,080,690	10.5
1110	Current financial asset at fair value through profit or loss (Note 6(2))	56,128	0.6	56,914	0.6
1150	Notes receivable, net(Note 6(4))	462,685	4.5	493,956	4.8
1160	Notes receivable due from related parties, net,(Note 7(4))		—	454	—
1170	Accounts receivable, net(Note 6(5))	935,428	9.1	1,023,440	9.9
1180	Accounts receivable due from related parties, net(Note 7(4))	405,889	4.0	446,384	4.3
1200	Other receivable(Note 7(4))	25,970	0.3	28,198	0.3
1220	Current tax assets	1,009	—	972	—
130X	Inventories, net(Note 6(6))	2,813,591	27.6	2,569,200	25.0
1400	Current biological assets	79,748	0.8	68,389	0.7
1410	Prepayments	37,392	0.4	39,566	0.4
1470	Other current assets(Notes 6(1) 、8)	97,915	1.0	100,528	1.0
	Total current Assets	5,764,433	56.6	5,908,691	57.5
Non-current assets					
1550	Investments accounted for under equity method(Note 6(7))	391,649	3.8	368,471	3.6
1600	Property, plant and equipment(Note6(8) 、8)	3,736,619	36.7	3,728,725	36.3
1755	Right-of-use asset(Note6(9))	98,519	1.0	110,202	1.1
1780	Intangible assets(Note6(10))	77,889	0.8	51,419	0.5
1830	Non-current biological assets	29,607	0.3	18,511	0.2
1840	Deferred income tax assets(Note6(14))	70,368	0.7	71,080	0.7
1920	Guarantee deposits paid	16,178	0.1	16,903	0.1
1990	Other non-current assets (Note6(5))	216	—	1,493	—
	Total non-current assets	4,421,045	43.4	4,366,804	42.5
Total assets		\$ 10,185,478	100.0	\$ 10,275,495	100.0

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

(With Solomon & Co., audit report dated March 12, 2024)

Chairman : Hung, Yao-Kue

General Manager : Zhao Wenqian

Accounting Manager : Dai Zhenhui

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

		<i>Year ended December 31</i>			
		<i>2023</i>		<i>2022</i>	
		<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>
<i>Liabilities and Equity</i>					
Current liabilities					
2100	Short-term loans(Note 6(11))	\$ 2,158,847	21.2	\$ 2,415,096	23.5
2110	Short-term notes and bills payable(Note 6(11))	149,944	1.5	59,916	0.6
2120	Current financial liability at fair value through profit or loss(Note 6(2))	785	—	2,490	—
2130	Current contract liability-current(Note6(18))	6,607	0.1	7,260	0.1
2150	Notes payable	11,844	0.1	250,694	2.4
2170	Accounts payable(Note7(4))	476,849	4.7	233,197	2.3
2200	Other payables(Note7(4))	345,619	3.4	330,544	3.2
2230	Current tax liabilities	20,271	0.2	51,296	0.5
2280	Current lease liabilities(Note6(9))	25,438	0.2	27,398	0.3
2310	Advance receipt	1,113	—	1,070	—
2322	Current portion of long-term loans(Note6(12))	530,678	5.2	569,799	5.5
2399	Other current liabilities	8,073	0.1	5,351	0.1
	Total current Liabilities	<u>3,736,068</u>	<u>36.7</u>	<u>3,954,111</u>	<u>38.5</u>
Non-current liabilities					
2540	Long-term loans(Note 6(12))	1,354,836	13.3	1,384,963	13.5
2571	Deferred tax liabilities - land value increment tax	416,032	4.1	416,032	4.0
2580	Non current lease liabilities(Note 6(9))	74,506	0.7	83,506	0.8
2640	Net defined benefit liability-non current(Note 6(13))	441	—	561	—
2645	Guarantee deposits received	2,421	—	2,516	—
	Total non-current liabilities	<u>1,848,236</u>	<u>18.1</u>	<u>1,887,578</u>	<u>18.3</u>
	Total liabilities	<u>5,584,304</u>	<u>54.8</u>	<u>5,841,689</u>	<u>56.8</u>
Equity attributable to owners of parent (Note 6(15))					
3110	Share capital	3,316,634	32.6	3,220,139	31.3
3200	Capital surplus	15,030	0.2	15,030	0.2
3300	Retained earnings	1,216,989	11.9	1,161,612	11.3
3400	Other equity interest	(7,124)	(0.1)	(4,854)	0.0
3500	Treasury share	(6,735)	(0.1)	(6,735)	(0.1)
	Total equity	<u>4,534,794</u>	<u>44.5</u>	<u>4,385,192</u>	<u>42.7</u>
36XX	Non-controlling interests	<u>66,380</u>	<u>0.7</u>	<u>48,614</u>	<u>0.5</u>
	Total equity	<u>4,601,174</u>	<u>45.2</u>	<u>4,433,806</u>	<u>43.2</u>
	Total liabilities and equity	<u>\$ 10,185,478</u>	<u>100.0</u>	<u>\$ 10,275,495</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 12, 2024)

Chairman : Hung, Yao-Kue

General Manager : Zhao Wenqian

Accounting Manager : Dai Zhenhui

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

		2023		2022	
		Amount	%	Amount	%
4100	Net operating revenue (Note6(18))	\$ 16,313,623	100.0	\$ 16,999,408	100.0
5000	Operating costs (Note6(6))	(14,824,093)	(90.9)	(15,539,508)	(91.4)
5860	Gains(Losses) on changes in fair value less costs to sell of biological assets for current period	3,953	—	(4,873)	—
	Gross Profit	1,493,483	9.1	1,455,027	8.6
5910	Unrealized profit (loss) from sales	(1,100)	—	(700)	—
	Realized profit (loss) from sales	1,200			
	Net Gross Profit	1,493,583	9.1	1,454,327	8.6
6000	Operating Expenses				
6100	Selling expenses	(740,263)	(4.5)	(762,922)	(4.5)
6200	Administrative expenses	(345,527)	(2.1)	(323,568)	(1.9)
6300	Research and development expenses	(47,716)	(0.4)	(56,555)	0.4
6450	Overdue credit(impairment loss)gain on reversal	(2,919)	—	(1,336)	—
		(1,136,425)	(7.0)	(1,144,381)	6.8
	Net operating profit	357,158	2.1	309,946	1.8
7000	Non-operating income and expenses				
7100	Interest income	7,038	—	3,853	—
7010	Other income (Note6(19))	30,585	0.2	28,126	0.2
7020	Other gains and losses (Note6(20))	11,461	0.1	23,237	0.1
7050	Financial costs (Note6(21))	(80,709)	(0.5)	(56,762)	(0.3)
7070	Share of Profit or Loss of Associates & Joint Ventures Accounted for Using Equity Method (Note6(7))	64,635	0.4	67,723	0.4
		33,010	0.2	66,177	0.4
7900	Profit before income tax	390,168	2.4	376,123	2.2
7950	Income tax expense (Note6(14))	(59,378)	(0.4)	(70,590)	(0.4)
	Profit for the year	330,790	2.0	305,533	1.8
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	(146)	—	2,278	—
8321	Other comprehensive income, before tax,actuarial gain (losses) on defined benefit plans for Using Equity Method	244	—	495	—
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	29	—	(456)	—
8360	Components of other comprehensive income that will be reclassified to profit or loss				
8361	Exchange differences on translation	(3,291)	—	2,770	—
8399	Income tax benefit related to items that will not be reclassified subsequently	567	—	(477)	—
	Other comprehensive income(net income after tax)	(2,597)	—	4,610	—
8500	Total comprehensive income	\$ 328,193	2.0	\$ 310,143	1.8
8600	Profit (loss), attributable to owners of parent				
8610	Stockholders of the Company	\$ 312,570	1.9	\$ 321,930	1.9
8620	Non-controlling Interest	18,220	0.1	(16,397)	(0.1)
		\$ 330,790	2.0	\$ 305,533	1.8
8700	Comprehensive income attributable to:				
8710	Stockholders of the Company	\$ 310,427	1.9	\$ 326,158	1.9
8720	Non-controlling Interest	17,766	0.1	(16,015)	(0.1)
	Total comprehensive income	\$ 328,193	2.0	\$ 310,143	1.8
	Earnings per share				
9750	Basic earnings per share(dollar) (Note6(17))	\$	0.94	\$	0.97

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

(With Solomon & Co., audit report dated March 12, 2024)

Chairman : Hung, Yao-Kue

General Manager : Zhao Wenqian

Accounting Manager : Dai Zhenhui

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

	Equity attributable to owners of the parent									
	Retained Earnings						Other equity interest			
					Unappropriated Earnings (Accumulated Deficit)	Total	Foreign Currency Translation Reserve	Treasury Stock	Non-controlling Interests	Total Equity
	Shares	Capital Surplus	Legal reserve	Special Reserve						
Balance at January 1, 2022	\$ 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 net income:										
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 2022	—	—	—	—	321,930	321,930	—	—	(16,397)	305,533
Other comprehensive loss for the 2022	—	—	—	—	2,317	2,317	1,911	—	382	4,610
Changes in non-controlling interests	—	—	—	—	—	—	—	—	2,592	2,592
Balance at December 31, 2022	3,220,139	15,030	360,762	233,273	567,577	1,161,612	(4,854)	(6,735)	48,614	4,433,806
Appropriation of earnings:										
Legal reserve	—	—	32,425	—	(32,425)	—	—	—	—	—
Cash dividends to shareholders	—	—	—	—	(160,825)	(160,825)	—	—	—	(160,825)
Stock dividends to shareholders	96,495	—	—	—	(96,495)	(96,495)	—	—	—	—
Profit for the year	—	—	—	—	312,570	312,570	—	—	18,220	330,790
Other comprehensive income	—	—	—	—	127	127	(2,270)	—	(454)	(2,597)
Balance at December 31, 2023	\$ 3,316,634	\$ 15,030	\$ 393,187	\$ 233,273	\$ 590,529	\$ 1,216,989	\$ (7,124)	\$ (6,735)	\$ 66,380	\$ 4,601,174

The accompanying notes are an integral part of the parent company only financial statements
(With Solomon & Co., audit report dated March 12, 2024)

Chairman : Hung, Yao-Kue

General Manager : Zhao Wenqian

Accounting Manager : Dai Zhenhui

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

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Profit before tax	\$ 390,168	\$ 376,123
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation expense	300,345	283,885
Amortized expense	11,709	2,744
Expected credit loss (gains)	2,919	1,336
Allowance for inventory valuation and obsolescence loss	11,700	8,536
Change in fair value less cost to sell of biological assets	(3,953)	4,873
Loss (gains) on Financial Assets and Liabilities at Fair Value through profit or loss	(3,147)	2,215
Finance costs	80,709	56,762
Dividend income	(247)	(691)
Interest income	(7,038)	(3,853)
Share-based compensation		709
Share of loss (profit) of associates and joint ventures accounted for using equity method	(64,635)	(67,723)
Loss (gain) on disposal of property, plant and equipment	(2,669)	(347)
Property, plant and equipment transferred expenses	7,046	230
Loss (gain) on disposal of financial assets		—
Loss of lease modification	(3)	—
Unrealized profit (loss) from sales	1,100	700
Realized profit (loss) from sales	(1,200)	
Others	1,582	4,358
Total adjustments to reconcile profit (loss)	<u>334,218</u>	<u>293,734</u>
Changes in operating assets and liabilities:		
Changes in operating assets		
Financial assets and liabilities at fair value through profit or loss	4	(23,350)
Notes receivable (include related parties)	31,725	(36,891)
Accounts receivable (include related parties)	124,764	(95,402)
Other receivables (include related parties)	(8,535)	(2,773)
Inventories	(256,091)	(681,031)
Biological assets	(35,068)	(11,841)
Prepayments	5,281	(8,222)
Other current assets	781	2,247
Overdue receivables (include related parties)	881	(162)
Changes in operating liabilities		
Notes payable (include related parties)	(238,850)	7,778
Accounts payable (include related parties)	243,652	(36,709)
Other payables (include related parties)	25,596	35,704
Advance receipts	43	(792)
Contract liabilities	(653)	(4,429)
Other current liabilities	2,722	306
Net defined benefit liability	(265)	(1,427)
Total changes in operating assets and liabilities	<u>(104,013)</u>	<u>(856,994)</u>
Total adjustments	<u>230,205</u>	<u>(563,260)</u>
Cash inflow (outflow) generated from operations	620,373	(187,137)
Interest received	7,077	3,998
Dividend received	58,955	42,734
Interest paid	(83,929)	(56,736)
Income tax paid	(89,157)	(48,885)
Cash provided by (used in) operating activities	<u>513,319</u>	<u>(246,026)</u>

(Carried over)

(Brought forward)

	2023	2022
Cash flows from investing activities:		
Proceeds from redemption of financial assets measured at amortized cost		110,014
Acquisition of Investments accounted for under equity method	(5,600)	
Proceeds from disposal of property, plant and equipment	4,793	790
Additions to property, plant and equipment	(315,940)	(248,835)
Acquisition of financial assets at amortised cost		—
Acquisition of intangible assets	(4,063)	(24,391)
Decrease (increase) in other financial assets		(88,400)
Decrease (increase) in refundable deposits	725	(801)
Net cash flows from (used in) investing activities	(320,085)	(251,623)
Cash flows from financing activities:		
Increase (decrease) in short-term loans	(256,249)	1,389,476
Increase in commercial paper payable	90,028	—
Decrease in commercial paper payable		(129,993)
Proceeds from long-term bank loans	400,000	400,000
Repayment of long-term bank loans	(469,248)	(572,633)
Cash dividends paid	(160,825)	(353,815)
Increase (decrease) in quarantee deposits received	(95)	94
Repayment of principal of lease liabilities	(29,012)	(27,960)
Increase in non-controlling interests		2,592
Net cash flows from (used in) financing activities	(425,401)	707,761
Effects of exchange rate change on cash	155	(285)
Net increase (decrease) in cash and cash equivalents	(232,012)	209,827
Cash and cash equivalents at beginning of year	1,080,690	870,863
Cash and cash equivalents at end of year	\$ 848,678	\$ 1,080,690

*The accompanying notes are an integral part of the consolidated financial statements
(With Solomon & Co., audit report dated March 12, 2024)*

Chairman : Hung, Yao-Kue

General Manager : Zhao Wenqian

Accounting Manager : Dai Zhenhui

FWUSOW INDUSTRY CO., LTD. and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2023 and 2022

(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 12, 2024.

