Stock Code: 1730

Farcent Enterprise Co., Ltd.
The 2022 Annual Report

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I. Spokesperson of the company

Name：Annie Wang

Title: Executive Director

Contact No.: (02)2592-2860

E-mail: anwang@farcent.com.tw

Acting Spokesperson of the Company

Name：Qin Mei-Hua

Title: Manager

Contact No.: (02)2592-2860

E-mail: maggie@farcent.com.tw

II. Addresses and telephone numbers of headquarter, branch offices and factories

1. Headquarters:	13 F, No. 230, Sec. 3, Chengde Rd., Datong Dist., Taipei City, Taiwan (R.O.C.)	TEL：(02)2592-2860
2. Taichung Office:	18-2 F, No. 241, Sec. 3, Wenxin Rd., Xitun Dist., Taichung City, Taiwan (R.O.C.)	TEL：(04)2297-0899
3. Kaohsiung Office:	14 F, No. 2, Mingcheng 4th Rd., Gushan Dist., Kaohsiung City, Taiwan (R.O.C.)	TEL：(07)555-0468

III. Name, address, website and telephone number of the stock transfer agency:

Name: Agency Department of CTBC Bank Co., Ltd.

Add.: 5 F, No. 83, Sec. 1, Chongqing S. Rd., Zhongzheng Dist., Taipei City, Taiwan (R.O.C.)

Web site: https://ecorp.chinatrust.com.tw/cts/index/jsp

TEL：(02)6636-5566

IV. Most recent annual financial visa accountant

Name：Accountants Lin Song-Shu and Lin Jin-Feng

Firm: Crowe (TW) CPAs

Add.：10 F, No. 369, Fuxing N. Rd., Songshan Dist., Taipei City, Taiwan (R.O.C.)

Web site: https://www.crowe.com/tw

TEL：(02)8770-5181

V. The name of the institution where the overseas securities are listed for trading and the method for inquiring about overseas securities with consideration: None

VI. Company website: https://www.farcent.com.tw

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I. The 2022 Business Report

(I) Implementation results of the business plan

The consolidated net operating income of the Company in 2022 was NT$2,784,615 thousand, representing a decrease of 11.28% as compared to NT$3,138,791 thousand in 2021. The operating gain of the period was NT$323,528 thousand, representing a decrease of 3.88% as compared to NT$336,595 thousand in 2021. The net profit after tax of the parent company was NT$253,404 thousand, representing a decrease of 3.10% as compared to NT$261,507 thousand in 2021.

Unit: NT$000'

Item	2022	2021	(%)
Net operating income	2,784,615	3,138,791	-11.28%
Operating costs	-1,514,705	-1,761,515	-14.01%
Net profit (Note)	1,267,788	1,377,594	-7.97%
Operating expenses	-944,260	-1,040,999	-9.29%
Operating gains	323,528	336,595	-3.88%
Non-operating income and expenditure	20,020	30,191	-33.69%
Net profit before tax	343,548	366,786	-6.34%
Net profit after tax	277,566	289,031	-3.97%
Net profit after tax attributable to:			
Owner of the parent company	253,404	261,507	-3.10%
Non-controlling interest	24,162	27,524	-12.21%

Note: Net profit excludes realized (unrealized profits with affiliates.

(II) **Budget execution:** Not applicable; the Company has not disclosed its financial forecast for 2022.

(III) Financial income/expenses and analysis of profitability:

1. Financial income/expenses

The consolidated net profit before tax of the Company in 2022 was NT$343,548 thousand. The consolidated net cash inflows from operating activities, the net cash outflows from investing activities, net cash outflows from financing activities, and cash inflows from the effects of changes in the exchange rate on cash and cash equivalent throughout the year were NT$350,007 thousand, NT$14,149 thousand, NT$275,605 thousand, and NT$12,450 thousand, respectively. In addition, the cash and cash equivalent at the beginning of the period was NT$691,762 thousand, and the balance of cash and cash equivalent at the end of the period was NT$764,465 thousand.

2. Analysis of profitability:

Analysis item	2022	2021
Debt ratio	26.14%	32.05%
Ratio of long-term capital to property, plant and equipment	394.08%	378.19%
Current ratio	335.15%	294.00%
Quick ratio	243.10%	209.74%
Return on equity	14.92%	15.73%
Ratio of net profit before tax to paid-in capital	54.33%	58.00%
Profit margin	9.97%	9.21%
Earnings per share (NT$/after tax)	4.01	4.14

(IV) R&D status

1. R&D expenditure and achievements in the most recent two years

Unit: NT$000'

Year / Item	2022	2021
Net operating income	2,784,615	3,138,791
R&D expenses	45,830	45,633
Ratio(%)	1.65%	1.45%
Achievement	1. Washroom Deodorizer - Morning Musk (7ml) 2. Washroom Deodorizer – Pure Floral (7ml) 3. Washroom Deodorizer Refill Pack - Morning Musk (7ml) 4. Washroom Deodorizer Refill Pack– Pure Floral (7ml) 5. Farcent Scented Bag (fully upgraded) 6. Farcent Scent Diffuser (fully upgraded) 7. Farcent Space And Textile Perfume (fully upgraded) 8. Farcent Diffuser - Christmas	1. Farcent Perfume EC (special specification) (300ml) 2. COSTCO Vehicle Fragrance 3. Wood Scent Tea Fragrance Series 4. Tea Tree Herbal Ant-bacterial Soap 5. Kitchen & Washroom Spray 6. Xiaowenqing Mosquito Repellant 7. Ultra-large Environmental Garbage Bag 8. High-performance Rag 9. A/C Cleaning Agent 10. Food Preservation Bag – Long-acting Storage Bag 11. King Kong Mop (new generation) 12. Farcent Male Perfume Shower Gel

	9. Farcent Diffuser – Tea Tree (collaboration) 10. Farcent Washroom Cleaning Spray (original + refill pack) 11. Farcent Kitchen Cleaning Spray (original + refill pack) 12. Farcent Drain Cleaner (export sales) 13. Farcent Floor Cleaning Agent (export sales) 14. Farcent Kitchen Cleaning Spray (export sales) 15. Chinese Tea Tree Laundry Sink Cleaning Agent 16. Ms. Bright Automatic Toilet Cleaning Agent 17. Show Ba Washroom Cleaning Agent 650g 18. Perfume Shampoo (new generation and upgraded) 19. Perfume Conditioner (new generation and upgraded) 20. Farcent Perfume Shower Comble (Freesia + Sage) 21. Perfume Shower Gel with Amino Acid – Tipsy Freesia (one original with three refill packs + 100g shampoo) 22. China - 75% Scented Alcohol Wipe 23. China – Disposable Duster 24. Fragrance-free Floor Wipe 25. L.P. Farcent Dehumidifier 26. L.P. Farcent Adhesive Lint Roller (one original + four refill packs) 27. L.P. Farcent Garbage Bag (new generation)	13. Vitami Functional Supply Herbal Shower Gel 14. DD503 & DD525 Series (JHC) 15. Ms. Big X L.P. Farcent Perfume Static Dust Removal Paper – Floral Romance 16. Magic Frisbee Spin Mop Set (one bucket + one mop + one cloth)* 17. L.P. Farcent Food Storage Bag Series (PX version) 18. L.P. Farcent Static Dust Removal Paper (four packs) 19. EC Exclusive - L.P. Farcent Dual Use Static Mop Set 20. EC Exclusive - L.P. Farcent Static Dust Removal Paper 25 Pieces (12 packs) 21. EC Exclusive - L.P. Farcent Dual Use Static Mop Set 22. Farcent Wardrobe Dehumidifier 23. Minions Collaboration Dust Removal Series

2. Future R&D plan

Apart from the existing R&D foundation and the innovative development focusing on environmental protection, plastic reduction, and carbon emission reduction, the Company will seek industry-academia cooperation and upstream/downstream cooperation in the future and integrate internal and external resources to accurately and efficiently transform consumers' requirements into products.

II. Summary of the 2023 business plan

(I) Business policy

The Company will continue to adhere to the operating purpose of "Convenient New Technology; Favorable Smart Life" to continue our services to consumers and the public. In addition, we will proactively evaluate the plans for new businesses and cooperation with overseas strategic alliances to maintain the competitive strength of the Company and set a solid foundation for the expansion of our territory and sustainable operation.

(II) Estimated sales volume and basis

The Group has self-owned brands and OEM products, and it will continue to develop and launch competitive products to expand its market share; the estimated sales volume in 2023 will continue to grow steadily.

(III) Material production and sales policy

1. Commit to cost reduction, establish a back-up supply chain, and achieve product upgrades and differentiation.
2. Develop diverse channels and secure the brand effects and market share.

III. Future development strategy of the Company

(I) Continue to focus on Taiwan and reinforce product R&D, manufacturing, and channel management.

(II) Continue to explore the Asia Pacific market and deepen the self-owned corporate brands and channels.

(III) Establish the coordination management system of the headquarters.

(IV) Include the development strategies of sustainable corporate operation into product R&D and design.

IV. Impacts of external competition environment, regulatory environment, and macroeconomic environment.

Regarding the daily necessity industry, apart from the brand competition with major international companies that possess abundant resources and the price competition with local companies (low-price products and self-owned brands of stores), consumers have higher requirements for daily necessities due to the improvement in the awareness of environmental protection and health. There are multiple factors that cause effects on the macroeconomic environment and pose challenges to our business operation.

The Company has reinforced the competitive strength of products under different brands with a focus on relevant products of competition and actively invested resources to launch new products and communicate with target groups to constantly introduce new users. Meanwhile, we maintain the constant support of existing users to allow solid leadership within the industry and improve the level of use of our products.

The Company will further commit to developing environmental-friendly products and improving product quality with the objective of providing environmental-friendly and affordable products with high quality. The entire management team will remain cautious and conscientious in their posts and spare no effort in various competitive environments in the hope of creating more favorable performances for the Company. We extend our appreciation to our shareholders, who continuously provide support and encouragement to the Company.

Chairman: Cynthia Tsai Manager: Annie Wang Chief Accountant: Qin Mei-Hua

Two. Corporate Profile

I. Establishment date: 24 May 1983

II. History:

The Company was formerly known as Eutech Enterprise Co., Ltd.. The Company was established in May 1983, and the address was 1F, No.37, Kulun St., Taipei City, with a paid-in capital of NT$1 million and a scope of business of the manufacture of fragrance and other daily necessities.

1985
- The capital increased to NT$2 million.
- Established Tamsui Plant I.

1988
- The capital increased to NT$5 million.

1990
- Market launch of dehumidifier brand “Kechaoling,” which has now become the synonym for all dehumidifier products in Taiwan.
- Fully implemented computer management to improve management performance.

1991
- The capital increased to NT$10 million.

1993
- Renamed “Eutech Enterprise” to “Youte Industrial Co., Ltd.”
- Obtained the Snoopy brand licensing.
- Established the Tamsui Plant II with a strong focus on automation.

1994
- Named the “Number 1 consumer brand” by “Breakazine.”
- Entered into supply and marketing contracts with the General Welfare Service of MND and the National Federation of Credit Co-operatives R.O.C. to increase our sales channel.
- The capital increased to NT$100 million to reinforce our financial structure.

1995
- Awarded the “Excellent Manufacturer Award” by the General Welfare Service of MND.
- The Chairman awarded the “18th Republic of China Model of Entrepreneurs Prize.”
- Acquired Guanyin Plant in response to the increasing production scale so as to improve our management performance and the expropriation of the Tamsui Plant.

1996
- Awarded the “12th Republic of China Golden Signboard Award” by the Golden Trademark Association.
- Awarded the “Golden Earl Award of Asia-Pacific Prominent Industry” by the Republic of China Association for the Advancement of Economic and Trade.
- Awarded the “Golden Earl Award of Asia-Pacific Prominent Product” by the Republic of China Association for the Advancement of Economic and Trade.
- Market launch of air freshener brand “Quweidashi” and received a warm welcome from consumers.
- The capital increased to NT$198 million.
- Renamed to “Farcent Enterprise Co., Ltd.” according to the approval.

1997
- The Company moved to the newly acquired office building, and the address was 13F, No.230, Sec. 3, Chengde Rd..
- Market launch of cleaning tools brand “Quchenshi.”
- Awarded the “Republic Excellent Trademark Design Award” by the Bureau of Standards, Metrology, and Inspection, MOEA
- The capital increased to NT$260 million, and a supplementary public offering was performed.
- Evergreen Investment Co., Ltd. (Singapore), a major shareholder with 10% shareholding or above, transferred its equity to Eldon Co., Ltd. B.V.I..