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 2024 are as follows:

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 16 ” Leases Liability in a Sale and Leaseback”	January 1,2024 (Note 2)
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 3)

Note 1:The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2024.

Note 2: The seller cum lessee shall retrospectively apply the amendments to IFRS 16 to sale and leaseback transactions entered into after the initial application of IFRS 16.

Note 3: Exemptions from certain disclosure requirements upon initial application of this amendment.

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

New IFRSs	Effective Date Announced by IASB((Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023

New IFRSs	Effective Date Announced by IASB((Note 1)
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 21 [Lack of Exchangeability]	January 1, 2025 (Note 2)

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

Note 2: Applicable to annual reporting periods beginning on or after January 1, 2025. Upon initial application of this amendment, the impact on the figures shall be recognized in retained earnings as of the date of initial application. When an entity uses a non-functional currency to express its currency in the consolidated financial statements, the impact shall adjust the foreign exchange differences under equity on the date of initial application.

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, 2023	December 31, 2022
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, 2023	December 31, 2022
WANJISHENG INVESTMENT CO.	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%
	WANJISHENG INVESTMENT CO.	Investment holding company	85.70%	85.70%
	WONDERFUL AGRICULTURAL TECHNOLOGY CO.,	Livestock breeding, etc.	98.71%	98.71%
	XIAMEN FWUSOW INDUSTRY CO., LTD.	Manufacturing and sales	100.00%	100.00%
	XIAMEN FWUSOW TRADING CO., LTD	Buying and selling pet food, supplies, etc.	100.00%	100.00%

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 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.

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(13) , Measurement of net definite benefit liabilities
4. Note 6(14) , Realization of Deferred Income Tax Assets °

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2021
Cash on hand	\$ 1,309	\$ 1,177
Checking accounts	3,435	8,069
Demand deposits	767,720	946,495
Foreign currency deposit	76,214	124,949
	<u>\$ 848,678</u>	<u>\$ 1,080,690</u>

<u>Other current assets</u>	December 31, 2023	December 31, 2022
Time deposits (the original expiry date is more than three months)	<u>\$ 95,493</u>	<u>\$ 97,325</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

	December 31, 2023	December 31, 2022
Listed OTC stock and fund	\$ 4,965	\$ 4,969
Unquoted shares	83,373	84,493
Open-end fund	49,788	50,856
Adjustments for change	<u>(81,998)</u>	<u>(83,404)</u>
	<u>\$ 56,128</u>	<u>\$ 32,790</u>

Current financial liability at fair value through profit or loss

	December 31, 2023	December 31, 2022
Forward exchange contracts	\$ 785	\$ 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, 2023		December 31, 2022	
	Currency	Maturity Date	Contract Amounts	(Thousand)
Forward foreign exchange buying contracts	USD exchange			
Forward foreign exchange buying contracts	NTD	2024.01	USD	1,000

The company's estimated net profit and loss on derivative financial products in 2023 and 2022 are 1,705 thousand dollars and (2,490) thousand dollars.

In 2023 and 2022, the net gains and losses recognized by offsetting contracts of derivative financial asset transactions were (298) thousand dollars and 18,331 thousand dollars, respectively.

(3) Notes receivable

	December 31, 2023	December 31, 2022
Notes receivable	\$ 463,432	\$ 494,703
Less: Loss allowance	(747)	(747)
	<u>\$ 462,685</u>	<u>\$ 493,956</u>

(5) Accounts receivable (including overdue receivables)

Current:

	December 31, 2023	December 31, 2022
Accounts receivable	\$ 947,896	\$ 1,030,913
Less: Loss allowance	(12,468)	(7,473)
	<u>\$ 935,428</u>	<u>\$ 1,023,440</u>

Non-current :

	December 31, 2023	December 31, 2022
overdue receivables	\$ 2,427	\$ 4,618
Less: Loss allowance	(2,427)	(4,618)
	<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, 2023

	Current	1 to 30 days	31 to 60 days	61 to 120 days	Over 120 days	Total
Expected Credit Loss	0%~3%	0%~50%	0%~88%	0%~100%	100%	
Carrying amount	\$ 1,659,333	\$ 143,979	\$ 9,178	\$ 5,109	\$ 2,427	\$ 1,820,026
lifetime expected credit losses	(5,948)	(2,957)	(585)	(4,107)	(2,427)	(16,024)
Amortized cost	<u>\$ 1,653,385</u>	<u>\$ 141,022</u>	<u>\$ 8,593</u>	<u>\$ 1,002</u>	<u>\$ —</u>	<u>\$ 1,804,002</u>

December 31, 2022

	Current	1 to 30 days	31 to 60 days	61 to 120 days	Over 120 days	Total
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>

Change information of loss allowance :

	2023	2022
Opening balance	\$ 13,220	\$ 20,109
Overdue credit impairment loss	2,919	1,336
Non recoverable receivable	(57)	(8,325)
Effect of exchange rate changes	(58)	100
Ending balance	<u>\$ 16,024</u>	<u>\$ 13,20</u>

(6) Inventories

	December 31, 2023	December 31, 2022
		\$
Raw materials	\$ 753,780	1,064,163
Materials	82,295	81,439
Semi-manufactures	67,804	32,631
Manufactures	872,380	984,905
Commodity	8,562	9,127
Inventory in transit - materials	<u>1,088,916</u>	<u>445,381</u>
	2,873,737	2,617,646
Less: allowance for inventory write-down	<u>(60,146)</u>	<u>(48,446)</u>
Net inventories	<u>\$ 2,813,591</u>	<u>\$ 2,569,200</u>

The cost of inventories recognized as expense for the year:

	2023	2022
Cost of goods sold	\$ 14,750,368	\$ 15,482,705
Costs of conversion	----	3,382
Loss on decline in market value	11,700	8,536

Net loss on physical inventory	45,653	36,471
Income from disposal of leftover and scraps	(681)	(397)
Scrap Loss	7,817	----
Others	9,236	8,811
	<u>\$ 14,824,093</u>	<u>\$ 15,539,508</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:

	2023	2022
Inventory losses (reversal of write-down of inventories)	<u>\$ 11,700</u>	<u>\$ 8,536</u>

2. As of December 31, 2023 and 2022, 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-subidiaries are provided as follows:

Investee	December 31, 2023		December 31, 2022	
	Share		Share	
	Carrying amount	holding ratio %	Carrying amount	holding ratio %
CENTRAL UNION OIL CORP.	305,913	32.33	296,808	32.33
CHIATON INTERNATIONAL CO., LTD.	79,047	37.50	71,663	37.50
DINGDA INTERNATIONAL CO., LTD	6,689	21.88		
	<u>\$391,649</u>		<u>\$368,471</u>	

1. The Group's investments accounted for its subsidiaries were unquoted.

2. Details of Share of Profit or Loss of associates Accounted:

	2023	2022
The Group's share of the net profit of the associated companies for the current period	<u>\$ 64,635</u>	<u>\$ 67,723</u>
The group's share of other comprehensive profits and losses of associated companies	<u>244</u>	<u>\$ 495</u>

Details of financial information of associates Accounted:

	December 31, 2023	December 31, 2022
Total assets	\$ 3,184,706	\$ 3,175,596
Total liability	1,993,764	2,064,322
Net assets	1,190,942	1,111,274

	2023	2022
Revenues	\$ 1,876,232	\$ 11,884,589
Net profit	\$ 194,548	\$ 204,261
Share of profit (loss) of associates for using equity method	\$ 55	1.531

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

The investment gains and losses recognized by the equity method in 2023 and 2022 were calculated based on the financial statements of the investee company verified by accountants.

3. As of December 31, 2023 and 2022, the Group did not provide any investment accounted for using equity method as collaterals for its loans.

4. In February 111, the Company invested 1,120 million NT dollars in Top International Co., Ltd., holding an 8.1% stake with no significant influence. In September 112, the Company participated in Top International Co., Ltd.'s capital increase of 5,600 million NT dollars, acquiring a 21.88% stake based on the investment cost. As the Company gained significant influence over Top International Co., Ltd., the original investment and the capital increase amount were reclassified as investments accounted for using the equity method.

The company primarily operates in the manufacturing of canned, frozen, dehydrated, and pickled food products.

(8) Property, plant and equipment

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

	2023	2022
Capitalization amount	\$ 2,036	\$ 1,244
Capitalization interest rate	1.84%	1.59%

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, 2023	\$ 1,454,919	\$ 2,574,976	\$ 2,996,196	\$ 123,223	\$ 374,625	\$195,646	\$ 7,719,585
Additions	707	2,044	6,624	2,211	26,216	270,837	308,639
Reclassifications	—	40,776	204,084	2,829	38,101	(328,787)	(42,997)
Disposals	—	--	(301)	(7,027)	(9,090)	—	(16,418)
December 31, 2023	<u>\$ 1,455,626</u>	<u>\$ 2,617,796</u>	<u>\$ 3,206,603</u>	<u>\$ 121,236</u>	<u>\$ 429,852</u>	<u>\$ 195,646</u>	<u>\$ 7,968,809</u>
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>
Accumulated depreciation and impairment							
At January 1, 2023	\$ (26,643)	\$ (1,559,072)	\$ (2,058,839)	\$ (105,136)	\$ (241,170)	\$ —	\$ (3,990,860)
Additions	—	(85,366)	(120,055)	(6,749)	(45,382)	—	(257,552)
Gain on reversal of impairment loss	—	---	—	—	—	—	—
Disposals	—	—	164	6,979	9,079	—	16,222
At December 31, 2023	<u>\$ (26,643)</u>	<u>\$ (1,644,438)</u>	<u>\$ (2,178,730)</u>	<u>\$ (104,906)</u>	<u>\$ (277,473)</u>	<u>\$ —</u>	<u>\$ (4,232,190)</u>
At January 1, 2022	\$ (26,643)	\$ (1,474,639)	\$ (1,954,207)	\$ (101,590)	\$ (229,889)	\$ —	\$ (3,786,968)
Additions	—	(85,246)	(113,715)	(7,409)	(28,731)	—	(235,101)
Gain on reversal of impairment loss	—	—	—	—	—	—	—
Disposals	—	813	23,015	3,863	3,518	—	31,209
Reclassification	—	—	(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>
Book Value:							
December 31, 2023	<u>\$ 1,428,983</u>	<u>\$ 973,358</u>	<u>\$ 1,027,873</u>	<u>\$ 16,330</u>	<u>\$ 152,379</u>	<u>\$ 137,696</u>	<u>\$ 3,736,619</u>
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>

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 Note8.

(9)Lease arrangements

(a)Right-of-use assets

	Land	Building	Machinery and Equipment	Transportation equipment	Total
Cost :					
Balance at January 1, 2023	\$ 57,131	\$ 11,352	\$ 3,303	\$ 98,330	\$ 172,156
Addition	1,722	—	—	17,306	19,028
Lease Modifying	—	—	(3,303)	(17,471)	(20,774)
Balance at December 31, 2023	<u>\$ 58,853</u>	<u>\$ 13,392</u>	<u>—</u>	<u>\$ 98,165</u>	<u>\$ 170,410</u>
Accumulated depreciation and impairment:					
Balance at January 1, 2023	\$ (7,111)	\$ (5,880)	\$ (3,236)	\$ (45,727)	\$ (61,954)
Depreciation	(3,875)	(2,955)	(67)	(22,841)	(29,738)
Decrease	—	—	3,303	16,498	19,801
Balance at December 31, 202	<u>\$ (10,986)</u>	<u>\$ (8,835)</u>	<u>—</u>	<u>\$ (52,070)</u>	<u>\$ (71,891)</u>
Book value:					
Balance at December 31, 2023	<u>\$ 47,867</u>	<u>\$ 4,557</u>	<u>—</u>	<u>\$ 46,095</u>	<u>\$ 98,519</u>
	Land	Building	Machinery and Equipment	Transportation equipment	Total
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>

For the years ended December 31, 2023 and 2022, the Company did not undergo major sub-leases and impairments.

(b)Lease liabilities

	December 31, 2023	December 31, 2023
Book value of lease liabilities		
current	\$ 25,438	\$ 27,398
non-current	\$ 74,506	\$ 83,506

Discount rate for lease liabilities under the Group's two years is 1.03%~2.04%

(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

	2023	2022
Expenses relating to short-term leases	\$ 1,653	\$ 971
Low-value asset lease expenses	\$ 129	\$ 38
Expenses relating to variable lease payments not included in the measurement of lease liabilities	\$ 17,199	\$ 17,009
Total cash (outflow) for leases	\$ 51,637	\$ 49,558

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, 2023

Project	Cost	Additions	Amortization	Accumulated amortization	Carrying amounts
Software	\$ 81,191	\$ 38,179	\$ (11,709)	\$ (41,481)	\$ 77,889

December 31, 2022

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

(11)SHORT-TERM LOANS

(a) Short-term borrowings

Nature of loan	December 31, 2023	interest rates range from	Maturity year	Collateral
Bank loans				
Purchase loans	\$ 98,847	6.57%~6.62%	2024.06	NONE
Credit loans	2,060,000	1.65%~2.33%	2024.01 ~ 2024.12	NONE
	<u>\$ 2,158,847</u>			

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>			

(b) Short-term commercial paper payable

	December 31, 2023	December 31, 2022,
Commercial paper payable	\$ 150,000	\$ 60,000
Discount	(56)	(84)
	<u>\$ 149,944</u>	<u>\$ 59,916</u>
Interest rate range	1.85%~1.98%	2.14%~2.36%
Maturity year	2024.01	2023.02

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

	December 31, 2023	December 31, 2022
Collateralize loans	\$ 526,937	\$ 631,908
Credit loans	1,358,577	1,322,854
Less: Current portion of long-term loans payable	(530,678)	(569,799)
Long-term debt payable	<u>\$ 1,354,836</u>	<u>\$ 1,384,963</u>
Interest rate range	1.63%~2.36%	1.51%~2.11%
Maturity year	2024.1 ~ 2039.8	2023.4 ~ 2039.8
Unspent amount	<u>\$ 873,333</u>	<u>\$ 760,000</u>

(13)Plan of post-retirement benefits

A. Defined benefit plans

	December 31, 2023	December 31, 2022
Total present value of obligations	\$ 13,637	\$ 13,826
Fair value of project assets	(13,196)	(13,265)
Recognized definite benefit obligation liabilities	<u>\$ 441</u>	<u>\$ 516</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

	2023	2022
present value of a defined benefit	\$ 13,826	\$ 15,212
employee benefits expense	(617)	—)
Current service cost and interest	190	114
Recognition of other comprehensive income	238	(1,500)
present value of a defined benefit	<u>\$ 13,637</u>	<u>\$ 13,826</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:

	2023	2022
Fair value of planned assets at the beginning of the period	\$ 13,265	\$ 10,946
Allocated amount	271	1,450
Interest income	185	91
Plan asset payment	(617)	—)
Plan asset return	92	778
Fair value of plan assets at the end of the period	<u>\$ 13,196</u>	<u>\$ 13,265</u>

(c) Recognition as an profit and loss

	2023	2022
Current service cost	\$ —	\$ —
Interest cost	190	114
Interest income	(185)	(91)
Employee retirement benefits	<u>\$ 5</u>	<u>\$ 23</u>

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

	2023	2022
Accumulated balance on January 1	\$ 157,540	\$ 159,818
Current	146	(2,278)
Accumulated balance on December 31	<u>\$ 157,686</u>	<u>\$ 157,540</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:

	2023	2022
Discount rate	1.25%	1.38%
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:

	2023	
	Increase	Decrease
Net defined benefit liability	\$ 419	\$ (437)

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

The group expects to allocate 0 dollar to the determined benefit plan within one year after December 31, 2023

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 2023 and 2022 pension plans are 25,406 thousand dollar and 25,733 thousand dollar respectively, which have been transferred to the Labor Insurance Bureau.