1998
- The capital increased to NT$350 million.
- Obtained the ISO-9002 certification.
- Inauguration of Guanyin Plant.
- Awarded the "Customer Satisfaction Golden Award."
- The Chairman was elected as the vice chairman of the Federation of China Youth Entrepreneurs.

1999
- The capital increased to NT$375.3 million.
- Applied for stock listing on TPEx and obtained the approval letter.
- Carried out expansion of the second building at Guanyin Plant and introduced automated equipment to improve our production capacity.
- Formally introduced the total quality management (TQM) operation.
- Obtained exclusive licensing from Sanrio (Japan) and continued to create domestic sales upheavals by utilizing the successful model that combines Hello Kitty with our products.

2000
- Farcent Enterprise Co., Ltd. was formally listed on TPEx on 18 January 2000. The Company is committed to "green chemistry" to shape new living indicators of environmental protection.
- Awarded the "Excellent Manufacturer Award" by the General Welfare Service of MND.
- Completed the construction of Guanyin Plant II.
- Obtained the exclusive licensing of "Pikachu" from Pokemon, and the Company formally set foot in the field of personal products from household chemicals.
- Obtained a series of popular product licensing, including Melody, Snoopy, and Tarepanda.
- The capital was increased to NT$ 407,824 thousand.

2001
- Farcent Enterprise Co., Ltd.'s listing transferred from TPEx to TWSE on 17 September 2001.
- Awarded the "Excellent Manufacturer Award" by the General Welfare Service of MND.
- Invested in Thailand.

2002
- Awarded the "Excellent Manufacturer Award" by the General Welfare Service of MND.
- Invested in the Mainland area.

2003
- Awarded the "Excellent Manufacturer Award" for 2002 by the General Welfare Service of MND.
- Re-election of Directors and supervisors upon the expiry of their tenure, and the proportion change reached one-third.
- Performed M&A for brands of Taiwan Jieshi Co., Ltd..
- Formed a strategic alliance with Taiwan Sally International Co., Ltd..
- Performed a capital increase, and the capital increased to NT$499,824 thousand.

2004
- Launched "Oxi-Plus" series products for cleaning.
- The Chairman was elected as the convenor of the board of the Federation of China Youth Entrepreneurs.
- Awarded the "Excellent Manufacturer Award" by the General Welfare Service of MND.
- Obtained the ISO-9001 certification.
- The capital increased to NT$534,812 thousand.

2005
- Awarded the "Excellent Manufacturer Award" by the General Welfare Service of MND.

- Invested in the Mainland region and established Farcent (Xiamen) Trading Co., Ltd..
- Obtained distribution rights for cosmetic brand Heme International Inc..

2006
- Obtained distribution rights for Stanlen cosmetics of Taiwan Sugar Corporation.
- The Chairman was elected as the chairman of the Federation of China Youth Entrepreneurs.

2007
- Obtained distribution rights for American kitchenware brand "Corelle Brands."

2008
- Farcent's global "Corolla Program" received a grant under the "ITAS Subsidy Grant Program" from the Ministry of Economic Affairs.

2010
- Establishment of a branch office, "Farcent Malaysia," in Malaysia to explore the Malaysian market.
- Establishment of "Suzhou Flower Faerie Environmental Technology Co., Ltd." in Taicang, Suzhou, China.

2011
- Obtained lands with an area of 2,184.49 ping at Shuangling Section, Zhongli City and Zhong guan Section, Guanyin Township.

2013

2013
- Disposed of lands with an area of 2,184.49 ping at Shuangling Section, Zhongli City and Zhong guan Section, Guanyin Township.

2014
- Obtained distribution rights for American cookware brand "Meyer."
- Invested in the 51% equity of Dikai International Enterprise Co., Ltd.; the Company owned the SupaMop brand, which was the brand with the top market share in the mop market.

2015
- Acquired the equity of Dikai International Enterprise Co., Ltd., and the shareholding increased to 60.199%.

2016

2017
- The capital increased to NT$569,812 thousand.
- Acquired 24.32% equity of Farcent Enterprise (Thailand) Ltd. and the shareholding increased to 40%.
- Invested in Vietnam to expand into the ASEAN market; the investment ratio was 65%.
- Invested in Thailand to expand into the ASEAN market and integrate resources of the Group; the investment ratio was 100%.
- Performed the conversion of the 1st unsecured convertible corporate bonds into 1,715,000 ordinary shares; after the capital increase, the capital became NT$586,962 thousand.

2018
- Performed the conversion of the 1st unsecured convertible corporate bonds into 4,538,000 ordinary shares; after the capital increase, the capital became NT$632,339 thousand. The corporate bonds were fully converted in 2018 and registered with the Ministry of Economic Affairs in January 2019.
- Obtained distribution rights for "Swiss Diamond" kitchenware and collaborated with PXMart for the stamp redemption activity.
- Acquired the land with an area of 10,788.2 ping at Dajinshan Lower Section, Yangmei City.

2019
- Increased the investment in 82% equity of Farcent Malaysia Sdn. Bhd. to grasp the development and strategic arrangement of the local market; the shareholding increased to 100%.
- Set foot in the field of personal care and launched "Farcent Perfume Shower Gel with Amino Acid."
- Obtained sole distribution rights for British Fine China brand "Royal Doulton."

2020
- Continued to expand the production line for personal care and launched "Farcent Perfume Miracle Shampoo (Conditioner)."

- Obtained sole distribution rights for the Spanish cutlery brand “Arcos Hermanos.”
- Disposed of the land with an area of 10,788.2 ping at Dajinshan Lower Section, Yangmei City.

2021
- Increased the investment in 14.92% equity of Dikai International Enterprise Co., Ltd. to improve the profits of the Group; the shareholding increased to 75.119%.
- Set foot in the male shower market and launched “Farcent Male Perfume Shower” products.
- Launched the brand “Xiaowenqing” for natural mosquito repellent with products of quality and protective functions.

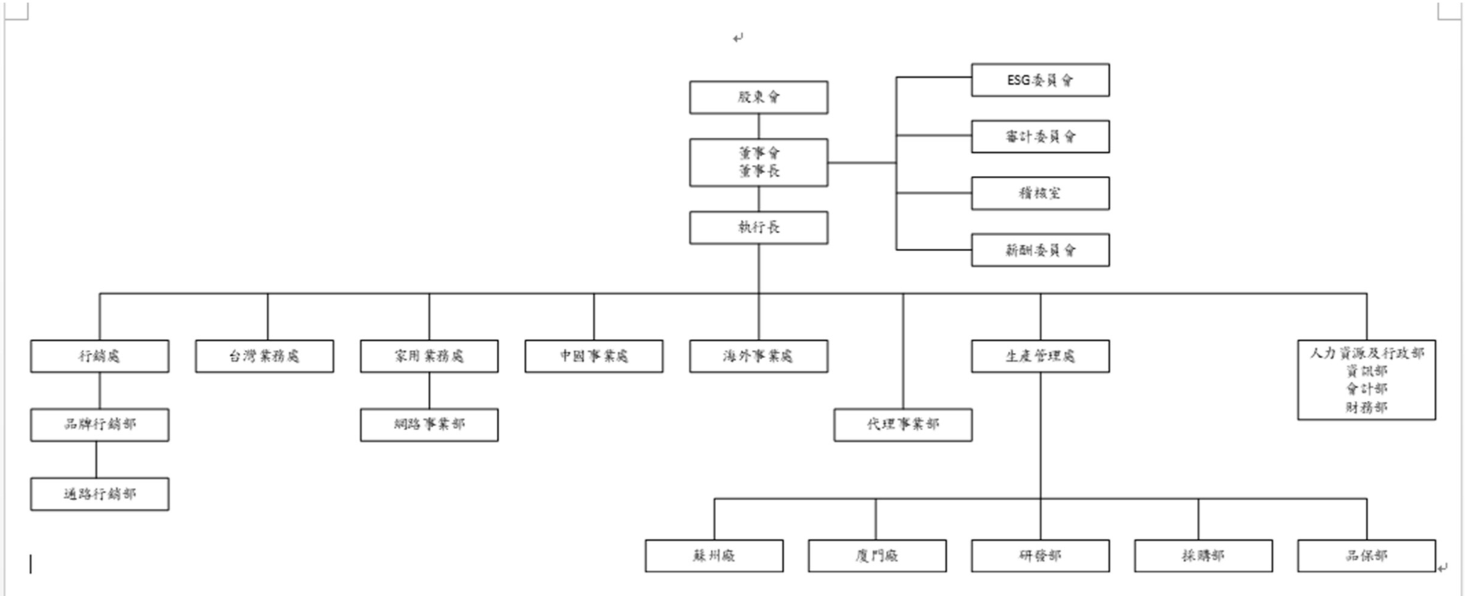
2022
- In response to the trend of nature, Quweidashi launched plant-based scent bathroom products.
- To expand the market share of shampoo, Farcent launched rare earth cleansing functional shampoo.

Three. Corporate Governance

I. Company organization

(I) Organizational chart of the Company

Organizational Chart



				Shareholders' meeting		ESG Committee		
				Board Chairman		Audit Committee		
				CEO		Audit Office		
						Remuneration Committee		
Marketing Department	Taiwan Business Department	Home Supply Department	China Business Department	Overseas Business Department		Production Management Department		Human Resources and Administration Department IT Department Accounting Department Finance Department
Brand Marketing Department		Online Business Department			Distribution Department			
Channel Marketing Department								
				Suzhou Plant	Xiamen Plant	R&D Department	Procurement Department	QA Department

(II) Scope of business of major departments

Major departments	Scope of business
ESG Committee	1. Establish sustainable corporate development prospects and strategies, examine the overall ESG strategies and operations and monitor the implementation effects through periodical meetings, and report to the Board in the following year regarding the ESG achievements of the current year.
Audit Committee	1. Assist in the decision-making of the Board and supervise the fair presentation of the Company’s financial statements, the appointment (dismissal), independence, and performance of CPAs, internal control, legal compliance, risk control, and other matters.
Remuneration Committee	1. Establish and regularly examine the policies, standards, and structure of performance evaluations of Directors and managers and remuneration, and regularly evaluate and establish the remuneration of Directors and managers.
Audit Office	1. Responsible for the planning and audits of the internal audit system.
CEO Office	1. Long-term business policies and annual strategies of the Company.
	2. Formulate corporate culture.
	3. Integrate Group resources.
	4. Manage risk prevention and intellectual properties of the Group, promote ethical corporate management of the Group, establish preventive plans, and monitor the implementation.
	5. Supervise the performance management indicators of the Group.
	6. External public relations contact.
Brand Marketing Department	1. Annual strategies for brand marketing.
	2. Brand product portfolio management.
	2. Consumer services
Channel Marketing Department	1. Annual strategies for channel marketing.
	2. Channel promotion proposal management.
	3. Channel product portfolio management.
	4. Channel display management.
	5. Channel promoting personnel management.
Taiwan Business Department	1. Annual strategies for the domestic business.
	2. Domestic sales.
	3. Promotional activity management for the domestic business.
	4. Domestic receivables management.
	5. Domestic product return management.
	6. Domestic market audits.
	7. Analysis of domestic competitive products.
Home Supply Department	1. Annual strategies for the domestic business.
	2. Domestic sales.
	3. Promotional activity management for the domestic business.
	4. Domestic receivables management.
	5. Domestic product return management.
	6. Domestic market audits.
	7. Analysis of domestic competitive products.
China Business Department	1. Annual strategies for the business in China.
	2. Sales in China.
	3. Promotional activity management for the business in China.
	4. Receivables management in China.
	5. Product return management in China.
	6. Market audits in China.
	7. Analysis of competitive products in China.

	8. Annual strategies for marketing in China.
Overseas Business Department	1. Annual strategies for the overseas business.
	2. Overseas sales.
	3. Overseas marketing management.
	4. Analysis of competitive overseas products.
	5. Custom affairs management for import/export.
Distribution Department	1. Annual strategies for the distribution business.
	2. Distribution sales.
	3. Distribution marketing management.
	4. Analysis of competitive distribution products.
	5. Consumer services.
Online Business Department	1. Annual strategies for the online business.
	2. Online sales
	3. Online marketing management.
	4. Analysis of competitive e-commerce products.
	5. Online consumer services.
Production Management Department	1. Annual strategies for supply.
	2. Crucial production capacity planning
	3. Integration of supply departments.
	4. Plant supervision and assistance for anomalies.
	5. Production technology supervision and assistance for anomalies.
	6. QA supervision and assistance for anomalies.
	7. R&D supervision and assistance for anomalies.
	8. Procurement supervision and assistance for anomalies.
	9. Annual strategies for production technologies and equipment.
	10. Improvement in the efficiency of production technologies and equipment.
	11. Jig management.
QA Department	1. Annual strategies for quality assurance.
	2. Quality testing.
	3. Quality engineering.
	4. Supplier quality management.
R&D Department	1. Annual strategies for R&D.
	2. New product R&D and technology transfer.
	3. Existing product improvement and update.
	4. Product testing standards.
	5. Mold management.
	6. Engineering alteration and procedure support.
Procurement Department	1. Annual strategies for procurement.
	2. Supplier development and evaluation.
	3. Outsourcing/subcontracting management.
	4. Product valuation.
	5. Cost reduction.
	6. Special adoption coordination.
	7. Excess and obsolete material handling.
Human Resources and Administration Department	1. Annual strategies for human resources.
	2. Corporate culture promotion.
	3. Work analysis.
	4. Recruitment screening.
	5. Educational training.
	6. Remuneration system.
	7. Appointment, resignation, and retirement.

	8. Performance evaluation.
	9. Rewards, transfer, and promotion.
	10. Employee activities.
	11. Responsible for matters related to environmental protection and occupational safety and health management of the Company and promoting and implementing relevant strategies and plans of the Company.
	12. Fixed assets and energy management.
IT Department	1. Annual strategies for IT.
	2. Information safety and risk management.
	3. Application system planning and management.
	4. Operating system planning and management.
	5. Hardware equipment planning and management.
Finance Department	1. Annual strategies for finance.
	2. Analysis of operating performance and costs.
	3. Finance supervision and assistance for anomalies.
	4. Long-term/short-term capital planning and dealings with banks.
	5. Interest/exchange rate risk control.
	6. Customer credit limit management.
	7. Overseas finance supervision.
	8. Investment management and risk control.
Accounting Department	1. Annual strategies for accounting.
	2. Accounting and taxation operations.
	3. Inventory and asset processing.
	4. Governance and compliance of a listed company.
	5. Overseas accounting supervision.
	5. Operation of Board meetings.
	6. Shareholders' meetings and stock affairs management.

II. Data on Directors, supervisors, President, Vice Presidents, Assistant Vice Presidents, and directors of departments and branches:

(I) Data on Directors and supervisors

18 April 2023

Title	Nationality or place of registration	Name	Gender Age	Date elected	Tenure	Date initially elected	Shares held when elected		Share held at present		Shares held by spouse and minors		Shares held in the name of other persons		Major career achievements (academic background)	Concurrent duties in the Company and other companies	Other directors of departments and branches, Directors, or supervisors who are spouse or blood relatives within the second degree of kinship			Remarks (Note 1)
							Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding			Title	Name	Relationship	
Chairman	Republic of China	Cynthia Tsai	Female 61 to 70 years old	2021.07.22	Three years	1983.06.06	10,408,322	17.50 %	10,408,322	16.46%	0	0	None	None	Graduated from the Department of Banking and Insurance, National Taiwan University	Director, Youte Investment Co., Ltd. Chairman, Farcent Biotechnology International Enterprise Co., Ltd. Director, Quanying Tableware Co., Ltd.	CEO Vice President Vice President	Annie Wang Lin Hong-Wei He Bo-Nian	Mother and daughter In-laws with the first degree of kinship In-laws with the first degree of kinship	(Note 1)
Director	Republic of China	Annie Wang	Female 31 to 40 years old	2021.07.22	Three years	2018.06.15	4,104,016	6.49%	4,104,016	6.49%	0	0	None	None	Tunghai University	CEO, Farcent Enterprise Co., Ltd. Chairman, Youte Investment Co., Ltd.	Chairman Vice President Vice President	Cynthia Tsai Lin Hong-Wei He Bo-Nian	Mother and daughter Spouse In-laws with the second degree of kinship	(Note 2)
Director	Republic of China	Tsai Chang-Zhong	Male 61 to 70 years old	2021.07.22	Three years	2009.06.19	0	0.00%	0	0	0	0	None	None	Graduated from the Department of Mass Communication, Fu Jen Catholic University Graduated from EMBA, National Chengchi University	Chairman, Kaibo Era International Advertisement Co., Ltd.	None	None	None	None

Director	Republic of China	We Xing-Guo	Male 51 to 60 years old	2021.07.22	Three years	2018.06.15	0	0.00%	0	0	0	0	None	None	MBA, Illinois Institute of Technology	Executive Director, Farcent Enterprise Co., Ltd.	None	None	None	(Note 3)
Independent Director	Republic of China	Wang Li-Zhi	Male 61 to 70 years old	2021.07.22	Three years	2015.06.15	0	0.00%	0	0	0	0	None	None	Ph.D., Department of Industrial and System Engineering, Ohio State University, the U.S. Bachelor, Department of Industrial Engineering, Tunghai University	Professor, Department of Industrial Engineering, Tunghai University	None	None	None	None
Independent Director	Republic of China	Tsai Wen-Chun	Female 61 to 70 years old	2021.07.22	Three years	2015.06.15	0	0.00%	0	0	0	0	None	None	Department of Accounting, Hsing Wu Junior college of Commerce	Project manager, Audit Department, Motech Industries Inc.	None	None	None	None
Independent Director	Republic of China	Tseng Ya-Tsai	Female 51 to 60 years old	2021.07.22	Three years	2019.06.13	0	0.00%	0	0	0	0	None	None	Ph.D., Department of Business Management , National Sun Yat-sen University	Associate professor, Department of Business Management, Tunghai University	None	None	None	None

Note 1: In the event that the Chairman and President or a position of the same level (top-level manager) are the same person, or a spouse or a relative within the first degree of kinship, the reasons, rationality, necessity, and countermeasures (i.e., adding the number of Independent Directors, having more than half of the Directors not concurrently being the employees or managers, and other methods), and relevant information shall be disclosed: Before 31 January 2023, Chairman Cynthia Tsai and CEO (President) Annie Wang are relatives with the first degree of kinship. To develop the international market, the long-term corporate development, and reinforce corporate governance, CEO (President) Lei Hui-Min was newly appointed on 1 February 2-23 in the hope of brining innovative strategies and improving the efficacy of operational management, and in turn, improve the Group’s value.

Note 2: The last day of Director Annie Wang being the CEO (President) of the Company was 31 January 2023, and she became an Executive Director on 1 February 2023.

Note 3: Director We Xing-Guo resigned on 21 December 2022, and he resigned as an Executive Director on 31 December 2022.

Note 4: The candidate nomination system is adopted for the nomination and selection of Board members of the Company. Regarding Director candidates, the Company shall consider those who possess professional backgrounds of professional knowledge and skills that are required for the operating patterns and development of the Company (i.e., law, accounting, industry, finance, marketing, or information technology). The experience, profession, independence, integrity, and concurrent positions in other companies comply with the conditions under the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies. According to the Regulations for Performance Evaluation of the Board of Directors,” the Company shall confirm the effective operation of the Board and rate the performance of Directors to serve as the reference to select Director candidates through the measurement items for the performance evaluation, including the alignment of the goals and missions of the Company, awareness of the duties of Directors, participation in the operation of the Company, management of internal relationships and communication, and profession and continuing education of the Directors. For the succession plan of the Board, there are multiple management talents in our senior management team at present; therefore, the Company has an abundant talent pool to take over future vacancies of Directors. Independent Directors shall possess work experience required for business, law, finance, accounting, or corporate operations. There are abundant professionals in such fields in Taiwan; therefor, the Company plans to appoint persons from the industry sector or the academic sector for the succession of Independent Directors.

(II) Major shareholders of corporate shareholders: None.

(III) Disclosure of professional qualification of Directors and independence of Independent Directors:

The Company promotes and respects the diversification policy for Directors. To reinforce our corporate governance and facilitate the healthy development of the Board composition and structure, the Company is convinced that the diversification policy is beneficial for improving the overall performance of the Company. The principle of meritocracy is adopted for the selection of Board members, and the members are equipped with diverse, complementing abilities across industry fields, including basic composition (i.e., age, gender, and nationality), industry experience and relevant skills (i.e., marketing management, finance and accounting, legal reservation, and information technology, and abilities of business judgment, business management, leadership and decision-making, and crisis management.

To reinforce the functions of the Board and achieve the ideal objectives of corporate governance, the abilities that the entire Board shall possess as set out in Article 20 of the Company’s “Articles of Incorporation” are as follows:

I. Ability to make operational judgments. II. Ability to perform accounting and financial analysis. III. Ability to conduct management administration. IV. Ability to conduct crisis management. V. Knowledge of the industry. VI. An international market perspective. VII. Ability to lead and make decisions. VIII. Ability to make policy decisions.

The diversification policy for the current session of Board members of the Company and the implementation are as follows:

18 April 2023

Criteria / Name (Note 1)	Professional qualifications and experience	Independence	Number of concurrent duties as an independent director at a public company
Cynthia Tsai	Possess over five years of profession and experience required for the business development of the Company, including operational judgments, management administration, leadership and decision-making, accounting and financial analysis, knowledge of the industry, and an international market perspective.	-	None
Annie Wang	Possess over five years of profession and experience required for the business development of the Company, including international marketing, management administration, product development, leadership and decision-making, crisis management, accounting and financial analysis, knowledge of the industry, and an international market perspective.	-	None
Tsai Chang-Zhong	Possess over five years of work experience required for business, law, finance, accounting, or corporate operation.	-	None
Wu Xing-Guo (Note 2)	Possess over five years of work experience required for operating management, international investment, business, laws, finance, accounting, or corporate operation.	-	None
Wang Li-Zhi	Possess over five years of experience as a lecturer in relevant departments of public and private universities and colleges required for business, laws, finance, accounting, or corporate operation.	None of the circumstances in subparagraphs 1 to 9, paragraph 1, Article 3 under the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" occurs to Director Wang Li-Zhi.	None
Tsai Wen-Chun	Possess over five years of work experience required for business, law, finance, accounting, or corporate operation.	None of the circumstances in subparagraphs 1 to 9, paragraph 1, Article 3 under the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" occurs to Director Tsai Wen-Chun.	None
Tseng Ya-Tsai	Possess over five years of experience as a lecturer in relevant departments of public and private universities and colleges required for business, laws, finance, accounting, or corporate operation.	None of the circumstances in subparagraphs 1 to 9, paragraph 1, Article 3 under the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" occurs to Director Tseng Ya-Tsai.	None

Note 1: None of the circumstances in the subparagraphs of Article 30 of the Company Act occurs to any Director.
Note 2: Director Wu Xing-Guo resigned as a Director on 21 December 2022.

(IV) Board diversification and independence:

(1) Board diversification

The Company has established its "Corporate Governance Best Practice Principles," in which "Chapter 4 Reinforce the functions of the Board" has stated the policy for Board member diversification. According to the requirements of the Articles of Incorporation, the candidate nomination system is adopted for the nomination and selection of Board members. Apart from evaluating the academic backgrounds and qualification of candidates, the Company also comply with the "Procedures for Director Election" and the "Corporate Governance Best Practice Principles" to ensure the diversification of Board members.

Regarding the seven Directors (including three Independent Directors) of the current session of the Company's Board, all of them possess operational judgments, leadership and decision-making, management administration, an international market perspective, crisis management, and other abilities and have industry experience and professional abilities. Chairman Cynthia Tsai and Director Annie Wan possess experience in chemistry and retail sales industries; Director Annie Wang and Director Tsai Chang-Zhong are good at marketing; Chairman Cynthia Tsai and Director Wu Xing-Guo possess management administration ability and an international market perspective; Independent Director Tsai Wen-Chun is an expert in finance and legal affairs, Independent Director Wang Li-Zhi and Independent Director Tseng Ya-Tsai possess professional finance abilities and have actual management and teaching experiences; the Board has diverse members, and the members have complementing abilities, which provide great support to the development of the Company.

(2) The consecutive tenure of all Independent Directors of the Company has not exceeded three sessions. All Directors are Taiwanese, and the composition and the proportion are three Independent Directors (43%) and two Directors who are also employees (29%). For the age range of Directors, one Director is aged between 31 to 40, one Director ages between 41 to 50, one Director is aged between 51 to 60, and four Directors are aged between 61 to 70, which allows a comprehensive combination of extensive experience and innovative ideas.