(14)Income tax

1. Income tax expense recognized in profit or loss :

	2023	2022
Income tax expense calculated at the statutory rate	\$ 90,938	\$ 65,186
Amount of tax impact of income tax adjustment items		
Permanent differences	(16,684)	(4,144)
Temporary differences	(3,279)	3,583
Effect of loss carryforwards	(14,234)	12,071
Adjustments for prior years	(4,67)	(2,522)
Investment tax credits	—	—)
Undistributed retained earnings	1,796	86
Deferred income tax expenses adjusted this year	1,308	(3,670)

Income tax expense	\$ 59,378	\$ 70,590

2. Deferred income tax

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

	2023			
	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	6,437	1,550	—	7,987
Unrealized Gain or Loss	(338)	(14)	—	(402)
Net changes in equity of investment accounted for using equity method	19,273	(4,713)	—	14,560
Impairment loss recognized under the cost method	7,218	—	—	7,218
Fixed asset impairment loss	(468)	—	—	(468)
Others	(2,260)	3,769	—	1,509
Loss carryforwards	38,000	(1,900)	—	36,100
Defined benefit plans actuarial loss	(468)	—	—	(468)
Conversion difference in the conversion of financial statements of foreign operating organizations	(1,218)	—	567	(651)
	<u>\$ 71,080</u>	<u>\$ (1,308)</u>	<u>\$ 596</u>	<u>\$ 70,368</u>

	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>

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

	2023	2022
Allowance for uncollectible accounts	\$ 360	\$ 360
Net investment income or loss accounted for using equity method	36,583	41,296
Net investment income or loss accounted for using cost method	7,690	7,690
Inventory Valuation Losses	3,381	3,381
Loss on Disposal of Investment and Impairment Loss	1,300	1,300
Loss carryforwards	242,954	254,579
Foreign exchange gain	(1)	1
	<u>\$ 292,267</u>	<u>\$ 308,607</u>

4. The income tax settlement declaration of the group's for-profit business has been approved by the auditing agency until 2021.

(15) Capital and other equity

A. Issuance of ordinary shares

In 2023 and 2022, 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 331,663 thousand and 322,014 thousand ordinary shares.

B. Capital Surplus

Details of capital reserve balance:

	December 31, 2023	December 31, 2022
Treasury stock trading	\$ 5,996	\$ 5,996
Share-based payments	672	672
Others	8,362	8,362
	<u>\$ 15,030</u>	<u>\$ 15,030</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.

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, 2023, 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 2022 and 2021 annual earnings distribution proposal and dividend distribution on June 9, 2023 and June 17, 2022 through the resolutions of the shareholders' meeting

	Surplus distribution		Dividend per share(dollar)	
	2022	2021	2022	2021
Legal reserve	\$ 32,425	\$ 32,160	—	—
Cash dividends	160,825	353,815	0.50	1.10
Stock dividends	96,495		0.30	
	<u>\$ 289,745</u>	<u>\$ 385,975</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	2023			
	Beginning	Increase	Decrease	The end
Transfer shares to employees	364,000	—	—	364,000

Reason	2022			
	Beginning	Increase	Decrease	The end
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, 2023, 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

	2023	2022
	After tax	After tax
Consolidated net income attributed to stockholders of the company(A)	\$ 312,570	\$ 321,930

	2023	2022
Number of issued shares at the beginning of the period (thousand)	322,014	322,014
Stock repurchase	(364)	(364)
Weighted average number of outstanding shares at the end of 111, retrospectively calculated to account for bonus shares.	9,649	9,649
Number of shares outstanding at the end of the period(thousand)(B)	331,299	331,299
Basic(A/B)(dollar)	\$ 0.94	\$ 0.97

(18) Customer contract revenue

A. Customer contract revenue

	2023	2022
Animal Feeds	\$ 3,853,496	\$ 4,080,542
Food	7,871,637	7,970,308
Meat processing	1,759,693	1,618,272
Others	2,828,797	3,330,286
	<u>\$ 16,313,623</u>	<u>\$ 16,999,408</u>

B. Contract balance

	December 31, 2023	December 31, 2022
<u>Current contract liabilities</u>		
Advance sales receipts	<u>\$ 6,607</u>	<u>\$ 7,260</u>

	2023	2022
<u>Contract liabilities from the beginning of the year</u>		
Merchandise sales	<u>\$ 7,163</u>	<u>\$ 11,689</u>

(19) Other revenue

	2023	2022
Rent revenue	\$ 11,199	\$ 10,623
Investment revenue	247	691
Income from subsidies and tax refunds	3,178	4,714
Others revenue	15,961	12,098
	<u>\$ 30,585</u>	<u>\$ 28,126</u>

(20) Other benefits and losses

	2023	2022
Foreign currency exchange gains and losses	\$ 7,936	\$ 30,179
financial asset at fair value through profit or loss	3,147	(2,215)
Gain on disposal of financial assets	—	—
Gain on disposal of property plant and equipment	2,669	347
lease modify income	3	—
Impairment loss on property, plant and	—	—)

equipment		
Impairment loss on other non-financial assets	—	—)
other	(2,294)	(5,074)
	<u>\$ 11,461</u>	<u>\$ 23,237</u>

(21) Financial costs

	2023	2022
Interest on bank loans	\$ 79,851	\$ 56,619
Interest on lease liabilities	2,894	1,387
Minus : Capitalization of interest	(2,036)	(1,244)
	<u>\$ 80,709</u>	<u>\$ 56,762</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 2023 and 2022, a small number of companies accounted for 20.2% and 20.3% 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, 2023

	<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	\$ 2,308,791	\$ 2,308,791	\$ 2,475,012	\$ —	\$ —
Notes payable and account payable	488,693	488,693	488,693	—	—
Other payable	345,619	345,619	345,619	—	—
Lease liability	99,944	124,365	30,563	49,702	44,100

Long-term loans	1,885,514	1,885,514	530,678	981,319	373,517
	<u>\$ 5,128,561</u>	<u>\$5,355,801</u>	<u>\$ 3,704,344</u>	<u>\$1,031,021</u>	<u>\$ 417,617</u>

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	\$ 2,475,012	\$ 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	<u>1,954,762</u>	<u>1,954,762</u>	<u>569,799</u>	<u>982,836</u>	<u>402,127</u>
	<u>\$ 5,355,113</u>	<u>\$5,355,801</u>	<u>\$ 3,887,240</u>	<u>\$1,029,014</u>	<u>\$ 439,547</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

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

	December 31, 2023			December 31, 2022		
	Foreign currency	exchange rate	New Taiwan dollar	Foreign currency	exchange rate	New Taiwan dollar
<u>Financial asset</u>						
<u>Currency units</u>						
USD	2,922	30.71	89,735	4,937	30.71	151,615
CNY	36,110	4.33	156,356	34,989	4.41	154,301
	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	3,219	30.71	98,856	7,375	30.71	226,486
CNY	—	4.33	—	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 2023 and 2022 respectively are 7,936 thousand dollars and 30,179 thousand dollars.

ii. 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, 2023 and 2022, 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 2023 and 2022 would increase 1,472 thousand or decrease 784 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 2023 and 2022 will decrease or increase by 42,942 thousand and 44,297 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, 2023				
Current Financial Assets at Fair Value through Profit or Loss	<u>\$ 56,128</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 56,128</u>
Current Financial Liabilities at Fair Value through Profit or Loss	<u>\$ —</u>	<u>\$ (785)</u>	<u>\$ —</u>	<u>\$ (785)</u>
December 31, 2022				
Current Financial Assets at Fair Value through Profit or Loss	<u>\$ 55,794</u>	<u>\$ —</u>	<u>\$ 1,120</u>	<u>\$ 56,914</u>
Current Financial Liabilities at Fair Value through Profit or Loss	<u>\$ —</u>	<u>\$ (2,490)</u>	<u>\$ —</u>	<u>\$ (2,490)</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 2023 and 2022.

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

	2023	
	Financial Assets at Fair Value through Profit or Loss	
	Loss	合計
Balance, beginning of year	\$ 1,120	\$ 1,120
Purchases	(1,120)	(1,120)
Balance at December 31, 2023	\$ —	\$ —

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) Classification of Financial Instruments

	December 31, 2023	December 31, 2022
<u>Financial asset</u>		
Amortized cost		
Cash and Cash equivalents	\$ 848,678	\$ 1,080,690
Accounts receivable and notes receivable	1,804,002	1,964,234
other receivable	25,970	28,198
other financial asset	95,493	97,325
Refundable Deposits	16,178	16,903
Current Financial Assets at Fair Value through Profit or Loss	56,128	56,914
<u>Financial liability</u>		
Amortized cost		
Short-term loans	2,308,791	2,475,012
Accounts payable and notes payable	488,693	483,891
other payable	345,619	330,544
Long-term loans	1,885,514	1,954,762
deposits received	2,421	2,516
Current Financial Liabilities at Fair Value through Profit or Loss	785	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

	2023	2022
short-term employee benefits	\$ 22,123	\$ 24,605
Post-employment benefits	485	556
	<u>\$ 22,605</u>	<u>\$ 25,161</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	2023	2022
	Amount	Amount
CENTRAL UNION OIL CORP.	\$ 3,190,853	\$ 3,090,055
Associates	2,239	1,345
Substantive related parties	197,053	232,244
	<u>\$ 3,390,145</u>	<u>\$ 3,323,644</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

Related Parties	2023	2022
	Amount	Amount
CENTRAL UNION OIL CORP.	\$ 482,029	\$ 268,860
Associates	–	902
Substantive Related Parties	3,605	46,849
	<u>\$ 485,634</u>	<u>\$ 316,611</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

Item	Company	December 31, 2021	December 31, 2022
		Amount	Amount
Notes receivable	Substantive related parties	\$ –	\$ 454
Accounts receivable	CENTRAL UNION OIL CORP.	\$ 367,557	\$ 403,450
	Associates	–	618
	Substantive related parties	38,714	42,698
Less: allowance for loss		(382)	(382)
NET		<u>\$ 405,889</u>	<u>\$ 446,384</u>

Other receivable	Associates	\$	113	\$	10,730

4. Payables to related parties

Item	Company	December 31, 2023	December 31, 2022
		Amount	Amount
Notes payable	Associates	\$	–
Accounts payable	Associates	\$	12,086
	Substantive related parties		–
		\$	12,086
Other payable	Associates	\$	1,590
	Substantive related parties		411
		\$	2,001
			1,223
			7,480
			5,830
			467
			6,297

5. Manufacturing expenses and Operating cost

Item	2023	2022
Manufacturing expenses		
CENTRAL UNION	\$ 235,257	\$ 236,840
Substantive related parties	512	1,078
Operating cost — Other expenses		
Associates	—	—
Substantive related parties	5,079	4,754
	<u>\$ 240,848</u>	<u>\$ 242,672</u>

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	2023	2022
<u>Right-of-use asset</u>		
Substantive related parties	\$ 2,828	\$ 4,182
<u>Lease obligations</u>		
Substantive related parties	\$ 3,071	\$ 4,326

Interest expense		
Substantive related parties	\$ 40	\$ 54

7. Non- operating income

	2023	2022
<u>Rent revenue</u>		
Associates	\$ 54	\$ 418
Substantive related parties	114	131
	<u>\$ 168</u>	<u>\$ 549</u>

	2023	2022
<u>Other revenue</u>		
Associates	\$ 482	\$ 359

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

8. Consignment

	2023		2022	
Substantive Related Parties	Consignment	Commission s Expense	Consignment	Commission s Expense
Other related parties	<u>\$ 14,810</u>	<u>\$ 250</u>	<u>\$ 12,346</u>	<u>\$ 255</u>

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

	Acquisition Price	
Related Party Categories	2023	2022
Other related parties-transportation equipment	<u>\$ —</u>	<u>\$ 232</u>

10. The group endorses and guarantees information for related parties : Refer to Schedule 1

8、Mortgage Assets

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

Items	property	December 31, 2023	December 31, 2022
Property, plant and equipment			

Land	Bank loan	\$	423,151	\$	423,151
Buildings, net	Bank loan		458,243		485,657
Machinery equipment, net	Bank loan		118,777		132,249
		\$	1,000,177	\$	1,041,057

9、Commitments And Contingent Liabilities

		December 31, 2023	December 31, 2022
1. The Company had outstanding usance letters of credit amounting to	USD	\$ 13,672	\$ 35,134
2. The balance of guaranteed bills issued for borrowing and developing letters of credit	NTD	4,760,000	4,060,000
	USD	20,000	24,000
3. Equipment and engineering contracts that have been signed but not fulfilled, Promised to pay the project payment in the future	NTD	43,061	87,994
4. Promissory notes	NTD	250,000	430,000
5. Customs bond	NTD	20,000	20,000

10、Significant Losses From Disasters : NONE

11、Significant Subsequent Events : NONE

12、Others :

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

	2023			2022		
	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	\$ 241,395	\$ 321,177	\$ 562,572	\$ 231,056	\$ 331,799	\$ 562,855
Labor and health insurance	26,787	32,664	59,451	23,900	33,123	57,023
Pension	10,389	15,022	25,411	9,992	15,764	25,756
Board compensation	—	21,374	21,374	—	22,792	22,792
Others	9,288	20,747	30,035	8,406	21,289	29,695
Depreciation-PPE	218,189	69,101	287,290	197,060	66,591	263,651
Depreciation-Biological assets	13,055	—	13,055	20,234	—	20,234

Amortization	238	11,477	11,715	—	2,744	2,744

As of December 31, 2023 and 2022, the group had 910 and 895 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 2022 and the amount of employee compensation and directors' compensation recognized in the 2022 individual financial report.