Apart from the above, the Company shall attach attention to the gender equality of the Board composition. The Directors of the current session include four female members (two of them are Independent Directors); the proportion of female Directors achieved as high as 57%; in the future, the Company will continue to focus on the objective of improving the proportion of female Directors.

(3) The diversification aspects and complementation of Directors and implementation are more favorable than the standards set out in Article 20 of the "Corporate Governance Best Practice Principles." In the future, the Company will make additions or amendments to the diversification policy in due course based on the operation of the Board, business patters, and development requirements of the Board, including but not limited to standards for the two major aspects, basic condition and value, and expertise and skills, to ensure the knowledge, skills, and literacy generally required for Board members to execute their duties.

According to Article 29 of the "Corporate Governance Best Practice Principles," Directors shall generally possess the knowledge, skills, and literacy required for Board members to execute their duties.

To achieve the ideal objective of corporate governance, the diversification status of Board members of the Company is as follows:

Core item of diversification / Director	Basic composition								Ability and experience possessed									
	Nationality	Gender	Age				Seniority as an Independent Director		Operational judgments	Accounting and financial analysis	Management administration	Risk management	Crisis management	Knowledge of the industry	International market perspective	Leadership	Decision-making	ESG
			31 to 40	41 to 50	51 to 60	61 to 70	Less than three years	Three to nine years										
Cynthia Tsai	Republic of China	Female				✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Annie Wang	Republic of China	Female	✓						✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Tsai Chang-Zhong	Republic of China	Male				✓			✓	✓	✓	✓	✓	✓	✓	✓		
Wu Xing-Guo (Note 1)	Republic of China	Male			✓				✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Wang Li-Zhi	Republic of China	Male				✓		✓		✓		✓	✓		✓	✓	✓	✓
Tsai Wen-Chun	Republic of China	Female				✓		✓		✓	✓	✓	✓				✓	✓
Tseng Ya-Tsai	Republic of China	Female			✓		✓		✓	✓	✓	✓		✓	✓			

Note 1: Director Wu Xing-Guo resigned as a Director on 21 December 2022.

Substantial management objectives of the diversification policy and the current achievement:

a. Substantial management objectives: At least three Directors in all Board members shall possess any ability set out in the table above. Individual Directors shall at least possess five abilities set out in the table above.

b. Current achievement: Currently, all Board members have achieved the objective of the diversification policy.

(4) Independence of the Board

Among seven Directors of the Company, three Independent Directors account for 43% of the Board; no Director is a spouse or a relative within the second degree of kinship of another Director or Independent Director, and no government agencies or a single corporation and its subsidiaries account for one-third of the Board.

(V) Continuing education of the Directors

Title	Name	Date	Organizer	Course title	Number of hours
Chairman	Cynthia Tsai	2022.05.09	Taiwan Corporate Governance Association	E-commerce, Emerging Technologies, and Responsibility of Directors and Supervisors	3
		2022.11.17		Performance Evaluation Practices Related to "ESG/Sustainability" and "Risk Management"	3
Director/CEO/Executive Director (Note 1)	Annie Wang	2022.05.09	Taiwan Corporate Governance Association	E-commerce, Emerging Technologies, and Responsibility of Directors and Supervisors	3
		2022.11.17		Performance Evaluation Practices Related to "ESG/Sustainability" and "Risk Management"	3
Director	Tsai Chang-Zhong	2022.05.09	Taiwan Corporate Governance Association	E-commerce, Emerging Technologies, and Responsibility of Directors and Supervisors	3
		2022.11.17		Performance Evaluation Practices Related to "ESG/Sustainability" and "Risk Management"	3
Director/Executive Director (Note 2)	Wu Xing-Guo	2022.05.09	Taiwan Corporate Governance Association	E-commerce, Emerging Technologies, and Responsibility of Directors and Supervisors	3
		2022.11.17		Performance Evaluation Practices Related to "ESG/Sustainability" and "Risk Management"	3
Independent Director	Wang Li-Zhi Tsai Wen-Chun	2022.05.09	Taiwan Corporate Governance Association	E-commerce, Emerging Technologies, and Responsibility of Directors and Supervisors	3
		2022.11.17		Performance Evaluation Practices Related to "ESG/Sustainability" and "Risk Management"	3
Independent Director	Tseng Ya-Tsai Wang Li-Zhi	2022.05.09	Taiwan Corporate Governance Association	E-commerce, Emerging Technologies, and Responsibility of Directors and Supervisors	3
		2022.11.17		Performance Evaluation Practices Related to "ESG/Sustainability" and "Risk Management"	3
Independent Director	Tsai Wen-Chun	2022.05.09	Taiwan Corporate Governance Association	E-commerce, Emerging Technologies, and Responsibility of Directors and Supervisors	3
		2022.11.17		Performance Evaluation Practices Related to "ESG/Sustainability" and "Risk Management"	3

Note 1: The last day of Director Annie Wang being the CEO (President) of the Company was 31 January 2023, and she became an Executive Director on 1 February 2023.

Note 2: Director We Xing-Guo resigned on 21 December 2022, and he resigned as an Executive Director on 31 December 2022.

(VI) Data on President, Vice Presidents, Assistant Vice Presidents, and directors of departments and branches:

April 2023

Title	Nationality	Name	Gender	Date elected	Shares held		Shares held by spouse and minors		Shares held in the name of other persons		Major career achievements (academic background)	Concurrent duties in the Company and other companies	Other managers who are spouse or blood relatives within the second degree of kinship			Remarks (Note 1)
					Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding			Title	Name	Relationship	
CEO Executive Director	Republic of China	Annie Wang	Female	2018.01.01 2015.07.14	4,104,016	6.49%	-	-	None	None	President, Farcent Enterprise Co., Ltd.	Chairman Youte Investment Co., Ltd. Supervisor, Dikai International Enterprise Co., Ltd. President and CEO, Farcent Enterprise Co., Ltd.	Chairman Vice President	Cynthia Tsai Lin Hong-Wei	Mother and daughter Husband and wife	Note2
CEO President	Republic of China	Lei Hui-Min	Female	112.02.01					None	None	Head of Strategy, FairPrice Retail Business, NTUC Fairprice Co-operative Ltd	None	None	None	None	
Executive Director	Republic of China	Wu Xing-Guo	Male	2019.03.26	-	-	-	-	None	None	Barclays Capital Securities Director	None	None	None	None	Note 3
Vice President	Republic of China	Lin Hong-Wei	Male	2019.04.30	-	-	4,104,016	6.49%	None	None	Chief of the Production Management Department, Farcent Enterprise Co., Ltd.	None	CEO Vice President	Annie Wang He Bo-Nian	Husband and wife In-laws with the second degree of kinship	None
Vice President	Republic of China	He Bo-Nian	Male	2019.04.30	-	-	3,974,623	6.29%	None	None	Special assistant of the President's Office, Farcent Enterprise Co., Ltd.	None	CEO Vice President	Annie Wang He Bo-Nian	In-laws with the second degree of kinship	None
Assistant Vice President	Republic of China	Gao Zhi-Hong	Male	2008.06.01	-	-	-	-	None	None	Manager of the Sales Department, Farcent Enterprise Co., Ltd.	None	None	None	None	None
Assistant Vice President	Republic of China	Liao Lien-Fa	Male	2013.09.01	-	-	-	-	None	None	Manager of the Sales Department,	None	None	None	None	None

											Farcent Enterprise Co., Ltd.					
Assistant Vice President	Republic of China	Chang Wen-Chun	Female	2018.08.13	-	-	-	-	None	None	Senior sales manager, Kimberly-Clark Taiwan	None	None	None	None	None
Assistant vice president of a subsidiary	Republic of China	Wang Zheng-Zhong	Male	2018.03.05	-	-	-	-	None	None	Assistant Vice President, Farcent Enterprise Co., Ltd.	None	None	None	None	None
Supervisor of a subsidiary	Republic of China	Sun Xu-Lian (resigned on 17 June 2022)	Male	2017.11.01	-	-	-	-	None	None	Supervisor of a subsidiary, Farcent Enterprise Co., Ltd.	None	None	None	None	None
Chief of finance and accounting	Republic of China	Qin Mei-Hua	Female	2016.08.01	4,000	0.006%	52	0.00%	None	None	Manager of the Finance Department, Farcent Enterprise Co., Ltd.	None	None	None	None	None

Note 1: In the event that the Chairman and President or a position of the same level (top-level manager) are the same person, or a spouse or a relative within the first degree of kinship, the reasons, rationality, necessity, and countermeasures (i.e., adding the number of Independent Directors, having more than half of the Directors not concurrently being the employees or managers, and other methods), and relevant information shall be disclosed: Please refer to the description in Note 1 of the data on Directors and supervisors on page 13.

Note 2: The last day of Director Annie Wang being the CEO (President) of the Company was 31 January 2023, and she became an Executive Director on 1 February 2023.

Note 3: Director We Xing-Guo resigned as an Executive Director on 31 December 2022.

Note 4: Employees of the Company above the level of Assistant Vice President (inclusive) are the material management; they are responsible for relevant business management within the organization; there are substitutes in place for all management levels. The material management shall possess the necessary professional skills, experience, and backgrounds and shall align with our corporate culture, including integrity, advancement, value, efficiency, responsible, and other key leadership characteristics, to implement corporate governance. Regarding the succession training plan for material management, apart from courses of professional abilities, management abilities, and corporate governance, the Company also arranges such persons to present at Board meetings and participate in material management meetings, together with practical training for project task management, to build their composite operating abilities. The Company cultivates diverse talents based on the development strategy of the Company for the benefit of talent succession.

(VII) Remuneration of Directors, supervisors, President, and Vice Presidents in the most recent year:

1. Remuneration of general Directors and Independent Director

31 December 2022
Unit: NT$000'/1,000 shares

Title	Name	Remuneration of Directors								Sum of A, B, C, and D as a % of the net profit after tax (Note 10)		Remuneration received for serving as an employee concurrently								Sum of A, B, C, D, E, F, and G as a % of the net profit after tax (Note 10)		Remuneration from investees other than subsidiaries or from the parent company (Note 11)
		Compensation (A) (Note 2)		Severance and pension (B)		Remuneration to Directors (C) (Note 3)		Business execution expenses (D) (Note 4)				Salary, bonus, and special allowance (E) (Note 5)		Severance and pension (F)		Employee remuneration (G) (Note 6)						
																The Company		All companies in the financial report (Note 7)				
		The Company	All companies in the financial report (Note 7)	The Company	All companies in the financial report (Note 7)	The Company	All companies in the financial report (Note 7)	The Company	All companies in the financial report (Note 7)	The Company	All companies in the financial report (Note 7)	The Company	All companies in the financial report (Note 7)	The Company	All companies in the financial report (Note 7)	Cash amount	Stock amount	Cash amount	Stock amount	The Company	All companies in the financial report (Note 7)	
Director	**Cynthia Tsai** **Annie Wang** **Tsai Chang-Zhong** **Wu Xing-Guo**					1,317	1,317	340	340	0.65%	0.65%	16,789	16,789			1,245		1,245		7.77%	7.77%	
Independent Director	Wang Li-Zhi Tsai Wen-Chun Tseng Ya-Tsai							1,150	1,150	0.45%	0.45%									0.45%	0.45%	

1. Please describe the policy, system, standards, and structure of the remuneration of Independent Directors and describe the linkage of duties and risks assumed, time invested, and other factors to the amount of remuneration:

According to the requirements of the Company's Articles of Association, no more than 2% of the net profit before tax of the year shall be appropriated as the remuneration of Directors, and the payment shall be made with reference to the standards within the industry. Remuneration policy of Independent Directors: The remuneration of the Company's Independent Directors shall be determined in the Articles of Incorporation or at a shareholders' meeting, and a reasonable remuneration different from that of the general Directors may be offered. Scope of duties of Independent Directors: At least one Independent Director shall attend Board meetings in person. Regarding the following proposals that shall be submitted to the Board for resolution, all Independent Directors shall attend such Board meetings. If an Independent Director is unable to attend the meeting in person, it shall engage another Independent Director to attend the meeting on its behalf. Opposing opinions or qualified opinions of Independent Directors shall be set out in the minutes of Board meetings. If an Independent Director is unable to attend a Board meeting in person to state its opposing or qualified opinion, except when having a justifiable reason, it shall issue a written opinion in advance, and the opinion shall be set out in the minutes of the Board meeting: I. Business plan of the Company. II. Annual financial reports and interim financial reports. III. Establishment of or amendment to the internal control system according to the requirements under Article 14-1 of the Securities and Exchange Act (the "Securities and Exchange Act") and the evaluation of the effectiveness of the internal control system.

IV. Establishment of or amendment to the procedures for the acquisition or disposal of assets or derivative transactions, and other material financial or business conducts according to the requirements under Article 14-1 of the Securities and Exchange Act. V. Matters involving the interest of Directors. VI. Material asset or derivation transactions. VII. Placement, issuance, or private placement of securities with an equity nature. VIII. Appointment, dismissal, or remuneration of CPAs. IX. Appointment or dismissal of the chief of finance, accounting, or internal auditor. X. Donations to related parties or material donations to non-related parties. However, donations in the nature of public welfare for emergency relief due to material natural disasters may be proposed at the upcoming Board meeting for ratification. XI. Other material matters that shall be resolved by the shareholders' meeting or proposed to the Board, according to the requirements of laws and regulations or the Articles of Incorporation or stipulated by the competent authority. Apart from their duties as a part of the Board, all Independent Directors of the Company are concurrently members of the Audit Committee, Remuneration Committee, ESG Committee, and other functional committees; the duties they assumed and the time they invested are different from that of the general Directors; therefore, a reasonable remuneration different from that of the general Director is determined discretionally.

2. Except as disclosed in the above table, the remuneration received by the Company's Directors for providing services to all companies in the financial statements (such as serving as a consultant in a non-employee capacity) in the most recent year: None.

Table of Remuneration Ranges

Range of remuneration paid to the Company's Directors	Director			
	Sum of A+B+C+D		Sum of A+B+C+D+E+F+G	
	The Company (Note 8)	All companies in the financial statements (Note 9) H	The Company (Note 8)	All companies in the financial statements (Note 9) I
Below NT$1,000,000	Cynthia Tsai Annie Wang Wu Xing-Guo Tsai Chang-Zhong Wang Li-Zhi Tsai Wen-Chun Tseng Ya-Tsai	Cynthia Tsai Annie Wang Wu Xing-Guo Tsai Chang-Zhong Wang Li-Zhi Tsai Wen-Chun Tseng Ya-Tsai	Tsai Chang-Zhong Wang Li-Zhi Tsai Wen-Chun Tseng Ya-Tsai	Tsai Chang-Zhong Wang Li-Zhi Tsai Wen-Chun Tseng Ya-Tsai
NT$1,000,000 (inclusive)–NT$2,000,000 (exclusive)				
NT$2,000,000 (inclusive)–NT$3,500,000 (exclusive)	-	-	-	-
NT$3,500,000 (inclusive)–NT$5,000,000 (exclusive)	-	-	Cynthia Tsai Annie Wang	Cynthia Tsai Annie Wang
NT$5,000,000 (inclusive)–NT$10,000,000 (exclusive)	-	-	-	-
NT$10,000,000 (inclusive)–NT$15,000,000 (exclusive)	-	-	Wu Xing-Guo	Wu Xing-Guo
NT$15,000,000 (inclusive)–NT$30,000,000 (exclusive)	-	-	-	-
NT$30,000,000 (inclusive)–NT$50,000,000 (exclusive)	-	-	-	-
NT$50,000,000 (inclusive)–NT$100,000,000 (exclusive)	-	-	-	-
Over NT$100,000,000	-	-	-	-
Total	7	7	7	7

Note 1: Name of the Directors shall be set out separately (for corporate shareholders, the name and representative of corporate shareholders shall be set out separately), and the amount of payments may be disclosed in aggregate. If a Director is concurrently the President or a Vice President, please complete the table and table (3-1) below or table (3-2-1) and table (3-2-2) below.

Note 2: Refer to the compensation of Directors in the most recent year (including salaries, duty allowance, severance payment, bonuses, and incentives of Directors).

Note 3: Refer to the intended amount of distribution of remuneration of Directors approved as a resolution by the Board before the shareholders' meeting for the proposal for earning distribution in the most recent year.

Note 4: Refer to relevant business execution expenses of Directors in the most recent year (including traffic allowance, special allowance, allowances, dormitory, company car, and the provision of other benefits in kind). If houses, vehicles, and other transport or expenses exclusive to an individual are provided, the nature and costs of the assets provided, actual rental or rental calculated based on the fair market price, fuel costs, and other payments shall be disclosed. If a driver is appointed, please describe relevant compensation paid by the Company to the driver; however, such compensation is not included in the remuneration.

Note 5: Refer to salaries, duty allowance, severance payment, bonuses, incentives, traffic allowance, special allowance, allowances, dormitory, company car, and benefits in kind received by Directors who are concurrently employees (including the concurrent position of President, Vice Presidents, other managers, and employees) in the most recent year. If houses, vehicles, and other transport or expenses exclusive to an individual are provided, the nature and costs of the assets provided, actual rental or rental calculated based on the fair market price, fuel costs, and other payments shall be disclosed. If a driver is appointed, please describe relevant compensation paid by the Company to the driver; however, such compensation is not included in the remuneration. Furthermore, salary expenses (including the acquisition of employee stock warrants, restricted stock awards, and subscription of shares under capital increases in cash) recognized according to IFRS 2 (share-based payment) shall also be included in the remuneration.

Note 6: For employee bonuses (including stock bonuses and cash bonuses) received by Directors who are concurrently employees (including the concurrent position of President, Vice Presidents, other managers, and employees) in the most recent year, the intended amount of distribution of remuneration of employees approved as a resolution by the Board before the shareholders' meeting for the proposal for earning distribution in the most recent year shall be disclosed. If the amount cannot be estimated, calculate the intended amount of distribution for the year based on the actual distribution amount and ratio of the preceding year and otherwise complete Schedule 1-3.

Note 7: The sum of remunerations paid by all companies (including the Company) in the financial statements to the Directors of the Company shall be disclosed.

Note 8: For the sum of remunerations paid by the Company to the Directors, the name of the Directors shall be disclosed in the range where they belong.

Note 9: For the sum of remunerations paid by all companies (including the Company) in the financial statements to the Directors of the Company, the name of the Directors shall be disclosed in the range where they belong.

Note 10: Net profit after tax refers to the profit after tax for the most recent year.

Note 11: a. Please specify "Yes" or "No" in terms of whether the Directors of the Company receive relevant remunerations from investees other than subsidiaries or the parent company.

b. If Directors of the Company receive relevant remunerations from investees other than subsidiaries or the parent company, combine the remuneration received by Directors of the Company from investees other than subsidiaries or the parent company into column I and column J of the Table of Remuneration Ranges and rename the columns "Parent company and all investees."

c. Remuneration refers to the compensation, remuneration (including remuneration of employees, Directors and supervisors), business execution expenses, and other relevant remunerations received by Directors of the Company in the nature of Directors, supervisors, or managers of investees other than subsidiaries or the parent company.

＊The content of remuneration disclosed in the table is different from the concept of the Income Tax Act; therefore, the purpose of the table is for information disclosures only instead of taxation.

2. Remuneration of supervisors: The Company has established its Audit Committee on 15 June 2015; therefore, there is no supervisor.

3. Remuneration of President and Vice Presidents

31 December 2022
Unit: NT$000'/1,000 shares

Title	Name	Salary (A) (Note 2)		Severance and pension (B)		Bonus and special allowance (C) (Note 3)		Remuneration of employees (D) (Note 4)				Sum of A, B, C, and D as a % of the net profit after tax (Note 8)		Remuneration from investees other than subsidiaries or from the parent company (Note 9)
		The Company	All companies in the financial report (Note 5)	The Company	All companies in the financial report (Note 5)	The Company	All companies in the financial report (Note 5)	The Company		All companies in the financial report (Note 5)		The Company	All companies in the financial report	
								Cash amount	Stock amount	Cash amount	Stock amount			
CEO	Annie Wang	20,290	20,290	-	-	-	-	1,823	-	1,823	-	8.73%	8.73%	-
Executive Director	Wu Xing-Guo													
Vice President	Ling Hong-Wei													
Vice President	He Bo-Nian													

*Regardless of the title, any position that is equivalent to President or Vice President (i.e., President, CEO, supervisor, and other) shall be disclosed.

Table of Remuneration Ranges

Range of remuneration paid to the Company's President and Vice Presidents	President and Vice President	
	The Company (Note 6)	All companies in the financial report (Note 7) E
Below NT$1,000,000	-	-
NT$1,000,000 (inclusive)–NT$2,000,000 (exclusive)	-	-
NT$2,000,000 (inclusive)–NT$3,500,000 (exclusive)	Lin Hong-Wei	Lin Hong-Wei
NT$3,500,000 (inclusive)–NT$5,000,000 (exclusive)	Annie Wang He Bo-Nian	Annie Wang He Bo-Nian
NT$5,000,000 (inclusive)–NT$10,000,000 (exclusive)		
NT$10,000,000 (inclusive)–NT$15,000,000 (exclusive)	Wu Xing-Guo	Wu Xing-Guo
NT$15,000,000 (inclusive)–NT$30,000,000 (exclusive)	-	-
NT$30,000,000 (inclusive)–NT$50,000,000 (exclusive)	-	-
NT$50,000,000 (inclusive)–NT$100,000,000 (exclusive)	-	-
Over NT$100,000,000	-	-
Total	4	4

Note 1: Name of the President and Vice Presidents shall be set out separately, and the amount of payments may be disclosed in aggregate. If a Director is concurrently the President or a Vice President, please complete the table and table (1) above or table (1-2-1) and table (1-2-2).
Note 2: Refer to salaries, duty allowance, and severance payment of the President and Vice Presidents for the most recent year.
Note 3: Refer to bonuses, incentives, traffic allowance, special allowance, allowances, dormitory, company car, and benefits in kind of President and Vice Presidents for the most recent year. If houses, vehicles, and other transport or expenses exclusive to an individual are provided, the nature and costs of the assets provided, actual rental or rental calculated based on the fair market price, fuel costs, and other payments shall be disclosed. If a driver is appointed, please describe relevant compensation paid by the Company to the driver; however, such compensation is not included in the remuneration. Furthermore, salary expenses (including the acquisition of employee stock warrants, restricted stock awards, and subscription of shares under capital increases in cash) recognized according to IFRS 2 (share-based payment) shall also be included in the remuneration.
Note 4: Refer to the intended amount of distribution of remuneration of employees (including stock and cash) to the President and Vice Presidents of the Company approved as a resolution by the Board in the most recent year. If the amount cannot be estimated, calculate the intended amount of distribution for the year based on the actual distribution amount and ratio of the preceding year and otherwise complete Schedule 1-3.
Note 5: The sum of remunerations paid by all companies (including the Company) in the financial statements to the President and Vice Presidents of the Company shall be disclosed.
Note 6: For the sum of remunerations paid by the Company to the President and Vice Presidents, the name of the President and Vice Presidents shall be disclosed in the range where they belong.
Note 7: For the sum of remunerations paid by all companies (including the Company) in the financial statements to the President and Vice Presidents of the Company, the name of the President and Vice Presidents shall be disclosed in the range where they belong.
Note 8: Net profit after tax refers to the profit after tax for the most recent year.
Note 9: a. Please specify "Yes" or "No" in terms of whether the President and Vice Presidents of the Company receive relevant remunerations from investees other than subsidiaries or the parent company.
b. If the President and Vice Presidents of the Company receive relevant remunerations from investees other than subsidiaries or the parent company, combine the remuneration received by the President and Vice Presidents of the Company from investees other than subsidiaries or the parent company into column I and column J of the Table of Remuneration Ranges and rename the columns "Parent company and all investees."
c. Remuneration refers to the compensation, remuneration (including remuneration of employees, Directors and supervisors), business execution expenses, and other relevant remunerations received by the President and Vice Presidents of the Company in the nature of Directors, supervisors, or managers of investees other than subsidiaries or the parent company.

∗The content of remuneration disclosed in the table is different from the concept of the Income Tax Act; therefore, the purpose of the table is for information disclosures only instead of taxation.

4. Names of managers who distribute employee remuneration and the distribution status

31 December 2022
Unit: NT$000'/1,000 shares

	Title (Note 1)	Name (Note 1)	Stock amount	Cash amount	Total	Total as a percentage of net profit after tax (%)
Manager	Chairman	Cynthia Tsai	0	3,808	3,808	1.50%
	CEO	Annie Wang				
	Executive Director	Wu Xing-Guo				
	Vice President	Lini Hong-Wei				
	Vice President	He Bo-Nian				
	Assistant Vice President	Gao Zhi-Hong				
	Assistant Vice President	Liao Lien-Fa				
	Assistant Vice President	Chang Wen-Chun				
	Chief of finance and accounting	Qin Mei-Hua				

Note 1: Names and titles shall be individually disclosed; however, the amount of profit distribution may be disclosed in aggregate.