The estimated amount of remuneration for employees and directors and supervisors of the company in 2023 is 27,572 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 2023. 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 2023 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 Schedule 1
3. Marketable securities held (excluding investments in subsidiaries and associates):
Refer to Schedule 2
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 Schedule 3

8. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Refer to Schedule 4
9. Information about the derivative financial instruments transaction: Refer to Schedule 6
10. Other : Business relations and important transactions and amounts between parent and subsidiary companies and between subsidiaries : Refer to Schedule 5
11. Names, locations, and related information of investees over which the Company exercises significant influence (excluding information on investment in mainland China): Refer to Schedule 6

(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 . Schedule 7
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.

2023 :

	Feed Division	Food Division	Meat Processing Department	Other Department	Adjustment	Consolidate d
Departmental revenue of non-enterprise customers	\$3,850,792	\$7,278,850	\$1,759,693	\$2,828,754	\$ 595,534	\$16,313,623
Departmental revenue of other departments in the enterprise	2,704	592,787	—	43	(595,534)	—
Total net operating income	\$3,853,496	\$ 7,871,637	\$1,759,693	\$2,828,797	\$ —	\$16,313,623
Departmental profit and loss	<u>\$ 298,080</u>	<u>\$ 331,911</u>	<u>\$ 178,875</u>	<u>\$ (106,181)</u>		\$ 702,685
Non-operating income and expenses						33,010
General management office expenses						(345,527)
Pre-tax benefits						<u>\$ 390,168</u>
Identifiable assets	<u>\$1,950,057</u>	<u>\$2,164,350</u>	<u>\$1,510,670</u>	<u>\$1,502,667</u>		<u>\$ 7,127,744</u>

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	\$4,080,542	\$ 7,970,308	\$1,618,272	\$3,330,286	\$ —	\$16,999,408
Departmental profit and loss	<u>\$ 151,654</u>	<u>\$ 386,712</u>	<u>\$ 50,525</u>	<u>\$ 44,623</u>		\$ 633,514
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>

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	2023		2022	
	total		total	
Taiwan	\$	16,123,863	\$	16,763,894
Operating income from export				
America		46,686		55,001
Asia		136,835		172,500
Other		6,239		8,013
Net operating income	\$	16,313,623	\$	16,999,408

(3) Important customer information

Customer	2023		2022	
	Food Division	%	Food Division	%
CENTRAL UNION OIL CORP.	\$ 3,190,853	19.6	\$ 3,090,055	18.2

Schedule 1 Endorsement for civilians

(Expressed in Thousands of New Taiwan Dollars, amount unless otherwise specified)

2023

Endorser	Object of endorsement guarantee		Endorsement guarantee limit for a single enterprise (Note 3)	The highest endorsement guarantee balance for the current period	Endorsement guarantee balance at the end of the period (Note 5)	Actual spending amount (Note 6)	Amount of endorsement guaranteed by property	Ratio	Endorsement guarantee maximum limit	The parent company's endorsement guarantee to the subsidiary (Note 4)	Subsidiary company endorses the parent company (Note 4)	An endorsement guarantee to the mainland area (Note 4)
	Name	relationship (Note 2)										
FWUSOW INDUSTRY	CHARMING FOOD INTERNATIONAL	2	\$ 906,959	\$ 690,000	\$ 690,000	\$ 320,000	None	15.22%	\$ 1,813,918	Y	—	—

Note 1: The parent company and its subsidiaries are coded as follows:

1. The parent company is coded "0".
2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above

Note 2: According to the "Guidelines Governing the Preparation of Financial Reports by Securities Issuers" issued by the R.O.C. Securities and Futures Bureau, receiving parties should be disclosed as one of the following:

1. A company with which it does business.
2. A company in which the public company directly and indirectly holds more than 50% of the voting shares
3. A company that directly and indirectly holds more than 50 % of the voting shares in the public company.
4. A company in which the public company holds, directly or indirectly, 90% or more of the voting shares
5. A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
6. A company that all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages
7. Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note3: The maximum amount endorsed guarantee is the total amount of the endorsement guarantee approved by the company's shareholders meeting.

The calculation is as follows:

1. External endorsements and guarantees made by the Company may not exceed 40% of the Company's net worth. (4,413,032*40%=1,765,213)
2. Endorsements and guarantees made by the Company to a single enterprise may not exceed 20% of the Company's net worth. (4,413,032*20%=882,606)

Note 4: Fill in 'Y' for those cases of provision of endorsements/guarantees by listed parent company to subsidiary, provision by subsidiary to listed parent company, and provision to the party in Mainland China.

Note 5: The responsibility of endorsements and guarantees is confirmed after the contract is signed and approved by the bank, and all the related events shall be accounted for in the ending balance.

Note 6: Fill in the actual amount of endorsements/guarantees used by the endorsed/guaranteed company.

Schedule 2 SITUATION OF HOLDING SECURITIES AT THE END OF THE PERIOD
(Expressed in Thousands of New Taiwan Dollars, amount unless otherwise specified)
2023

Holding company	Types and names of securities	Relationship	Account	BALANCE IN YEAR ENDED				
				Number of shares	Book value	Shareholding ratio (%)	Market price	Note
FWUSOW INDUSTRY CO., LTD.	Stock - IBF FINANCIAL HOLDINGS CO.,LTD.	—	Current Financial Assets at Fair Value through Profit or Loss	183,690	2,250		2,250	
	Stock - INNOLUX CORPORATION	—	Current Financial Assets at Fair Value through Profit or Loss	8,126	116		116	
	Fund - CATHAY FLOBAL RESOURCES FUND TWD	—	Current Financial Assets at Fair Value through Profit or Loss	300,000	1,983		1,983	
	Subtotal				4,349		4,349	
	Stock - MITHRA BIOINDUSTRY CO.,LTD.	—	Current Financial Assets at Fair Value through Profit or Loss	76,518	—		—	
	Stock - RICE TECHNOLOGY COMPANY	—	Current Financial Assets at Fair Value through Profit or Loss	310,000	—		—	
	Stock - HUA-JIE (TAIWAN) CORP.	—	Current Financial Assets at Fair Value through Profit or Loss	822,646	—		—	(Note 2)
	Stock - PROMOS TECHNOLOGIES INC.	—	Current Financial Assets at Fair Value through Profit or Loss	30	—		—	
	Subtotal				—		—	
XIAMEN FWUSOW INDUSTRY CO.,LTD	Open end Funds -Nong Yin Shih Shih Fu	Grandson company	Current Financial Assets at Fair Value through Profit or Loss	11,960	51,779		51,779	

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

(1) Where there is a quoted market price, the fair value is based on the closing price at the balance sheet date, the fair value of open-end funds is based on the net asset value at the balance sheet date.

(2) Where there is no quoted market price, Since there is no active market transaction quotation, no fair value can be referred to and liquidity is very low, the book amount is evaluated as 0 since the application of IFRS 9 at 2018.01.01.

Note2:Preference share

Schedule 3 The amount of purchases and sales with related parties reaches 100 million New Taiwan dollars or more than 20% of the paid-in capital
(Expressed in Thousands of New Taiwan Dollars, amount unless otherwise specified)

2023

<i>Purchasing and sales company</i>	<i>Trading partners</i>	<i>Relationship</i>	<i>Transaction situation</i>				<i>reasons why trading conditions are different from ordinary trading</i>		<i>Notes and accounts receivable (payable)</i>	
			<i>Purchase and sales</i>	<i>Amount</i>	<i>ratio(%)</i>	<i>Credit period</i>	<i>unit price</i>	<i>Credit period</i>	<i>Balance</i>	<i>ratio(%)</i>
FWUSOW INDUSTRY CO., LTD.	CENTRAL UNION OIL CORP.	Net investment accounted for using equity method	Sales Purchase	\$ 3,190,853 482,029	19.6%	D/A 60	—	—	A/R \$ 367,557 A/P (11,659)	20.2% -2.4%
	CHARMING FOOD INTERNATIONAL MARKETING CO., LTD.	Subsidiary	Sales	\$ 568,467	3.5%	D/A120	—	—	N/R \$ 253,995 A/R 39,730	14.0% 2.2%
	WANJISHENG AGRICULTURAL TECHNOLOGY CO.,	Subsidiary	Sales	\$ 233,328	1.4%	D/A120			N/R - A/R 55,311	3.0%
	Good Taste Food and Beverage Co., Ltd.	Substantive Related Parties	Sales	\$ 33,450	0.2%	D/A 31			A/R 4,452	0.2%
CENTRAL UNION OIL CORP.	Good Taste Food and Beverage Co., Ltd.	Substantive Related Parties	Sales	\$ 159,893	1.0%	D/A 45			A/R 30,928	1.7%

Schedule 4 Receivables from related parties amount to NT\$100 million or more than 20% of the paid-in capital
(Expressed in Thousands of New Taiwan Dollars, amount unless otherwise specified)
2023

<i>Company with accounts receivable</i>	<i>Trading partners</i>	<i>Relationship</i>	<i>Balance of accounts receivable from related parties</i>	<i>Turnover</i>	<i>Overdue amounts due from related parties</i>		<i>Receivable amount of money due from related party</i>	<i>Provision of allowance for loss amount</i>
					<i>Amount</i>	<i>Processing method</i>		
FWUSOW INDUSTRY CO., LTD.	CENTRAL UNION OIL CORP.	Net investment accounted for using equity	A/R \$ 367,557	8.3	—	—	\$ 367,557	\$ 382
FWUSOW INDUSTRY CO., LTD.	CHARMING FOOD INTERNATIONAL MARKETING CO., LTD.	Subsidiary	N/R \$ 253,995 A/R 39,730 O/R 27,093	2.0	—	—	\$ 253,995 39,730 27,093	—

Schedule 5 BUSINESS RELATIONS AND IMPORTANT TRANSACTIONS BETWEEN PARENT AND SUBSIDIARY COMPANIES AND BETWEEN SUBSIDIARY COMPANIES

(Expressed in Thousands of New Taiwan Dollars, amount unless otherwise specified)

2023

<i>Trader</i>	<i>Transaction object</i>	<i>Relationship</i>	<i>Transaction situation</i>			
			<i>Account</i>	<i>Amount</i>	<i>Transaction requirement</i>	<i>Ratio of total revenue or assets</i>
FWUSOW INDUSTRY CO., LTD.	FWUSOW NEW INDUSTRY CO., LTD.	Parent company to subsidiary company	Sales revenue	\$ 41,790	Mutual agreement	0.26
FWUSOW INDUSTRY CO., LTD.	CHARMING FOOD INTERNATIONAL MARKETING CO.,LTD.	Parent company to subsidiary company	Sales revenue	568,467	Mutual agreement	3.48
			Notes Receivable	253,995	Mutual agreement	2.49
FWUSOW INDUSTRY CO., LTD.	WANJISHENG AGRICULTURAL TECHNOLOGY CO.,	Parent company to subsidiary company	Accounts receivables	39,730	Mutual agreement	0.39
			Sales revenue	233,328	Mutual agreement	1.43
			Purchase	51,246	Mutual agreement	0.31
			Accounts receivables	55,311	Mutual agreement	0.54

Schedule 6 DETAILS OF INVESTEE (EXCEPT FOR CHINESE MAINLAND INVESTEE)
(Expressed in Thousands of New Taiwan Dollars, amount unless otherwise specified)

2023

Investor	Investee	Area	Service Items	Original investment amount		Year ended of 2020			Current profit(loss) of investee	Net investment profit(loss)	Note
				Year ended of 2020	Year ended of 2019	Number of shares	Ratio(%)	Book value			
FWUSOW INDUSTRY CO., LTD.	FWUSOW NEW INDUSTRY CO., LTD.	No.36-1, Datong St., Shalu Dist., Taichung City 433103, Taiwan (R.O.C.)	Residence and Buildings Lease Construction and Development, Wholesale of Edible Oil	\$ 217,854	\$ 217,854	5,473,703	99.07	\$ 174,529	\$ 3,339	\$ 3,301	Subsidiary company
	ZILLION INVESTMENT CO.	LEVEL2. LOTEMAU CENTRE, VAEA STREET, APIA, SAMOA.	Reinvestment Chinese Mainland Investment	USD 12,585,000	USD 12,585,000	12,585,000	85.70	120,598	128,628	2,054	Subsidiary company
	CHARMING FOOD INTERNATIONAL MARKETING CO., LTD.	No.33, Datong St., Shalu Dist., Taichung City 433103, Taiwan (R.O.C.)	Canned, Frozen, Dehydrated Food Manufacturing, Animal Husbandry	291,000	291,000	29,100,000	72.75	(207,437)	64,799	47,130	Subsidiary company
	YI ZAI HOLDING CO.	2 nd Floor, Building B, SNPF Plaza, Savalalo, Apia, Samoa.	Reinvestment Chinese Mainland Investment Industry	USD 183,000	USD 183,000	183,000	100.00	5,573	124	124	Subsidiary company
	WANJISHENG AGRICULTURAL TECHNOLOGY CO.,	No.45, Shatian Rd., Shalu Dist., Taichung City 433518, Taiwan (R.O.C.)	Cattle, Animal Husbandry, Livestock Farming	197,410	197,410.00	19,741,000	98.71	218,255	14,593	14,404	Subsidiary company
	CENTRAL UNION OIL CORP.	No.1-8, Beiti Rd., Cingshuei Dist., Taichung City 436455, Taiwan (R.O.C.)	Oil Processing	197,232	197,232	19,399,028	32.33	305,913	160,645	51,939	Associates
	CHIATON INTERNATIONAL CO., LTD.	No.21-6, Fazihtou, Syuejia Dist., Tainan City 726006, Taiwan (R.O.C.)	Fresh Fish Wholesale Industry Retail Industry	16,125	16,125	3,562,501	37.50	79,047	33,939	12,727	Associates
	Top International Co., Ltd.	1st Floor, No. 91-3, Yizhu Village, Yizhu Township, Chiayi County	Canned, Frozen, Dehydrated Food Manufacturing	6,720	1,120	672,000	21.88	6,689	(36)	(31)	Associates

Schedule 7 DETAILS OF INVEST IN CHINESE MAINLAND

(Expressed in Thousands of New Taiwan Dollars, amount unless otherwise specified)

2023

<i>Investee</i>	<i>Service Items</i>	<i>Paid-in Capital</i>	<i>Cumulative investment amount remitted from Taiwan at the beginning of the period</i>	<i>Investment amount remitted or recovered in the current period</i>		<i>Cumulative investment amount remitted from Taiwan at the end of the period</i>	<i>Current profit(loss) of investee</i>	<i>The company's direct or indirect investment shareholding ratio</i>	<i>Net investment profit(loss)</i>	<i>Investment book value</i>	<i>Investment income has been repatriated as of the current period</i>
				<i>Export</i>	<i>Withdraw</i>						
XIAMEN FWUSOW INDUSTRY CO., LTD.	Livestock Farming 、 Prepared Animal Feeds Manufacturing	USD 12,585,000	\$ 309,281	—	—	\$ 309,281	\$ 2,397	85.70%	\$ 2,054	\$ 128,628	—
XIAMEN FWUSOW TRADING CO., LTD	Wholesale and import and export of pet food, supplies and equipment	USD 140,000	\$ 5,476	—	—	\$ 5,476	\$ 124	100%	\$ 124	\$ 5,573	—

Accumulated Outflow for Investments in Mainland China as of December 31, 2020	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on Investments
\$ 314,757	USD 10,922,250	\$ 2,,720,876

Appendix II: 2023 Audited Parent Company Financial Reports

FWUSOW INDUSTRY CO., LTD.