Note 2: Refer to the intended amount of distribution of remuneration of employees (including stock and cash) to managers of the Company approved as a resolution by the Board in the most recent year. If the amount cannot be estimated, calculate the intended amount of distribution for the year based on the actual distribution amount and ratio of the preceding year. Net profit after tax refers to the profit after tax for the most recent year. For companies that adopted the IFRSs, the net profit after tax refers to the net profit after tax on the individual or separate financial statements for the most recent year.

Note 3: For the applicable scope of managers, according to the requirements under Letter Tai-Cai-Zheng-San-Zi No. 0920001301 of the FSC dated 27 March 2003, the scope is as follows:

(1) Those with a level equivalent to the President
(2) Those with a level equivalent to the Vice President
(3) Those with a level equivalent to the Assistant Vice President
(4) Chief of the finance department
(5) Chief of the accounting department
(6) Other persons with rights to manage affairs and sign for the Company

Note 4: If Directors, President, and Vice Presidents receive the remuneration of employees (including stock and cash), apart from completing Schedule 1-2, please otherwise complete the table.

(VIII) Compare and describe the analysis of the ratio of total remuneration to net profit after tax in the individual or separate financial report, as paid by the Company and by all companies in the consolidated financial statements during the most recent years to the Directors, President, and Vice Presidents of the Company, and describe the remuneration policies, standards, and packages, the procedures for determining remunerations, and its linkage to business performance and future risks

1. The Company:

Title	Ratio of total remuneration to net profit after tax in 2022	Ratio of total remuneration to net profit after tax in 2021
Director	9.64%	12.59%
President and Vice Presidents		

2. All companies in the financial report:

Title	Ratio of total remuneration to net profit after tax in 2022	Ratio of total remuneration to net profit after tax in 2021
Director	9.64%	12.80%
President and Vice Presidents		

*The remuneration of the Directors shall be traffic allowance for attendance; the salary structure of the Chairman, President, and Vice Presidents (directors of business sections) shall be basic salary, meal allowance, duty allowance, and traffic allowance, and the salary shall be subject to the Company's Regulations for Salary Management based on the differences in academic backgrounds, career experiences, and performance.

3. The remuneration policies, standards, and packages, the procedures for determining remunerations, and its linkage to business performance and future risks

The remuneration policy (including Directors, supervisors, managers, and employees) of the Company is described as follows:

(1) Directors

According to the requirements under Article 19 of the Articles of Incorporation, if the Company has any profit before tax for the year, it shall appropriate no more than 2% as the remuneration of Directors. However, if the Company has cumulative losses, it shall preserve the amount for compensation in advance. The Company has not paid any remuneration to Directors in the most recent two years. In addition, according to the requirements of Article 15 of the Articles of Incorporation: "remuneration shall be paid to all Directors regardless of operating gains or losses with reference to the standards within the industry." The remuneration of the Company's Director is offered with reference to the standard within the industry, taking into account the level of participation in the Company's operation and the value of contribution (i.e., assuming positions in functional committees or being invited to attend material business meetings) based on the operating performance of the Company.

(2) Independent Directors

The establishment procedures for the remuneration of Independent Directors of the Company are subject to Article 15 of the Articles of Incorporation with reference to the standards within the industry; a monthly fixed compensation is adopted, and the business execution expenses are subject to the standards of general Directors. Apart from receiving the monthly fixed compensation, Independent Directors do not receive the remuneration of Directors as stated in the Articles of Incorporation. Furthermore, According to the requirements under Article 5 of the " Rules Governing the Scope of Powers of Independent Directors," the Company may determine a reasonable remuneration for Independent Directors that is different from that of the general Directors discretionally.

(3) President, Vice Presidents, chief auditor, managers, and employees

For the evaluation and remuneration systems of the President, Vice Presidents, chief auditor, managers, and employees of the Company, the Company discusses the remuneration package and relevant performance evaluation of the Company's managers based on the proposal of the Remuneration Committee each year, and the results shall be submitted to the Board for discussion and approval. Bonuses are related to the results of the performance evaluation of the departments of the Company, including the operating performance (net profit achievement rate), internal control, legal compliance, and other factors, with consideration given to the individual performance, duties assumed, and personal contributions, to offer reasonable compensation; therefore, the remuneration is highly related to the operating performance of the Company.

III. Corporate governance implementation

(I) Operation of the Board

Six Board meetings (A) were held in 2022.

1. The attendance of the Directors is as follows:

Title	Name (Note 1)	Number of attendance (presence) in person B	Number of attendance by proxy	Attendance (presence) rate (%) (B/A) (Note 2)	Remarks
Chairman	Cynthia Tsai	6	-	100%	Re-elected on 22 July 2021
Director	Annie Wang	6	-	100%	Re-elected on 22 July 2021
Director	Tsai Chang-Zhong	6	-	100%	Re-elected on 22 July 2021
Director	Wu Xing-Guo	6	-	100%	Re-elected on 22 July 2021/resigned on 21 December 2022
Independent Director	Wang Li-Zhi	6	-	100%	Re-elected on 22 July 2021
Independent Director	Tsai Wen-Chun	6	-	100%	Re-elected on 22 July 2021
Independent Director	Tseng Ta-Tsai	6	-	100%	Re-elected on 22 July 2021

Other matters to be recorded:

I. If the operations of the Board are under any of the circumstances below, the date of the Board meeting, the session, the content of the proposal, all Independent Directors' opinions, and the Company's response to said opinions shall be specified:

(I) Matters specified in Article 14-3 of the Securities and Exchange Act:

(I) Matters specified in Article 14-3 of the Securities and Exchange Act: The Company has established its Audi Committee and is subject to Article 14-5 of the Securities and Exchange Act; therefore, Article 14-3 of the Securities and Exchange Act is not applicable. For relevant resolutions, please refer to the descriptions in the "Operation of the Audit Committee."

(II) Any objections or qualified opinions raised by an Independent Director against a Board resolution with records or written statements other than the abovementioned matters: None.

II. For the execution status regarding the recusal of Directors for proposals of conflict of interests, there were two times in total:

31 December 2022

Item	Date/session	Director	Content of the proposal	Reason for the recusal for conflict of interests	Voting status
1	2022/01/19	Cynthia Tsai Annie Wang We Xing-Guo	Proposal for the distribution of year-end bonuses of managers of the Company for 2021	Personal interest	Recusal for the exercise of voting rights according to the law
2	2022/08/02	Cynthia Tsai Annie Wang We Xing-Guo	Proposal for the distribution of employee bonuses of managers and remuneration of Directors of the Company in 2021	Personal interest	Recusal for the exercise of voting rights according to the law

III. A company listed on TWSE/TPEx shall disclose the cycle, period, scope, method, content, and other information of the self-evaluation (or peer evaluation) of the Board and shall complete Schedule 2(2) Implementation of Board evaluation.

Schedule (2) Implementation of Board evaluation:

(1) Implement according to the requirements under "Regulations for the Performance Evaluation of the Board."

(2) The evaluation cycle is once a year, covering a period from 1 January to 31 December.

(3) The evaluation scope includes the performance evaluations of the Board, individual Directors, and functional committees.

(4) The evaluation methods are self-evaluation of the Board, self-evaluation of Directors, and self-evaluation of members of functional committees.

(5) The evaluation content is as follows:

(1) Performance evaluation of the Board: Include Participation in the operation of the Company, quality of the Board's decision-making, composition and structure of the Board, election and continuing education of the Directors, and internal control.

(2) Performance evaluation of individual Directors: Include alignment of the goals and missions of the Company, awareness of the duties of Directors, participation in the operation of the Company, management of internal relationships and communication, election and continuing education of the Directors, and internal control.

(3) Performance evaluation of functional committees: Participation in the operation of the Company, awareness of the duties of functional committees, quality of the functional committees' decision-making, composition and structure of functional committees, and internal control.

IV. Targets (i.e., establishing the Audit Committee and improving information transparency) to improve the functions of the Board and the execution evaluations for the year and the most recent year:

(1) Establishment of the ESG Committee: The Board of Directors has authorized to establish the Environmental, Social, and Corporate Governance Committee (ESG Committee) to assist the Board in matters related to the environmental, social, and corporate governance risks or opportunities that the Company and its subsidiaries (the "Group") are involved in and provide recommendations and reports to the Board so as to assist the Board in effectively manage relevant risks, integrate Group resources, improve the communication with stakeholders, and improve corporate value and effects. Relevant matters include the formulation of policies, the establishment of objectives, promotion and execution structure of work, governance, KPI performance of relevant departments, evaluation, and report.

(2) Establishment of relevant rules: Apart from stipulating the functions of the Board in its Articles of Incorporation, the Company has also established its "Rules of Procedure for Board Meetings," "Standard Operating Procedures for Handling the Requirements of Directors," "Procedures for Handling Material Inside Information," "Regulations for Material Project Review," "Corporate Governance Best Practice Principles," "Ethical Corporate Management Best Practice Principles," "Procedures for Whistleblowing of Unethical Conduct," "Operation of Code of Ethical Conduct," "Corporate Social Responsibility Best Practice Principles," and "Supervision and Management of Subsidiaries" to reinforce the operation of the Board and corporate governance; relevant rules are approved by the Board.

(3) Performance evaluation of the Board, individual Directors, and functional committees: To implement corporate governance and improve the functions of the Board, the Company has established performance targets to reinforce the operating efficiency of the Board; therefore, the Company established the Regulations for the Performance Evaluation of the Board in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and such Regulations apply to the entire Board, functional committees, and individual Directors. Regarding the evaluation results of 2022, the overall average score for the self-performance evaluation of the Board was 4.63 (the full mark is 5), the overall average score for the self-performance evaluation of individual Directors was 4.74 (the full mark is 5), the overall average score for the self-performance evaluation of functional committees was 4.61 (the full mark is 5); the score increased from last year, representing the mature overall operation of the Board and the fulfillment of the responsibility to supervise Directors; the Board has also continued to improve

functions related to corporate governance based on the evaluation results. The evaluation results for 2022 were reported to the Board on 12 January 2023.

(4) The Company considers the profession and independence of Directors for the Board composition, takes diversification into consideration, and formulates the diversification policy based on its operation, operating pattern, and development requirements. Current Board members of the Company possess extensive experience and expertise in fields of our major industry, commerce, marketing, finance, investment, and management. In addition, the Company also attaches attention to the gender equality of the Board composition. The target for the ratio of female Directors is over 25%; there are six Directors at present, including four female Directors; the ratio reached 67%.

(5) The Company discloses the attendance of Directors at Board meetings, continuing education of Directors, and material resolutions of the Board on its website and in the annual reports to improve information transparency.

(6) The Company considers the legal risks of Directors and purchases liability insurance for Directors and supervisors for the Directors of the Company.

(7) To encourage the Directors of the Company to learn new knowledge, the Company selects courses covering corporate governance based on the individual requirements of Directors for continuing education. The secretary of the Company's Board regularly provides information related to corporate governance courses organized by external training institutions to Directors and assists Directors who intend to participate in continuing education to perform registration procedures; the Company provides subsidies for the participation fees of Directors for such continuing education courses.

(II) Information on the operation of the Audit Committee

1. Functions and annual work focus of the Audit Committee

(1) Matters discussed by the Audit Committee primarily include:

A. Establishment of or amendments to the internal control system according to the requirements under Article 14-1 of the Securities and Exchange Act.
B. Evaluation of the effectiveness of the internal control system.
C. Establishment of or amendments to the procedures for the acquisition or disposal of assets, derivative transactions, loans to others, endorsement or guarantee for others, and other material financial operations according to the requirements under Article 36-1 of the Securities and Exchange Act.
D. Matters involving the interest of Directors.
E. Material asset or derivative transactions.
F. Material loans to others or endorsement or guarantee.
G. Placement, issuance, or private placement of securities with a nature of equity.
H. Appointment, dismissal, remuneration of CPAs and the evaluation of their independence and adequacy.
I. Appointment and dismissal of the chief of finance, accounting, or internal auditor.
J. Annual financial reports and interim financial reports with the signature or seal of the Chairman, managers, and chief of accounting.
K. Other material matters stipulated by the Company or the competent authority.

(2) Annual work focus:

A. Meeting arrangements (Audit Committee and communication meetings).
B. Arrange matters related to meetings of the Audit Committee according to the law (meeting notice and meeting minutes).
C. Follow-up and execution of improvement matters required by the Audit Committee.
D. Provision of corporate data required by Independent Directors to assist them in fully exercising their functions.
E. Annual self-evaluations of the Audit Committee.
F. Establishment and amendments to the charter and relevant regulations.
G. Announcement and declaration of matters related to the Audit Committee according to the law (charter and operation).
H. Whether all employees, managers, and Directors have related-party transactions and potential conflicts of interest.

I. Recommendation and complaints of stakeholders.
J. Interest/exchange rate risk management.
K. Information safety.
L. Public safety, environmental protection, and legal compliance.

2. Five Audit Committee meetings (A) were held, and the attendance (presence) of Independence Directors is as follows:

Title	Name	Professional qualification/experience	Attendance in person (B)	Attendance by proxy	Attendance rate (%) (B/A) (Note)	Remarks
Independent Director	Tsai Wen-Chun	Please refer to the table under "Disclosure of professional qualification of Directors and independence of Independent Directors" on pages 15 and 16.	5	-	100%	Re-elected on 22 July 2021
Independent Director	Wang Li-Zhi		5	-	100%	Re-elected on 22 July 2021
Independent Director	Tseng Ya-Tsai		5	-	100%	Re-elected on 22 July 2021

Other matters to be recorded:

I. If any of the following circumstances occur to the operations of the Audit Committee, the date of the Audit Committee meeting, session, content of proposals, resolutions of the Audit Committee, and the Company's response to the opinions of the Audit Committee shall be specified.

(I) Matters specified in Article 14-5 of the Securities and Exchange Act:

Audit Committee meeting	Board meeting	Content of proposal and resolution result	Opinions of Independent Directors	The Company's response to the opinions
2022.01.19	2022.01.19	Subject: The proposal for the review of CPAs fees is submitted for discussion. Resolution: Approved as proposed.	None.	Approved by receiving the consent of all attending Directors.
2022.02.25	2022.02.25	Subject: The 2021 individual and consolidated financial statements of the Company are submitted for discussion. Resolution: Approved as proposed. Subject: The Statement of Internal Control of the Company is submitted for discussion. Resolution: Approved as proposed. Subject: The proposal for loans between subsidiaries wholly owned by the Company is submitted for discussion. Resolution: Approved as proposed. Subject The amendment to the Procedures for the Acquisition or Disposal of Assets is submitted for discussion. Resolution: Approved as proposed. Subject: The proposal for the amendment to the Articles of Incorporation is submitted for discussion. Resolution: Approved as proposed.	None.	Approved by receiving the consent of all attending Directors.
2022.05.09	2022.05.09	Subject: The 2022 Q1 consolidated financial statements of the Company are submitted for discussion. Resolution: Approved as proposed.	None.	Approved by receiving the consent of all attending Directors.

2022.08.02	2022.08.02	Subject: The 2022 Q2 consolidated financial statements of the Company are submitted for discussion. Resolution: Approved as proposed. Subject: The proposal for non-distribution of cash dividends in the first half of 2022 is submitted for discussion. Resolution: Approved as proposed.	None.	Approved by receiving the consent of all attending Directors.
2022.11.07	2022.11.07	Subject: The 2022 Q3 consolidated financial statements of the Company are submitted for discussion. Resolution: Approved as proposed. Subject: The proposal for loans to the Company by a subsidiary wholly owned by the Company is submitted for discussion. Resolution: Approved as proposed. Subject: The proposal for loans to a subsidiary wholly owned by the Company is submitted for discussion. Resolution: Approved as proposed. Subject: The amendment to procedures related to the internal control operation of the Company is submitted for discussion. Resolution: Approved as proposed. Subject: The proposal for the 2023 audit plan of the Company is submitted for discussion. Resolution: Approved as proposed.	None.	Approved by receiving the consent of all attending Directors.

(II) Any other proposals not approved by the Audit Committee that were approved by two-thirds of all Directors other than the abovementioned matters: None.

II. For the execution status regarding the recusal of Independent Directors for proposals of conflict of interests, describe the name of the Independent Director, content of the proposals, reason for the recusal for conflict of interests, and voting status: None.

III. Communication between the Independent Directors and chief auditor and CPAs (e.g., material matters, methods, and results of communication regarding the Company's financial and business status):

A. Summary of communication between Independent Directors and internal auditors in 2022:

Independent Directors of the Company have favorable communications regarding the execution and achievements of audits.

Date	Communication highlight	Communication status of results	Implementation results regarding the Company’s response to the opinions of Independent Directors
2022/2/25 Audit Committee	1. The audit report for October to December 2021. 2. The 2021 Statement of the Internal Control System.	1. Acknowledged. 2. Report to the Board when approved after the discussion.	Independent Directors had no opinion.
2022/5/9 Audit Committee	1. The audit report for January to March 2022.	1. Acknowledged.	Independent Directors had no opinion.
2022/8/2 Audit Committee	1. The audit report for April to June 2022.	1. Acknowledged.	Independent Directors had no opinion.
2022/11/07 Audit Committee	1. The audit report for July to September 2022. 2. The proposal for the 2023 audit plan.	1. Acknowledged. 2. Report to the Board when approved after the discussion.	Independent Directors had no opinion.

B. Summary of communication between Independent Directors and CPAs in 2022:
The communication between the Independent Directors of the Company and CPAs is favorable.

Date	Communication highlight	Recommendations of Directors	Implementation results
2022/2/25 Audit Committee meeting	1. Discussion of the pattern of audit opinions. 2. Materiality of the period. 3. Material adjustments and uncorrected false expressions. 4. Independence of CPAs. 5. Material deficiencies of the internal control. 6. Significant uncertainties that affect the assumption of operations on an ongoing basis. 7. Selection and changes in material accounting estimates and accounting principles. 8. Possible effects of material risk exposure on the consolidated financial report. 9. Inconsistent opinions with the management. 10. Material events after the period 11. Malpractice of violation of laws, regulations, and rules. 12. Recommendations related to the performance of the review work for the period or matter of cooperation. 13. Confirmation of the completeness of the information on related parties. 14. Material inconsistency of other information set out in the consolidated report.	None	Acknowledged with no dissenting opinion.
2022/5/9 Audit Committee meeting	1. Discussion of the pattern of audit opinions. 2. Materiality of the period. 3. Material adjustments and uncorrected false expressions. 4. Independence of CPAs. 5. Material deficiencies of the internal control. 6. Significant uncertainties that affect the assumption of operations on an ongoing basis. 7. Selection and changes in material accounting estimates and accounting principles. 8. Possible effects of material risk exposure on the consolidated financial report. 9. Inconsistent opinions with the management. 10. Material events after the period 11. Malpractice of violation of laws, regulations, and rules. 12. Recommendations related to the performance of the review work for the period or matter of cooperation. 13. Confirmation of the completeness of the information on related parties. 14. Material inconsistency of other information set out in the consolidated report. Discussion of the pattern of audit opinions.	None	Acknowledged with no dissenting opinion.
2022/8/2 Audit Committee meeting	1. Discussion of the pattern of audit opinions. 2. Materiality of the period. 3. Material adjustments and uncorrected false expressions. 4. Independence of CPAs. 5. Material deficiencies of the internal control. 6. Significant uncertainties that affect the assumption of operations on an ongoing	None	Acknowledged with no dissenting opinion.

	basis. 7. Selection and changes in material accounting estimates and accounting principles. 8. Possible effects of material risk exposure on the consolidated financial report. 9. Inconsistent opinions with the management. 10. Material events after the period 11. Malpractice of violation of laws, regulations, and rules. 12. Recommendations related to the performance of the review work for the period or matter of cooperation. 13. Confirmation of the completeness of the information on related parties. 14. Material inconsistency of other information set out in the consolidated report. Discussion of the pattern of audit opinions.		
2022/11/07 Audit Committee meeting	1. Discussion of the pattern of audit opinions. 2. Materiality of the period. 3. Material adjustments and uncorrected false expressions. 4. Independence of CPAs. 5. Material deficiencies of the internal control. 6. Significant uncertainties that affect the assumption of operations on an ongoing basis. 7. Selection and changes in material accounting estimates and accounting principles. 8. Possible effects of material risk exposure on the consolidated financial report. 9. Inconsistent opinions with the management. 10. Material events after the period 11. Malpractice of violation of laws, regulations, and rules. 12. Recommendations related to the performance of the review work for the period or matter of cooperation. 13. Confirmation of the completeness of the information on related parties. Material inconsistency of other information set out in the consolidated report. Discussion of the pattern of audit opinions.	None	Acknowledged with no dissenting opinion.

(III) Implementation of corporate governance and the differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor:

Evaluation item	Operation (Note)			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Summary	
I. Has the Company formulated and disclosed its corporate governance best practice principles in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies"?	V		The Company has formulated its Corporate Governance Best Practice Principles according to the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies," and the Principles are disclosed on the Company's website.	None
II. The Company's equity structure and shareholder equity (I) Has the Company established internal operating procedures to handle shareholder recommendations, concerns, disputes and litigations and implemented them in accordance with the procedures?	V		(I) The spokesperson and the stock affairs department of the Company are dedicated to handling shareholder recommendations, concerns, and disputes. The Company has also disclosed relevant contact information and set up a complaint mailbox for stakeholders to accept various inquiries or recommendations.	None
(II) Does the Company have a list of the major shareholders who actually control the Company and those who ultimately have control over the major shareholders?	V		(II) The Company regularly discloses the list of major shareholders with ultimate control according to the regulatory requirements.	
(III) Has the Company established and implemented risk control and firewall mechanisms between its affiliates?	V		(III) The Company has relevant regulations in place to manage investments in affiliates, loans to others, endorsement/guarantee, accounts receivable, the acquisition and disposal of assets, and derivative transactions in order to control risks.	
(IV) Has the Company established internal regulations to prevent insiders from trading securities using undisclosed information on the market?	V		(IV) The Company has established the "Procedures for Handling Material Inside Information" to regulate all employees, managers, and Directors of the Company and any person who acknowledges the news of the Company due to their occupation or control relationships and forbid any behavior that may involve insider trading, and the Company regularly organizes internal education training and promotion.	
III. Composition and responsibilities of the Board of Directors				None

Evaluation item	Operation (Note)			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Summary	
(I) Has the Board formulated a diversification policy and substantial management target and made implementations?	V		(I) 1. On 25 March 2014, the Board has approved the establishment of the “Corporate Governance Best Practice Principles,” in which “Chapter 4 Reinforce the functions of the Board” has stated the policy for Board member diversification. The nomination and selection of Board members of the Company are subject to the requirements of the Articles of Incorporation, and the candidate nomination system is adopted. Apart from evaluating the academic backgrounds and qualifications of candidates, the Company also attaches great attention to personal reputation in terms of ethical conduct and leadership, and we comply with the “Procedures for Director Election” and the “Corporate Governance Best Practice Principles” to ensure the diversification and independence of Board members. 2. Regarding the list of seven Directors of the current session of the Company’s Board, Cynthia Tsai, Annie Wan, and Wu Xing-Guo (resigned on 21 December 2022) possess abilities of leadership, management administration, operational judgments, crisis management, industry knowledge, and international market perspective; Annie Wang and Tsai Chang-Zhong are good at marketing; Cynthia Tsai and Director Wu Xing-Guo (resigned on 21 December 2022) are well equipped with abilities for international investments and finance; Tsai Wen-Chun is an expert in corporate governance and accounting, Wang Li-Zhi and Tseng Ya-Tsai are from the academic sector and possess expertise in business administration and green environmental protection; extensive and professional opinions are provided by members based on their experiences, allowing them to effectively perform their duties as Board members and assisting the Company in making favorable decisions. 3. The Company’s Directors, who are also employees, account for 29% of the Board, Independent Directors account for 43%, and female Directors account for 57%. The tenure of all Independent Directors of the Company has not exceeded three sessions. Four Directors are aged above 60, one between 51 to 60, one between	