**Parent Company Only Financial Statements for the Years Ended
December 31, 2023 and 2022 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, 2023 and 2022, 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, 2023 and 2022, 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, 2023. 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 2023 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 2023 and 2022 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, 2023 and 2022, were NT\$312,602 thousand and NT\$500,679 thousand respectively, accounting for 3.46% and 5.45% of the total assets,. The comprehensive benefits recognized by the equity method in 2023 and 2022 were NT\$52,152 thousand and NT\$49,023 thousand, respectively, accounting for 16.80% and 15.03% 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 12, 2024

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>2023</i>		<i>2022</i>	
		<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>
Current assets					
1100	Cash and cash equivalents(Note 6(1))	\$ 630,283	7.0	\$ 806,371	8.8
1110	Current financial asset at fair value through profit or loss (Note 6(2))	4,349	0.0	5,173	0.1
1150	Notes receivable, net(Note 6(3))	434,122	4.8	460,688	5.0
1160	Notes receivable due from related parties, net(Note 7(4))	253,995	2.8	261,273	2.8
1170	Accounts receivable, net(Note 6(4))	784,644	8.7	867,904	9.4
1180	Accounts receivable due from related parties, net(Note 7(4))	473,672	5.2	514,817	5.6
1200	Other receivables(Note 7(4))	54,685	0.6	28,832	0.3
1220	Current tax assets	—	—	25	—
1310	Inventories, net(Note 6(5))	2,496,845	27.6	2,436,531	26.5
1400	Current biological assets	18,867	0.2	13,644	0.2
1410	Prepayments	27,807	0.3	34,081	0.4
1470	Other current assets(Notes 6(1) 、 8)	1,625	—	1,445	—
	Total current Assets	5,180,894	57.2	5,430,784	59.1
Non-current assets					
1550	Investments accounted for under equity method(Note 6(6))	918,634	10.2	878,660	9.6
1600	Property, plant and equipment(Note6(7) 、 8)	2,783,737	30.8	2,730,805	29.7
1755	Right-of-use asset(Note6(8))	50,755	0.6	60,650	0.7
1780	Intangible assets	59,708	0.7	32,298	0.4
1830	Non-current biological assets	2,958	—	4,426	—
1840	Deferred tax assets(Note6(13))	34,804	0.4	33,630	0.4
1920	Guarantee deposits paid	11,325	0.1	12,546	0.1
1990	Other non-current assets (Note6(4))	—	—	1,274	—
	Total non-current assets	3,861,921	42.8	3,754,289	40.9
	Total assets	\$ 9,042,815	100.0	\$ 9,185,073	100.0

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

(With Solomon & Co., audit report dated March 12, 2024)

Chairman : Hung, Yao-Kuen

General Manager : Zhao Wenqiang

Accounting Manager : Dai Zhenhui

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>2023</i>		<i>2022</i>	
		<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>
<i>Current liabilities</i>					
2100	Short-term loans(Note 6(9))	\$ 1,748,847	19.3	\$ 2,005,096	21.7
2110	Short-term notes and bills payable(10)	50,000	0.6	—	—
2120	Current financial liabilities at fair value through profit or loss(Note 6(2))	785	—	2,490	—
2130	Current Contract liabilities(Note6(17))	6,607	0.1	7,062	0.1
2150	Notes payable(Note7(4))	11,506	0.1	249,213	2.7
2170	Accounts payable(Note7(4))	397,762	4.4	184,667	2.0
2200	Other payables(Note7(4))	276,221	3.1	261,910	2.9
2230	Current tax liabilities	16,823	0.2	50,928	0.6
2280	Current lease liabilities(Note6(8))	22,106	0.2	24,024	0.3
2322	Current portion of long-term loans(Note6(11))	477,083	5.2	503,333	5.5
2399	Other current liabilities	5,709	0.1	4,605	0.1
	Total current Liabilities	3,013,449	33.3	3,293,328	35.9
<i>Non-current liabilities</i>					
2540	Long-term loans(Note 6(11))	839,583	9.3	816,667	8.9
2571	Deferred tax liabilities - land value increment tax	416,032	4.6	416,032	4.5
2580	Non current lease liabilities(Note 6(8))	29,517	0.3	37,270	0.4
2640	Net defined benefit liability-non current(Note 6(12))	441	—	561	—
2645	Guarantee deposits received	1,562	—	1,656	—
2650	Investments accounted loss for using equity method(Note6(6))	207,437	2.3	234,367	2.6
	Total non-current liabilities	1,494,572	16.5	1,506,553	16.4
	Total liabilities	4,508,021	49.8	4,799,881	52.3
<i>Equity attributable to owners of parent (Note 6(14))</i>					
3110	Share capital	3,316,634	36.7	3,220,139	35.1
3200	Capital surplus	15,030	0.2	15,030	0.2
3300	Retained earnings	1,216,989	13.5	1,161,612	12.6
3400	Other equity interest	(7,124)	(0.1)	(4,854)	(0.1)
3500	Treasury shares(Note 6(15))	(6,735)	(0.1)	(6,735)	(0.1)
	Total equity	4,534,794	50.2	4,385,192	47.7
	Total liabilities and equity	\$ 9,042,815	100.0	\$ 9,185,073	100.0

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

(With Solomon & Co., audit report dated March 12, 2024)

Chairman : Hung, Yao-Kuen

General Manager : Zhao Wenqiang

Accounting Manager : Dai Zhenhui

FWUSOW INDUSTRY CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

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

		<u>2023</u>		<u>2022</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4100	Net operating revenue (Note 6(17))	\$ 14,933,039	100.0	\$ 15,964,576	100.0
5000	Operating costs (Note6(5))	(13,761,480)	(92.1)	(14,694,829)	(92.1)
5910	Unrealized profit (loss) from sales	(24,050)	(0.2)	(3,200)	—
5920	Realized profit (loss) from sales	3,200			
5860	Gains(Losses) on changes in fair value less costs to sell of biological assets for current period	4,021	—	(1,430)	—
	Gross Profit	<u>1,154,730</u>	<u>7.7</u>	<u>1,265,117</u>	<u>7.9</u>
6000	Operating Expenses				
6100	Selling expenses	(605,805)	(4.1)	(622,553)	(3.9)
6200	Administrative expenses	(251,293)	(1.7)	(227,504)	(1.4)
6300	Research and development expenses	(47,716)	(0.3)	(56,555)	(0.4)
6450	Overdue credit(impairment loss)gain on reversal (Note 6(4))	<u>(3,800)</u>	<u>—</u>	<u>(3,100)</u>	<u>—</u>
		<u>(908,614)</u>	<u>(6.1)</u>	<u>(909,712)</u>	<u>(5.7)</u>
	Net operating profit	<u>246,116</u>	<u>1.6</u>	<u>355,405</u>	<u>2.2</u>
7000	Non-operating income and expenses				
7100	Interest income	3,578	—	1,321	—
7010	Other income (Note 6(18))	34,736	0.2	31,051	0.2
7020	Other gains and losses (Note6(19))	9,021	0.1	22,687	0.1
7050	Financial costs (Note6(20))	(58,784)	(0.4)	(38,867)	(0.2)
7070	Share of Profit or Loss of Associates & Joint Ventures	131,648	1.0	21,087	0.2
	Accounted for Using Equity Method (Note6(6))				
		<u>120,199</u>	<u>0.9</u>	<u>37,279</u>	<u>0.3</u>
7900	Profit before income tax	366,315	2.5	392,684	2.5
7950	Income tax expense (Note6(13))	<u>(53,745)</u>	<u>(0.5)</u>	<u>(70,754)</u>	<u>(0.5)</u>
	Profit	<u>312,570</u>	<u>2.0</u>	<u>321,930</u>	<u>2.0</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	(146)	—	2,278	—
8321	Other comprehensive income, before tax,actuarial gain (losses) on defined benefit plans for Using Equity Method	244	—	495	—
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	29	—	(456)	—
8360	Components of other comprehensive income that will be reclassified to profit or loss				
8361	Exchange differences on translation	(2,837)	—	2,388	—
8399	Income tax benefit related to items that will not be reclassified subsequently	567	—	(477)	—
	Other comprehensive income(net income after tax)	<u>(2,143)</u>	<u>—</u>	<u>4,228</u>	<u>—</u>
8500	Total comprehensive income	<u>\$ 310,427</u>	<u>2.0</u>	<u>\$ 326,158</u>	<u>2.0</u>
	Earnings per share				
9750	Basic earnings per share(dollar) (Note6(16))	<u>\$ 0.94</u>		<u>\$ 0.97</u>	

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

(With Solomon & Co., audit report dated March 12, 2024)

Chairman : Hung, Yau-Kuen

General Manager : Zhao Wenqiang

Accounting Manager : Dai Zhenhui

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, 2022	\$ 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 2021	—	—	—	—	321,930	321,930	—	—	321,930
Other comprehensive loss for the 2021	—	—	—	—	2,317	2,317	1,911	—	4,228
Balance at December 31, 2022	3,220,139	15,030	360,762	233,273	567,577	1,161,612	(4,854)	(6,735)	4,385,192
Appropriation of earnings:									
Legal reserve	—	—	32,425	—	(32,425)	—	—	—	—
Cash dividends to shareholders	—	—	—	—	(160,825)	(160,825)	—	—	(160,825)
Stock dividends to shareholders	96,495	—	—	—	(96,495)	(96,495)	—	—	—
Profit for the 2022	—	—	—	—	312,570	312,570	—	—	312,570
Other comprehensive income	—	—	—	—	127	127	(2,270)	—	(2,143)
Balance at December 31, 2023	<u>\$ 3,316,634</u>	<u>\$ 15,030</u>	<u>\$ 393,187</u>	<u>\$ 233,273</u>	<u>\$ 590,529</u>	<u>\$ 1,216,989</u>	<u>\$ (7,124)</u>	<u>\$ (6,735)</u>	<u>\$ 4,534,794</u>

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

(With Solomon & Co., audit report dated March 12, 2024)

Chairman : Hung, Yau-Kuen

General Manager : Zhao Wenqiang

Accounting Manager : Dai Zhenhui

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

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Profit before tax	\$ 366,315	\$ 392,684
Adjustments for		
Adjustments to reconcile profit (loss)		
Depreciation expense	204,465	180,876
Amortized expense	7,870	
Expected credit loss	3,800	3,100
Change in fair value less cost to sell of biological assets	(4,021)	1,430
Allowance for inventory valuation and obsolescence loss	11,700	8,300
Net loss (gains) on Financial Assets and Liabilities at Fair Value through profit or loss	(2,005)	3,100
Interest expense	58,784	38,867
Dividend income	(247)	(691)
Interest income	(3,578)	(1,321)
Share of loss (profit) of associates and joint ventures accounted for using equity method	(131,648)	(21,087)
Loss (gain) on disposal of property, plant and equipment	(686)	(399)
Unrealized profit from sales	24,050	3,200
realized profit from sales	(3,200)	
Reversal of impairment loss recognized in profit or loss, property, plant and equipment		—
Gain of lease modification		—
Gain on Sale of Investments		0
Other adjustments to reconcile profit (loss)	392	183
Total adjustments to reconcile profit (loss)	<u>165,676</u>	<u>215,558</u>
Changes in operating assets and liabilities:		
Changes in operating assets		
Financial assets and liabilities at fair value through profit or loss	4	(1,240)
Notes receivable (include related parties)	33,844	(112,601)
Accounts receivable (include related parties)	120,605	(51,259)
Other receivables (include related parties)	(36,515)	10,896
Inventories	(72,014)	(705,392)
Biological assets	(1,406)	21,069
Prepayments	8,109	(18,154)
Other Current assets	(180)	1,363
Changes in operating liabilities		
Notes payable (include related parties)	(237,707)	6,848
Accounts payable (include related parties)	213,095	(64,408)
Other payables (include related parties)	21,934	16,124
Contract liabilities	(455)	(4,627)
Other current liabilities	1,104	481
Net defined benefit liability	(265)	(1,427)
Total changes in operating assets and liabilities	<u>50,153</u>	<u>(902,327)</u>
Total adjustments	<u>215,829</u>	<u>(686,769)</u>
Cash inflow (outflow) generated from operations	582,144	(294,085)
Interest received	3,578	1,321
Interest paid	(59,106)	(37,455)
Dividend received	58,955	42,734
Income tax refund (paid)	(88,429)	(44,579)
Cash provided by (used in) operating activities	<u>497,142</u>	<u>(332,064)</u>

(Carried over)

(Brought forward)

	<u>2023</u>	<u>2022</u>
Cash flows from investing activities:		
Decrease (increase) in financial assets		—
Proceeds from disposal of property, plant and equipment	741	790
Acquisitions of investments accounted for using equity method	(5,600)	(47,410)
Acquisitions of property, plant and equipment	(273,746)	(209,080)
Decrease (increase) in other non-current assets	1,274	1,536
Decrease (increase) in refundable deposits	1,221	347
Acquisition of intangible assets	(1,164)	(18,986)
Net cash flows from (used in) investing activities	<u>(277,274)</u>	<u>(272,803)</u>
Cash flows from financing activities:		
Increase (decrease) in short-term loans	(256,249)	1,299,476
Short-term notes and bills payable	50,000	(100,000)
Proceeds from long-term debt	400,000	400,000
Repayment of long-term debt	(403,334)	(490,000)
Payment of lease liabilities	(25,454)	(24,728)
Cash dividends paid	(160,825)	(353,815)
Increase in guarantee deposits received		95
Decrease in guarantee deposits received	(94)	
Net cash flows from (used in) financing activities	<u>(395,956)</u>	<u>731,028</u>
Net increase (decrease) in cash and cash equivalents	<u>(176,088)</u>	<u>126,161</u>
Cash and cash equivalents at beginning of year	<u>806,371</u>	<u>680,210</u>
Cash and cash equivalents at end of year	<u>\$ 630,283</u>	<u>\$ 806,371</u>

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

(With Solomon & Co., audit report dated March 12, 2024)

Chairman : Hung, Yao-Kue

General Manager : Zhao Wenqian

Accounting Manager : Dai Zhenhui

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

(With Solomon & Co., audit report dated March 12, 2024)

FWUSOW INDUSTRY CO., LTD.

Notes to Financial Statements

December 31, 2023 and 2022

(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 12, 2024.

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 IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	
Amendments to IAS 7 and IFRS 7 regarding Supplier Financing Arrangements" °	January 1, 2043(Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after their respective effective dates..

Note 2: The seller cum lessee shall retrospectively apply the amendments to IFRS 16 to sale and leaseback transactions entered into after the initial application of IFRS 16.

Note 3: Exemptions from certain disclosure requirements upon initial application of this amendment.

:

- 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
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 21 [Lack of Exchangeability]	January 1, 2025 (Note 2)

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

Note 2: Applicable to annual reporting periods beginning on or after January 1, 2025. Upon initial application of this amendment, the impact on the figures shall be recognized in retained earnings as of the date of initial application. When an entity uses a non-functional currency to express its currency in the consolidated financial statements, the impact shall adjust the foreign exchange differences under equity on the date of initial application.

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(21).

(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 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, 2023	December 31, 2022
Cash on hand	\$ 800	\$ 877
Checking accounts	2,870	6,886
Demand deposits	550,943	674,208
Foreign currency deposit	75,670	124,400
	<u>\$ 630,283</u>	<u>\$ 806,371</u>

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

	December 31, 2023	December 31, 2022
Listed OTC stock and fund	\$ 4,965	\$ 4,969
Unquoted shares	833,373	84,493
Adjustments for change	(83,989)	(84,289)
	<u>\$ 4,349</u>	<u>\$ 5,173</u>

Current financial liability at fair value through profit or loss

	December 31, 2023	December 31, 2022
Forward exchange contracts	<u>\$ 785</u>	<u>\$ 2,490</u>

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, 2023				
	Currency	Maturity Date	Contract Amounts (Thousand)	
Forward foreign exchange buying contracts	USD exchange NTD	2024.01	USD	1,000

December 31, 2022				
	Currency	Maturity Date	Contract Amounts (Thousand)	
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 2023 and 2022 are 1,705 thousand dollars and (2,490) thousand dollars.

In 2023 and 2022, the net gains and losses recognized by offsetting contracts of derivative financial asset transactions were (298) thousand dollars and 18,331 thousand dollars, respectively.

(3) Notes receivable

	December 31, 2023	December 31, 2022
Notes receivable	\$ 434,819	\$ 461,358
Less: Loss allowance	(697)	(697)
	<u>\$ 434,122</u>	<u>\$ 460,688</u>

(4) Accounts receivable (including overdue receivables)

Current:

	December 31, 2023	December 31, 2022
Accounts receivable	\$ 795,153	\$ 873,417
Less: Loss allowance	(10,509)	(5,513)
	<u>\$ 784,644</u>	<u>\$ 867,904</u>

Non-current :

	December 31, 2023	December 31, 2022
overdue receivables	\$ —	\$ 1,253
Less: Loss allowance	—	(1,253)
	<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, 2023

Current	1 to 30	31 to 60	61 to 120	Over 120	Total

		days	days	days	days	
	0%-0.13%	0%-2%	0%-7%	0%-100%	100%	
Expected Credit Loss						
Carrying amount	\$ 1,805,688	\$ 139,470	\$ 9,062	\$ 3,801	\$ —	\$ 1,958,021
lifetime expected credit losses	(5,369)	(2,750)	(543)	(2,926)	\$ —	(11,588)
Amortized cost	<u>\$ 1,800,319</u>	<u>\$ 136,720</u>	<u>\$ 8,519</u>	<u>\$ 875</u>	<u>\$ —</u>	<u>\$ 1,946,433</u>

December 31, 2022

		1 to 30	31 to 60	61 to 120	Over 120	
	Current	days	days	days	days	Total
Expected Credit Loss	0%-0.02%	0%-1%	0%-5%	0%-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	<u>\$ 2,070,237</u>	<u>\$ 29,142</u>	<u>\$ 5,303</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 2,104,682</u>

Change information of loss allowance :

	2023	2022
Opening balance	\$ 7,845	\$ 11,889
Overdue credit impairment loss	3,800	3,100
Non recoverable receivable	(57)	(7,144)
Ending balance	<u>\$ 11,588</u>	<u>\$ 7,845</u>

(5) Inventories

	December 31, 2023	December 31, 2022
Raw materials	\$ 749,800	\$ 1,062,721
Materials	70,378	71,166
Semi-manufactures	67,804	32,631
Manufactures	562,962	855,947
Inventory in transit - materials	1,088,916	445,381
	<u>2,539,860</u>	<u>2,467,846</u>
Less: allowance for inventory write-down	(43,015)	(31,315)
Net inventories	<u>\$ 2,496,845</u>	<u>\$ 2,436,531</u>

The cost of inventories recognized as expense for the year:

	2023	2022
Cost of goods sold	\$ 13,690,955	\$ 14,640,261
Costs of conversion	—	2,610
Loss on decline in market value	11,700	8,300
Net loss on physical inventory	45,885	36,581
Income from disposal of leftover and scraps	(682)	(397)
loss on inventory retired	7,817	—

Others	5,805	7,474
	<u>\$ 13,761,480</u>	<u>\$ 14,694,829</u>

1. In the fiscal year 112, and 111, the inventory write-down provision amounted to 11,700 thousand NT dollars and 8,300 thousand NT dollars respectively. Due to an increase in raw material costs, the inventory was written down to its net realizable value."
2. As of December 31, 2023 and 2022, the Group's inventories were not provided as pledged assets.

(6) Investments accounted for using equity method

Investments accounted for using equity method-subsidaries are provided as follows:

	December 31, 2023	December 31, 2022
Subsidiary company	\$ 526,985	\$ 510,189
Associates	391,649	368,471
	<u>\$ 918,634</u>	<u>\$ 878,660</u>

1. Investments in subsidiaries

A. Investments accounted for using equity method

	December 31, 2023		December 31, 2022	
Investee	Carrying amount	share holding ratio %	Carrying amount	share holding ratio %
FWUSOW NEW INDUSTRY CO., LTD.	\$ 174,529	99.07	\$ 171,458	99.07
ZILLION INVESTMENT CO.	128,628	85.70	129,294	85.70
YI ZAI HOLDING CO.	5,573	100.00	5,566	100.00
WANJISHENG AGRICULTURAL TECHNOLOGY CO.,	218,255	98.71	203,871	98.71
	<u>\$ 526,985</u>		<u>\$ 510,189</u>	

B. Investments accounted for using equity method credit balance

	December 31, 2023		December 31, 2022	
Investee	Carrying amount	share holding ratio %	Carrying amount	share holding ratio %
CHARMING FOOD INTERNATIONAL MARKETING CO., LTD.	<u>\$ (207,437)</u>	72.75	<u>\$ (234,367)</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) 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, 2023		December 31, 2022	
	Carrying amount	Share holding ratio %	Carrying amount	share holding ratio %
CENTRAL UNION OIL CORP.	\$ 305,913	32.33	\$ 296,808	32.33
CHIATON INTERNATIONAL CO., LTD.	79,047	37.50	71,663	37.50
DINGDA INTERNATIONAL CO., LTD	6,689	21.88		
	<u>\$ 368,471</u>		<u>\$ 368,471</u>	

1. In February 2022, the Company invested 1,120 million NT dollars in DINGDA International Co., Ltd., holding an 8.1% stake with no significant influence. In September 112, the Company participated in Top International Co., Ltd.'s capital increase of 5,600 million NT dollars, acquiring a 21.88% stake based on the investment cost. As the Company gained significant influence over Top International Co., Ltd., the original investment and the capital increase amount were reclassified as investments accounted for using the equity method.

The company primarily operates in the manufacturing of canned, frozen, dehydrated, and pickled food products.

2. The affiliated enterprises in which our company has invested do not have publicly quoted prices.

3.Details of share of profit and loss of associate are as follows:

	2023	2022
The company's share of the net profit of the associated companies for the current period	\$ 64,635	\$ 67,723
The company's share of other comprehensive profits and losses of associated companies	\$ 244	\$ 495

4.Details of financial information of associate are as follows:

	December 31, 2023	December 31, 2022
Total assets	\$ 3,184,706	\$ 3,175,596
Total liability	1,993,764	2,064,322
Net assets	\$ 1,190,942	\$ 1,111,274

	2023	2022
Revenues	\$ 11,876,232	\$ 11,884,589
Net profit	\$ 194,548	\$ 204,261
Share of profit (loss) of associates for using equity method	\$ 755	\$ 1,531

The investment gains or losses recognized under the equity method for the fiscal years 2023 and 2022 are calculated based on the audited financial statements of the investee companies by their respective accountants."

The above financial information has not been adjusted based on the proportion of ownership held by our company."

5.As of December 31, 2023, and December 31, 2022, our company's investments accounted for using the equity method have not been pledged or guaranteed."

(7) Property, plant and equipment

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

	2023	2022
Capitalization amount	\$ 2,036	\$ 1,244
Capitalization interest rate	1.84%	1.59%

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, 2023	\$ 1,343,331	\$ 1,690,936	\$ 2,475,153	\$ 114,704	\$ 302,819	\$ 178,037	\$ 6,104,980
Additions	708	1,525	4,702	190	19,949	239,371	266,445
Reclassifications	—	40,130	196,650	2,829	18,503)	(294,063)	(35,951)
Disposals	—	—	—	(7,027)	(8,835)	—	(15,862)
December 31, 2023	<u>\$ 1,344,039</u>	<u>\$ 1,732,591</u>	<u>\$ 2,475,153</u>	<u>\$ 110,696</u>	<u>\$ 332,436</u>	<u>\$ 123,345</u>	<u>\$ 6,319,612</u>
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>
Accumulated depreciation and impairment							
At January 1, 2023	\$ (26,643)	\$ (1,202,327)	\$ (1,853,692)	\$ (101,059)	\$ (190,454)	\$ —	\$ (3,374,175)
Additions	—	(46,535)	(84,916)	(5,567)	(40,489)	—	(177,507)
Gain on reversal of impairment loss	—	—	—	—	—	—	—
Disposals	—	—	—	6,979	8,828	—	15,807

	Land	Buildings	Machinery and Equipment	Transportatio n equipment	Other equipment	Construction in progress and equipment to be inspected	Total
At December 31, 2023	\$ (26,643)	\$ (1,248,862)	\$ (1,938,608)	\$ (99,647)	\$ (222,115)	\$ —	\$ (3,535,875)
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	\$ (26,643)	\$ (1,202,327)	\$ (1,853,692)	\$ (101,059)	\$ (190,454)	\$ —	\$ (3,374,175)

Book Value:

December 31, 2023	\$ 1,317,396	\$ 483,729	\$ 737,897	\$ 11,049	\$ 110,321	\$ 123,345	\$ 2,783,737
December 31, 2022	\$ 1,316,688	\$ 488,609	\$ 621,461	\$ 13,645	\$ 112,365	\$ 178,037	\$ 2,730,805

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

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.

(8) Lease arrangements

(a) Right-of-use assets

	Land	Building	Transportation equipment	Total
Cost :				
Balance at January 1, 2023	\$ 13,036	\$ 15,190	\$ 82,218	\$ 110,444
Addition	1,722	—	14,383	16,105
Lease Modifying	—	—	(15,269)	(15,269)
Balance at December 31, 2023	\$ 14,758	\$ 15,190	\$ 81,332	\$ 111,280

Accumulated depreciation and
impairment:

Balance at January 1, 2023	\$ 6,323	\$ 7,319	\$ 36,152	\$ 49,794
Depreciation	2,301	3,314	20,063	25,678
Decrease	—	—	(14,947)	(14,947)
Balance at December 31, 2023	\$ 8,024	\$ 10,633	\$ 41,268	\$ 60,525

Book value:

	Land	Building	Transportation equipment	Total
Balance at December 31, 2023	<u>\$ 6,134</u>	<u>\$ 4,557</u>	<u>\$ 46,066</u>	<u>\$ 50,755</u>
Cost :				
Balance at January 1, 2022	\$ 12,539	\$ 13,142	\$ 80,236	\$ 105,917
Increase	497	2,048	9,016	11,561
Decrease	—	—	(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>

For the years ended December 31, 2023 and 2022, the Company did not undergo major sub-leases and impairments.

(b)Lease liabilities

	December 31, 2023	December 31, 2022
Book value of lease liabilities		
current	<u>\$ 22,106</u>	<u>\$ 24,024</u>
non-current	<u>\$ 29,517</u>	<u>\$ 37,270</u>

The discount rate of leasing liability was both 1.03%~2.09% and 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

2023	2022

Expenses relating to short-term leases	\$ 544	\$ 157
Low-value asset lease expenses	\$ 95	\$ 38
Expenses relating to variable lease payments not included in the measurement of lease liabilities	\$ 3,354	\$ 5,036
Total cash (outflow) for leases	\$ 31,207	\$ 30,993

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, 2023	interest rates range from	Maturity year	Collateral
Bank loans				
Purchase loans	\$ 98,847	6.5%~6.62%	2024.06	NONE
Credit loans	1,650,000	1.65%~1.86%	2024.01~2024.12	NONE
	<u>\$ 1,748,847</u>			
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>			

(10) Short-term commercial paper payable

	December 31, 2023	December 31, 2022,
Commercial paper payable	\$ 50,000	\$ —
Discount	—	—
	<u>\$ 50,000</u>	<u>\$ —</u>
Interest rate range	1.85%	—
Maturity year	2024.01	—

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, 2023	December 31, 2022
Collateralize loans	\$ —	\$ 75,000
Credit loans	1,316,666	1,245,000
Less: Current portion of long-term loans payable	<u>(477,083)</u>	<u>(503,333)</u>

Long-term debt payable	\$ 839,583	\$ 816,667
Interest rate range	1.63%~1.93%	1.51%~1.86%
Maturity year	2024.9~2028.10	2023.4~2027.6
Unspent amount	\$ 483,333	\$ 430,000

(12) Plan of post-retirement benefits

A. Defined benefit plans

	December 31, 2023	December 31, 2022
Total present value of obligations	\$ 13,637	\$ 13,826
Fair value of project assets	(13,196)	(13,265)
Recognized definite benefit obligation liabilities	\$ 441	\$ 561

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

	2023	2022
present value of a defined benefit	\$ 13,826	\$ 15,212
employee benefits expense	(617)	—
Current service cost and interest	190	114
Recognition of other comprehensive income	238	(1,500)
present value of a defined benefit	\$ 13,637	\$ 13,826

(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:

	2023	2022
Fair value of planned assets at the beginning of the period	\$ 13,265	\$ 10,946
Allocated amount	271	1,450
Interest income	185	91
Benefits paid from plan assets	(617)	—
Plan asset return	92	778
Fair value of plan assets at the end of the period	<u>\$ 13,196</u>	<u>\$ 13,265</u>

(c) Recognition as an profit and loss

	2023	2022
Current service cost	\$ —	\$ —
Interest cost	190	114
Interest income	(185)	(91)
Employee retirement benefits	<u>\$ 5</u>	<u>\$ 23</u>

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

	2023	2022
Accumulated balance on January 1	\$ 157,540	\$ 159,818
Recognized during the period	146	(2,278)
Accumulated balance on December 31	<u>\$ 157,686</u>	<u>\$ 157,540</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:

	2023	2022
Discount rate	1.25%	1.38%
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 0.25%, there will be the following effects:

	2023	
	Increase	Decrease
Net defined benefit liability	\$ 419	\$ (437)

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

The Company expects to allocate 0 thousand dollar to the determined benefit plan within one year after December 31, 2023.

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 2023 and 2022 pension plans are 18,879 thousand dollar and 19,377 thousand dollar respectively, which have been transferred to the Labor Insurance Bureau.

(13)Income tax

1. Income tax expense recognized in profit or loss :

	2023	2022
Income tax expense calculated at the statutory rate	\$ 73,263	\$ 78,536
Amount of tax impact of income tax adjustment items		
Permanent differences	(16,935)	(4,423)
Temporary differences	(3,263)	2,142
Income tax credits	—	—
Adjustments for prior years	(467)	(2,519)
Income tax on unappropriated earnings	1,725	—
Deferred income tax expenses adjusted this year	(578)	(2,982)
Income tax expense	<u>\$ 53,745</u>	<u>\$ 70,754</u>

2. Deferred income tax

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

	2023			
	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	6,987	1,536	—	8,523
Unrealized Gain or Loss	(388)	(14)	—	(402)
Net changes in equity of investment accounted for using equity method	19,273	(4,713)	—	14,560
Impairment loss recognized under the cost method	7,218	—	—	7,218
Fixed asset impairment loss	(468)	—	—	(468)
Others	(2,260)	3,769	—	1,509
Defined benefit plans actuarial loss	(468)	—	29	(439)

Conversion difference in the
conversion of financial statements of
foreign operating organizations

(1,218)	—	567	(651)
<u>\$ 33,630</u>	<u>\$ 578</u>	<u>\$ 596</u>	<u>\$ 34,804</u>

2022

	Balance on January 1	Profit and loss	Other comprehensiv e income	Balance as of December 31
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>

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

	2023	2022
Net investment income or loss accounted for using equity method	\$ 36,583	\$ 41,296
Net investment income or loss accounted for using cost method	7,690	7,690
	<u>\$ 44,273</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 2021.

(14) Capital and other equity

A. Issuance of ordinary shares

In 2023 and 2022, 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 331,663 thousand and 322,014 thousand ordinary shares.

B. Capital Surplus

Details of capital reserve balance:

	December 31, 2023	December 31, 2022
Treasury stock trading	\$ 5,996	\$ 5,996
Change in ownership interests in subsidiaries	672	672
Others	8,362	8,362
	<u>\$ 15,030</u>	<u>\$ 15,030</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, 2023, 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 2022 and 2021 annual earnings distribution proposal and dividend distribution on June 9, 2023 and June 17, 2022 through the resolutions of the shareholders' meeting

	Surplus distribution		Dividend per share(dollar)	
	2022	2021	2022	2021
Legal reserve	\$ 32,425	\$ 32,160	—	—
Cash dividends	160,825	353,815	0.50	1.10
Stock dividends	96,495		0.30	
	<u>\$ 289,745</u>	<u>\$ 385,975</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	2023			
	Beginning	Increase	Decrease	The end
Transfer shares to employees	<u>364,000</u>	<u>—</u>	<u>—</u>	<u>364,000</u>

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

	2023	2022
	After tax	After tax
Consolidated net income attributed to stockholders of the company	\$ 312,570	\$ 321,930
Number of issued shares at the beginning of the period(thousand)	322,014	322,014
Stock repurchase	(364)	(364)
Weighted average number of outstanding shares at the end of 2022, retrospectively calculated to account for bonus shares.	9,649	
Number of shares outstanding at the end of the period(thousand)(B)	331,299	321,650
Basic(A/B)(dollar)	\$ 0.94	\$ 0.97
Basic (pre-adjustment) (in currency)		1.00

(17) Customer contract revenue

A. Customer contract revenue

	2023	2022
Animal Feeds	\$ 7,073,166	\$ 7,685,151
Food	6,826,594	7,046,141
Others	1,033,279	1,233,284
	\$ 14,933,039	\$ 15,964,576

B. Contract balance

<u>Current contract liabilities</u>	December 31, 2023	December 31, 2022
Advance sales receipts	\$ 6,607	\$ 7,062

Contract liabilities from the beginning of the year

	2023	2022
Merchandise sales	\$ 5,790	\$ 11,689

(18)Other revenue

	2023	2022
Rent revenue	\$ 12,909	\$ 12,328
Investment revenue	247	691
Income from subsidies and tax refunds	3,178	4,714
Service revenue	3,238	3,597
Bad debt recovery income	—	1,105
Others revenue	15,164	8,616
	<u>\$ 34,736</u>	<u>\$ 31,051</u>

(19) Other benefits and losses

	2023	2022
Foreign currency exchange gains and losses	\$ 7,927	\$ 30,168
financial asset or financial liability at fair value through profit or loss	2,005	(3,100)
Gain on disposal of financial assets	—	—
Gain on disposal of property plant and equipment	686	399
Impairment loss on non-financial assets.	—	—
lease modify income	—	—
other	(1,597)	(4,780)
	<u>\$ 9,021</u>	<u>\$ 22,687</u>

(20)Financial costs

2023	2022

Interest on bank loans	\$	59,060	\$	39,368
Interest on lease liabilities		1,760		743
Minus : Capitalization of interest		(2,036)		(1,244)
	\$	58,784	\$	38,867

(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 2023 and 2022, a small number of companies accounted for 36.6% and 36.4% 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, 2023

	Book value	cash flow	under one year	1~5 years	five years and above
non-derivative financial liability					
Short-term loans and finance bills	\$ 1,798,847	\$ 1,798,847	\$ 1,798,847	\$ —	\$ —
Notes payable and account payable	409,268	409,268	409,268	—	—
Other payable	276,221	276,221	276,221	—	—
Lease liability	51,623	61,011	25,771	35,240	—
Long-term loans	1,316,666	1,316,666	477,083	839,583	—
	<u>\$ 3,852,625</u>	<u>\$ 3,862,013</u>	<u>\$ 2,987,190</u>	<u>\$ 874,823</u>	<u>\$ —</u>

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	\$ —	\$ —
Notespayable 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>

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, 2023			December 31, 2022		
	Foreign currency	exchange rate	New Taiwan dollar	Foreign currency	exchange rate	New Taiwan dollar
<u>Financial asset</u>						
<u>Currency units</u>						
USD	2,872	30.71	88,199	4,843	30.71	148,728
<u>Financial liability</u>						
<u>Currency units</u>						
USD	3,219	30.71	98,855	7,330	30.71	225,104

The Company's monetary items have a significant impact due to exchange rate fluctuations, and the total exchange gains and losses for 2023 and 2022 respectively are 7,927 thousand dollars and 30,168 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 31,2023 and 2022, 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 2023 and 2022 would increase 107 thousand or decrease 763 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 2023 and 2022 will decrease or increase by 31,671 thousand and 33,864 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.

	Level 1	Level 2	Level 3	Total
December 31, 2023				
Current Financial Assets at Fair Value through Profit or Loss	\$ 4,349	\$ —	\$ —	\$ 4,349
Current Financial Liabilities at Fair Value through Profit or Loss	—	(785)	—	(785)
	<u>\$ 4,349</u>	<u>\$ (785)</u>	<u>\$ —</u>	<u>\$ 3,564</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>

(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 2023 and 2022.

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

	2023	
	Financial Assets at Fair Value through Profit or Loss	合計
Balance, beginning of year	\$ 1,120	\$ 1,120
Purchases	(1,120)	(1,120)
Balance at December 31, 2022	<u>\$ —</u>	<u>\$ —</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. Classification of Financial Instruments

	December 31, 2023	December 31, 2022
<u>Financial assets</u>		
Amortized cost		
Cash and Cash equivalents	\$ 630,283	\$ 806,371
Accounts receivable and notes receivable	1,946,433	2,104,682
other receivable	54,685	28,832
Refundable Deposits	11,325	12,546
financial asset at fair		
value through profit or loss	4,349	5,173
<u>Financial liabilities</u>		
financial liabilities at fair		
value through profit or loss	785	2,490
Amortized cost		
Short-term loans	1,798,847	2,005,096
Accounts payable and notes payable	409,268	433,880
other payable	276,221	261,910
Long-term loans	1,316,666	1,320,000
deposits received	1,562	1,656

(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

	2023	2022
Short-term employee benefits	\$ 17,349	\$ 20,105

Post-employment benefits	414	448
	\$ 17,763	\$ 20,553

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
GOOD TASTE 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
Hung Yao-Tung	Substantive Related Parties
Hung Yao-Chi"	Substantive Related Parties
Hung Wu Hsiu-Chin	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	2023	2022
	Amount	Amount
Subsidiaries	\$ 843,585	\$ 1,013,735
CENTRAL UNION OIL CORP.	3,190,853	3,090,055
Associates	2,239	1,345
Substantive Related Parties	36,866	50,122
	<u>\$ 4,073,543</u>	<u>\$ 4,155,257</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	2023	2022
	Amount	Amount
Subsidiaries	\$ 51,246	\$ 48,025
CENTRAL UNION OIL CORP.	482,029	268,860
Associates	—	902
Substantive Related Parties	3,605	46,849
	<u>\$ 536,880</u>	<u>\$ 364,636</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, 2023	December 31, 2022
		Amount	Amount
Notes receivable	CHARMING		
	FOOD	\$ 253,995	\$ 214,160
	WAN JI SHENG	—	46,659
	Substantive Related	—	454

	Parties	<u>\$</u>	<u>253,995</u>	<u>\$</u>	<u>261,273</u>
Accounts receivable	CHARMING FOOD	\$	39,730	\$	59,881
	WAN JI SHENG		55,311		43,586
	Subsidiaries		3,670		2,676
	CENTRAL UNION OIL CORP.		367,557		403,450
	Associates		—		618
	Substantive Related Parties		7,786		4,988
			474,054		515,199
Less: allowance for loss			(382)		(382)
NET		<u>\$</u>	<u>473,672</u>	<u>\$</u>	<u>514,817</u>

Item	Company	December 31, 2022	December 31, 2021
		Amount	Amount
Other receivable	FWUSOW NEW CHARMING FOOD	\$ 47	\$ 55
	WAN JI SHENG	27,093	2,829
	Associates	3,611	—
		113	10,730
		<u>\$ 30,864</u>	<u>\$ 13,614</u>

4. Payables to related parties

Item	Company	December 31, 2023	December 31, 2022
		Amount	Amount
Accounts payable	Subsidiaries	\$ 2,238	\$ 7,066
	CENTRAL UNION OIL CORP.	11,659	6,114
	Substantive Related Parties	—	1,223
		<u>\$ 13,897</u>	<u>\$ 14,403</u>
Other payable	Subsidiaries	\$ 677	\$ 691
	Associates	1,590	5,830
	Substantive Related Parties	411	467
		<u>\$ 2,678</u>	<u>\$ 6,988</u>

5. Manufacturing expenses and Operating cost

Company	2023	2022
	Amount	Amount
Manufacturing expenses		
CENTRAL UNION	\$ 235,257	\$ 236,840
Substantive Related Parties	512	1,078
Operating cost — Other expenses		
Subsidiaries	10,163	9,807
Substantive Related Parties	5,079	4,754
	<u>\$ 251,011</u>	<u>\$ 252,479</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	2023	2022
<u>Right-of-use asset</u>		
Subsidiaries	\$ —	\$ 359
Substantive Related Parties	2,828	4,182
	<u>\$ 2,828</u>	<u>\$ 4,541</u>
Related Party Categories	2023	2022
<u>Lease obligations</u>		
Subsidiaries	\$ —	\$ 364
Substantive Related Parties	3,071	4,326
	<u>\$ 3,071</u>	<u>\$ 4,690</u>
Interest expense		
Subsidiaries	\$ 5	\$ 8
Substantive Related Parties	40	54
	<u>\$ 45</u>	<u>\$ 62</u>

7. Non- operating income

	2023	2022
<u>Endorsement guarantee fee income</u>		
Subsidiaries	\$ 5,489	\$ 6,201
Associates	482	359
<u>Rent revenue</u>		
Subsidiaries	538	538
Associates	54	418
Substantive Related Parties	114	131
	<u>\$ 6,677</u>	<u>\$ 7,647</u>

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

	2023		2022	
Substantive Related Parties	Consignment	Commissions Expense	Consignment	Commissions Expense
Substantive Related Parties	\$ 14,810	\$ 250	\$ 12,346	\$ 255

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

	Acquisition Price	
Related Party Categories	2023	2022
Substantive Related Parties		
Transportation Equipment	<u>\$ —</u>	<u>\$ 232</u>

10. The company endorses and guarantees information for related parties : Refer to Schedule 1.

8、Mortgage Assets

Item	Property	December 31, 2023	December 31, 202
Property, plant and equipment			

Land	Bank	\$	311,563	\$	311,563
Buildings, net	Bank		33,414		29,903
Machinery equipment, net	Bank		1,493		51
		\$	346,470	\$	341,517

9、Commitments And Contingent Liabilities

			December 31, 2023	December 31, 2022
A. The Company had outstanding				
usage letters of credit amounting to	USD	\$	13,672	\$ 35,134
B. The balance of guaranteed bills issued	NTD		4,760,000	4,060,000
for borrowing and developing letters of				
credit	USD		20,000	24,000
C. Project payment payable	NTD		43,061	87,994
D. 4. Promissory notes	NTD		250,000	430,000
E. 5. Customs bond	NTD		20,000	20,000

10、Significant Losses From Disasters : NONE ◦

11、Significant Subsequent Events : NONE ◦

12、Others :

(1) Statement of labor, depreciation and amortization by function:

	2023			2022		
	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	\$ 147,683	\$ 259,379	\$ 407,062	\$ 147,829	\$ 264,119	\$ 411,948
Labor and health						
insurance	16,152	25,348	41,500	15,766	25,591	41,357
Pension	7,017	11,867	18,884	7,018	12,382	19,400
Board compensation	—	19,694	19,694	—	21,112	21,112
Others	6,591	17,233	23,824	6,463	17,837	24,300
Depreciation-PPE	148,062	55,123	203,185	127,801	52,122	179,923
Depreciation-Biological	1,280	—	1,280	953	—	953
assets						
Amortization expense	238	7,637	7,875	—	900	900

Note 1: As of December 31, 2023 and 2021, the Company had 611 and 604 employees, respectively. There were two year 4 and 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, 2023 and 2022 were NT\$809 thousand and NT\$831 thousand, respectively.
- (b) Average salary and bonus for the years ended December 31, 2023 and 2022 were NT\$671 thousand and NT\$689 thousand, respectively.
- (c) The average salary and bonus increased by 2.6% year over year.
- (d) The company has established an audit committee
The Company did not have supervisors for the years ended December 31, 2023 and 2022. 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 2022 and the amount of employee compensation and director compensation recognized in the 2022 individual financial report.

The estimated amount of remuneration for employees and directors and supervisors of the company for 2023 is 27,572 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 2023. 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 2023.

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 Schedule 1

- (3) Marketable securities held (excluding investments in subsidiaries and associates):
Refer to Schedule 2
- (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 Schedule 3
- (8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Refer to Schedule 4
- (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 Schedule 5

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 Schedule 6
- (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.

Schedule 1 Endorsement for civilians

(Expressed in Thousands of New Taiwan Dollars, amount unless otherwise specified)

2023

Endorser	Object of endorsement guarantee		Endorsement guarantee limit for a single enterprise (Note 3)	The highest endorsement guarantee balance for the current period	Endorsement guarantee balance at the end of the period (Note 5)	Actual spending amount (Note 6)	Amount of endorsement guaranteed by property	Ratio	Endorsement guarantee maximum limit	The parent company's endorsement guarantee to the subsidiary (Note 4)	Subsidiary company endorses the parent company (Note 4)	An endorsement guarantee to the mainland area (Note 4)
	Name	relationship (Note 2)										
FWUSOW INDUSTRY	CHARMING FOOD INTERNATIONAL	2	\$ 906,959	\$ 690,000	\$ 690,000	\$ 320,000	None	15.22%	\$ 1,813,918	Y	—	—

Note 1: The parent company and its subsidiaries are coded as follows:

1. The parent company is coded "0".
2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above

Note 2: According to the "Guidelines Governing the Preparation of Financial Reports by Securities Issuers" issued by the R.O.C. Securities and Futures Bureau, receiving parties should be disclosed as one of the following:

1. A company with which it does business.
2. A company in which the public company directly and indirectly holds more than 50% of the voting shares
3. A company that directly and indirectly holds more than 50 % of the voting shares in the public company.
4. A company in which the public company holds, directly or indirectly, 90% or more of the voting shares
5. A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
6. A company that all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages
7. Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note3: The maximum amount endorsed guarantee is the total amount of the endorsement guarantee approved by the company's shareholders meeting.

The calculation is as follows:

1. External endorsements and guarantees made by the Company may not exceed 40% of the Company's net worth. (4,413,032*40%=1,765,213)
2. Endorsements and guarantees made by the Company to a single enterprise may not exceed 20% of the Company's net worth. (4,413,032*20%=882,606)

Note 4: Fill in 'Y' for those cases of provision of endorsements/guarantees by listed parent company to subsidiary, provision by subsidiary to listed parent company, and provision to the party in Mainland China.

Note 5: The responsibility of endorsements and guarantees is confirmed after the contract is signed and approved by the bank, and all the related events shall be accounted for in the ending balance.

Note 6: Fill in the actual amount of endorsements/guarantees used by the endorsed/guaranteed company.

Schedule 2 SITUATION OF HOLDING SECURITIES AT THE END OF THE PERIOD
(Expressed in Thousands of New Taiwan Dollars, amount unless otherwise specified)
2023

<i>Holding company</i>	<i>Types and names of securities</i>	<i>Relationship</i>	<i>Account</i>	<i>BALANCE IN YEAR ENDED</i>				
				<i>Number of shares</i>	<i>Book value</i>	<i>Shareholding ratio (%)</i>	<i>Market price</i>	<i>Note</i>
FWUSOW INDUSTRY CO., LTD.	Stock - IBF FINANCIAL HOLDINGS CO.,LTD.	—	Current Financial Assets at Fair Value through Profit or Loss	183,690	2,250		2,250	
	Stock - INNOLUX CORPORATION	—	Current Financial Assets at Fair Value through Profit or Loss	8,126	116		116	
	Fund - CATHAY FLOBAL RESOURCES FUND TWD	—	Current Financial Assets at Fair Value through Profit or Loss	300,000	1,983		1,983	
	Subtotal				4,349		4,349	
	Stock - MITHRA BIOINDUSTRY CO.,LTD.	—	Current Financial Assets at Fair Value through Profit or Loss	76,518	—		—	
	Stock - RICE TECHNOLOGY COMPANY	—	Current Financial Assets at Fair Value through Profit or Loss	310,000	—		—	
	Stock - HUA-JIE (TAIWAN) CORP.	—	Current Financial Assets at Fair Value through Profit or Loss	822,646	—		—	
	Stock - PROMOS TECHNOLOGIES INC.	—	Current Financial Assets at Fair Value through Profit or Loss	30	—		—	
	Subtotal				—		—	(Note 2)

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

(1) Where there is a quoted market price, the fair value is based on the closing price at the balance sheet date, the fair value of open-end funds is based on the net asset value at the balance sheet date.

(2) Where there is no quoted market price, Since there is no active market transaction quotation, no fair value can be referred to and liquidity is very low, the book amount is evaluated as 0 since the application of IFRS 9 at 2018.01.01.

Note2: Preference share

Schedule 3 The amount of purchases and sales with related parties reaches 100 million New Taiwan dollars or more than 20% of the paid-in capital
(Expressed in Thousands of New Taiwan Dollars, amount unless otherwise specified)

2023

Purchasing and sales company	Trading partners	Relationship	Transaction situation				reasons why trading conditions are different from ordinary trading		Notes and accounts receivable (payable)		
			Purchase and sales	Amount	ratio(%)	Credit period	unit price	Credit period	Balance	ratio(%)	
FWUSOW INDUSTRY CO., LTD.	CENTRAL UNION OIL CORP.	Net investment accounted for using equity method	Sales	\$ 3,190,853	21.4%	D/A 60	—	—	A/R	\$ 367,557	18.8%
			Purchase	482,029	3.8%				A/P	(11,659)	-2.8%
	CHARMING FOOD INTERNATIONAL MARKETING CO., LTD.	Subsidiary	Sales	\$ 568,467	3.8%	D/A120	—	—	N/R	\$ 253,995	13.0%
									A/R	39,730	2.0%
	WANJISHENG AGRICULTURAL TECHNOLOGY CO.,	Subsidiary	Sales	\$ 233,328	1.6%	D/A120			N/R	-	
									A/R	55,311	2.8%

Schedule 4 Receivables from related parties amount to NT\$100 million or more than 20% of the paid-in capital
(Expressed in Thousands of New Taiwan Dollars, amount unless otherwise specified)
2023

<i>Company with accounts receivable</i>	<i>Trading partners</i>	<i>Relationship</i>	<i>Balance of accounts receivable from related parties</i>	<i>Turnover</i>	<i>Overdue amounts due from related parties</i>		<i>Receivable amount of money due from related party</i>	<i>Provision of allowance for loss amount</i>
					<i>Amount</i>	<i>Processing method</i>		
FWUSOW INDUSTRY CO., LTD.	CENTRAL UNION OIL CORP.	Net investment accounted for using equity	A/R \$ 367,557	8.3	—	—	\$ 367,557	\$ 382
FWUSOW INDUSTRY CO., LTD.	CHARMING FOOD INTERNATIONAL MARKETING CO., LTD.	Subsidiary	N/R \$ 253,995 A/R 39,730 O/R 27,093	2.0	—	—	\$ 253,995 11,608 15,614	—

Schedule 5 DETAILS OF INVESTEE (EXCEPT FOR CHINESE MAINLAND INVESTEE)
(Expressed in Thousands of New Taiwan Dollars, amount unless otherwise specified)

2023

Investor	Investee	Area	Service Items	Original investment amount		Year ended of 2020			Current profit(loss) of investee	Net investment profit(loss)	Note
				Year ended of 2020	Year ended of 2019	Number of shares	Ratio(%)	Book value			
FWUSOW INDUSTRY CO., LTD.	FWUSOW NEW INDUSTRY CO., LTD.	No.36-1, Datong St., Shalu Dist., Taichung City 433103, Taiwan (R.O.C.)	Residence and Buildings Lease Construction and Development, Wholesale of Edible Oil	\$ 217,854	\$ 217,854	5,473,703	99.07	\$ 174,529	\$ 3,339	\$ 3,301	Subsidiary company
	ZILLION INVESTMENT CO.	LEVEL2, LOTEMAU CENTRE, VAEA STREET, APIA, SAMOA.	Reinvestment Chinese Mainland Investment	USD 12,585,000	USD 12,585,000	12,585,000	85.70	120,598	128,628	2,054	Subsidiary company
	CHARMING FOOD INTERNATIONAL MARKETING CO., LTD.	No.33, Datong St., Shalu Dist., Taichung City 433103, Taiwan (R.O.C.)	Canned, Frozen, Dehydrated Food Manufacturing, Animal Husbandry	291,000	291,000	29,100,000	72.75	(207,437)	64,799	47,130	Subsidiary company
	YI ZAI HOLDING CO.	2 nd Floor, Building B, SNPF Plaza, Savalalo, Apia, Samoa.	Reinvestment Chinese Mainland Investment Industry	USD 183,000	USD 183,000	183,000	100.00	5,573	124	124	Subsidiary company
	WANJISHENG AGRICULTURAL TECHNOLOGY CO.,	No.45, Shatian Rd., Shalu Dist., Taichung City 433518, Taiwan (R.O.C.)	Cattle, Animal Husbandry, Livestock Farming	197,410	197,410.00	19,741,000	98.71	218,255	14,593	14,404	Subsidiary company
	CENTRAL UNION OIL CORP.	No.1-8, Beiti Rd., Cingshuei Dist., Taichung City 436455, Taiwan (R.O.C.)	Oil Processing	197,232	197,232	19,399,028	32.33	305,913	160,645	51,939	Associates
	CHIATON INTERNATIONAL CO., LTD.	No.21-6, Fazihtou, Syuejia Dist., Tainan City 726006, Taiwan (R.O.C.)	Fresh Fish Wholesale Industry Retail Industry	16,125	16,125	3,562,501	37.50	79,047	33,939	12,727	Associates
	Top International Co., Ltd.	1st Floor, No. 91-3, Yizhu Village, Yizhu Township, Chiayi County	Canned, Frozen, Dehydrated Food Manufacturing	6,720	1,120	672,000	21.88	6,689	(36)	(31)	Associates

Schedule 6 DETAILS OF INVEST IN CHINESE MAINLAND

(Expressed in Thousands of New Taiwan Dollars, amount unless otherwise specified)

2023

<i>Investee</i>	<i>Service Items</i>	<i>Paid-in Capital</i>	<i>Cumulative investment amount remitted from Taiwan at the beginning of the period</i>	<i>Investment amount remitted or recovered in the current period</i>		<i>Cumulative investment amount remitted from Taiwan at the end of the period</i>	<i>Current profit(loss) of investee</i>	<i>The company's direct or indirect investment shareholding ratio</i>	<i>Net investment profit(loss)</i>	<i>Investment book value</i>	<i>Investment income has been repatriated as of the current period</i>
				<i>Export</i>	<i>Withdraw</i>						
XIAMEN FWUSOW INDUSTRY CO., LTD.	Livestock Farming 、 Prepared Animal Feeds Manufacturing	USD 12,585,000	\$ 309,281	—	—	\$ 309,281	\$ 2,397	85.70%	\$ 2,054	\$ 128,628	—
XIAMEN FWUSOW TRADING CO., LTD	Wholesale and import and export of pet food, supplies and equipment	USD 140,000	\$ 5,476	—	—	\$ 5,476	\$ 124	100%	\$ 124	\$ 5,573	—

Accumulated Outflow for Investments in Mainland China as of December 31, 2020	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on Investments
\$ 314,757	USD 10,922,250	\$ 2,,720,876

Fwusow Industry Co., Ltd

Chairman: Hung, Yau-Kuen