Evaluation item	Operation (Note)			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Summary	
			41 to 60, and one below 40, which allows the inheritance of experience and the commencement of creating a new future. 4. The diversification policy of Board members is disclosed on the Company's website and MOPS.	
(II) In addition to the Remuneration Committee and the Audit Committee established in accordance with the law, has the Company voluntarily set up other functional committees?	V		(II) Apart from establishing committees according to the law to establish healthy corporate social responsibility of the Company and facilitate the advances of the economy, environment, and society so as to achieve the objectives of sustainable corporate development, the Company has set up its Environmental, Social, and Corporate Governance Committee (ESG Committee), who regularly report to the Board regarding the implementation status and achievements.	
(III) Has the Company established its Regulations for Performance Evaluation of the Board and the evaluation methods and conducted regular performance evaluations each year? Has the Company reported the results to the Board as the reference for individual Directors' remuneration and nomination for re-appointment?	V		(III) To optimize our corporate governance, the Company has established the "Regulations for the Performance Evaluation of the Board" in 2020 and stated that the Board shall carry out the performance evaluation of the Board, Directors, and functional committee at least once a year. The evaluation results in 2022 were reported to the Board on 12 January 2023. The evaluation results served as the reference for the remuneration and nomination for re-appointment of individual Directors and were used to continuously improve and optimize the discussion functions of the Board. The evaluation scores of the year range from 4.61 to 4.74 (the full mark is 5), which are favorable scores.	
(IV) Has the Company regularly evaluated the independence of CPAs?	V		(IV) The Audit Committee of the Company carries out the independence and adequacy evaluations of CPAs each year; except for requiring CPAs to provide the "Statement of Independence," it also carries out the evaluation based on AQIs. After confirming that there are no other financial benefits and business relationships other than the fees for certification and financial and taxation cases between the CPAs and the Company and that the family members of CPAs have not violated the requirements of independence,	

Evaluation item	Operation (Note)			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Summary	
			the evaluation results for the most recent year were reported to the Board. It approved the resolution regarding the independence and adequacy evaluations of the CPAs on May 4, 2023. For the AQI evaluation items, please refer to page 60 of the annual report.	
IV. Has the Company allocated an appropriate number of qualified persons and appointed a chief of corporate governance in charge of corporate governance affairs (including but not limited to furnishing information required for business execution by Directors and supervisors, assisting Directors and supervisors to comply with laws, handling matters relating to Board meetings and shareholders' meetings according to laws, and preparing minutes of Board meetings and shareholders' meetings)?	V		The finance department is also responsible for affairs related to corporate governance, including but not limited to furnishing information required for business execution by Directors, handling matters relating to Board meetings, functional committee meetings, and shareholders' meetings according to laws, assisting Directors in onboarding the continuing education, furnishing information required for business execution by Directors, assisting Directors to comply with laws, and preparing minutes of Board meetings, functional committee meetings, and shareholders' meetings.	None
V. Has the Company established communication channels with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), set up a section for stakeholders on its corporate website, and responded appropriately to important corporate social responsibility issues that are of concern to stakeholders?	V		The Company has set up a stakeholder section on its website and set up a spokesperson line. The Company regularly reports to the Board regarding the communication status once a year. The evaluation results in 2022 were reported to the Board on 12 January 2023.	None
VI. Has the company appointed a professional stock affairs agency to handle matters for shareholder meetings?	V		The Company has appointed the Transfer Agency of CTBC Bank to handle relevant stock affairs of shareholders' meetings.	None
VII. Information disclosure (I) Has the Company set up a website to disclose finance and business, and corporate governance information? (II) Has the Company adopted other means of information disclosure (such as setting up an English website, appointing dedicated personnel responsible for the collection and disclosure of the Company's information, implementing a spokesperson system, and posting the course of its investor conference on its website)?	V V		(I) The Company discloses relevant information via its website (https://www.farcent.com.tw) at all times. (II) The Company has appointed dedicated personnel responsible for the collection and disclosure of the Company's information and regular updates of the Company's website. To realize the spokesperson system, the Company also has an acting spokesperson in place to make real-time explanations to external parties. If there is an investor conference, the Company uploads the materials in Chinese/English to its website for investors' reference.	None

Evaluation item	Operation (Note)			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Summary	
(III) Has the Company published and declared its annual financial statements within two months from the end of the fiscal year and published and declared its Q1, Q2 and Q3 financial statements along with the monthly business performance statements before the prescribed deadline?	V		(III) The Company completes the declarations within the deadline specified; for the disclosure of the abovementioned information, please refer to MOPS.	
VIII. Does the Company have other important information to facilitate a better understanding of the Company's implementation of corporate governance (including but not limited to employees' interest, employee care, investor relations, supplier relations, stakeholder rights, continuing education of Directors and supervisors, implementation of risk management policies and risk measurement standards, implementation of customer policies, the Company's purchase of liability insurance for Directors and supervisors)?	V		(I) To perform and duly fulfill its social responsibility, the Company has established multiple relevant regulations and standards to prevent damages arising from the course of production and business operation and ensure our living space and the interest of employees, suppliers and stakeholders. Such regulations and standards include "Procedures for Appointment, Resignation, and Retirement," "Procedures for Leave and Attendance," "Procedures for Outing for Official Business and Business Trip," "Procedures for Rank, Title, and Salary Comparison," "Procedures for Training and Qualification Recognition," "Procedures for Reward and Punishment," "Procedures for KPI Development," "Procedures for Promotion, Salary Adjustment, and Job Transfer," and others. We determine salaries based on the evaluation of the position based on the appointment specifications of employees, provide appropriate and effective training, commend and provide rewards to outstanding employees, develop KPIs based on the concept of BSC, regularly evaluate and offer promotion and salary adjustment, and offer preferential retirement regulations. Furthermore, we have specified the management of intellectual properties, incoming inspection standards for raw materials, and other relevant requirements. (II) The intellectual property management plan of the Company The Company focuses on the marketing of products and brands and makes use of the operating model that creates the Company's value through relevant intellectual property strategies, which not only protects the Company's operating flexibility but also strengthens our competitive advantages and helps gain profits for the Company. Implementation status:	None

Evaluation item	Operation (Note)			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Summary	
			• Trademark management In recent years, the Company has been actively engaging in domestic and overseas brand arrangements and accelerated the exploration in the Asian market. To duly plan for our layout strategies and overseas business development, the Company keeps abreast of the progress of the domestic and overseas trademark application and management and relevant implementation items of materiality through the periodical reports at the Board meetings of the Company each year and makes appropriate responses to potential operating risks. • Patent management The R&D department shall carry out technology development, and the Company engages an external patent office to carry out the patent layout application plan from time to time. • Business secret management: Requirements in the Code of Practice and employment contracts of employees are as follows (1) Employees are obliged to keep the confidentiality of their individual tasks and the Company's operations. (2) After assuming the position or resignation, employees shall not disclose any business secrets, or the Company will be entitled to dismissals and the right to appeal to the law and loss compensation. (3) Employees employed by the Company shall not disclose or use any business secrets of their former employers. The Company reports the implementation status of matters related to the intellectual property management plan and the connectivity to the operating objectives to the Board in Q1 each year periodically, and the latest reporting date was 12 January 2023. The Company has introduced an intellectual property management system in 2011, and the Company executes the	

<table>
<tr><th rowspan="2">Evaluation item</th><th colspan="3">Operation (Note)</th><th rowspan="2">Differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>system at present. Except for annual courses on trademarks and patents for relevant departments and personnel each year, the list of intellectual properties obtained and the achievements in recent years are as follows:
1. Patent right: As of 31 December 2022, the Company possesses a total of 34 domestic and overseas patent rights in effect.
2. Trademark right: As of 31 December 2022, the Company possesses a total of 222 domestic and overseas trademark rights in effect.
(III) All Directors of the Company duly recused from voting when they have any interest in any proposal.
(IV) Continuing education of Directors: The Company provides relevant laws and regulations and updates of laws and regulations for Directors’ reference from time to time.
(V) Attendance of Directors at Board meetings: The Board meetings of the Company are attended by over half of the Directors, and the attendance is disclosed on “MOPS” (https://mops.twse.com.tw) according to regulatory requirements.
(VI) The Company purchases liability insurance for Directors and managers each year.
(VII) Please refer to the Company’s website for the implementation status of interest in investor relations, supplier relations, and stakeholder relations.</td><td></td></tr>
<tr><td>IX. Please explain improvements that have been made, as well as priorities and measures to improve the results of the Corporate Governance Evaluation issued by the Taiwan Stock Exchange Corporate Governance Center. (Exempted for those who are not included in the evaluation.)</td><td>V</td><td></td><td>1. Based on the results of the Corporate Governance Evaluation, improvements made in 2022 are as follows:
The certification by a certifying institution had been obtained for the Sustainability Report that is prepared by the Company, and the Company convened a hybrid shareholders’ meeting for its 2022 shareholders’ meeting.
2. Priorities and measures for improvement: The ESG Committee will establish relevant risk management policies and procedures to assist the Board in effectively managing relevant risks, integrating Group resources, improving communications between the Group and stakeholders, and</td><td></td></tr>
</table>

Evaluation item	Operation (Note)			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Summary	
			improving corporate value and effects. Relevant matters include the formulation of policies, the establishment of objectives, the promotion of work and execution structure, governance, KPI performance of relevant departments evaluations, and reports. The Company regularly examines the causes of failure one after another and proposes improvement plans each year.	

(IV) The composition, responsibilities, and operations of the Remuneration Committee:

The Company has established its "Remuneration Committee" on 27 December 2011 and has established the "Remuneration Committee Charter." The Remuneration Committee has a total of three members, and currently, it composes three Independent Directors.

(I) Information on members of the Remuneration Committee

Identity (Note 1)	Criteria / Name	Professional qualifications and experience (Note 2)	Independence (Note 3)	Number of other public companies where the individual serves as a member of the remuneration committee concurrently
Independent Director	Wang Li-Zhi	Please refer to the table under "Disclosure of professional qualification of Directors and independence of Independent Directors" on pages 14 and 15.		None
Independent Director	Tsai Wen-Chun			None
Independent Director	Tseng Ya-Tsai			None

(II) Information on the operation of the Remuneration Committee

I. The Remuneration Committee of the Company has three members.

II. Tenure of members of the current session: From 22 July 2021 to 22 July 2024. Three meetings (A) of the Remuneration Committee were held in the most recent year, and the qualification and attendance of members are as follows:

Title	Name	Attendance in person (B)	Attendance by proxy	Attendance rate (%) (B/A) (Note)	Remarks
Convenor	Wang Li-Zhi	3	0	100%	Re-elected on 22 July 2021
Member	Tsai Wen-Chun	3	0	100%	Re-elected on 22 July 2021
Member	Tseng Ya-Tsai	3	0	100%	Re-elected on 22 July 2021

Other matters to be recorded:

I. If the Board does not adopt or amend the recommendations from the Remuneration Committee, the date, session, content of proposals, resolution of the Board, and the Company's response to the recommendations of the Remuneration Committee shall be specified (if the remuneration approved by the Board is more favorable than the recommendation of the Remuneration Committee, the differences and reasons shall be specified): None.

II. For any objections or qualified opinions raised by a member of the Remuneration Committee against a resolution with records or written statements, the date of the Remuneration Committee meeting, session, content of the proposals, opinions of all members, and the Company's response to the opinions of members shall be described: None.

Session and date of Remuneration Committee meeting	Session and date of Board meeting	Content of proposal and resolution result	The Company's response to the opinions of the Remuneration Committee
2nd meeting of the 5th session 2022/01/19	1st meeting in 2022 2022/01/19	Subject: The proposal for the review of the distribution of year-end bonuses of managers of the Company for 2021 is submitted for discussion. Resolution: After the chairperson had made inquiries to the attending members, the proposal was approved as proposed with no dissenting opinion. Subject: Proposal for the review of the 2022 work schedule of the Remuneration Committee of Farcent. Resolution: After the chairperson had made inquiries to the attending members, the proposal was approved as proposed with no dissenting opinion.	Approved by receiving the consent of all attending Directors.
3rd meeting of the 5th session 2022/02/25	2nd meeting in 2022 2022/02/25	Subject: The proposal for the distribution method of the remuneration of employees and remuneration of Directors for 2021 is proposed for discussion. Resolution: After the chairperson had made inquiries to the attending members, the proposal was approved as proposed with no dissenting opinion.	Approved by receiving the consent of all attending Directors.
4th meeting of the 5th session 2022/08/02	5th meeting in 2022 2022/08/02	Proposal: The distribution date of the remuneration of employees and remuneration of Directors for 2021 is proposed for determination. Resolution: After the chairperson had made inquiries to the attending members, the proposal was approved as proposed with no dissenting opinion.	Approved by receiving the consent of all attending Directors.

Note:

(1) If any member of the Remuneration Committee resigns before the end of the year, the resignation date shall be specified in the column of remarks, and the attendance rate (%) shall be calculated based on the number of Remuneration Committee meetings and the number of attendance during its term of office.

(2) If any member of the Remuneration Committee is re-elected before the end of the year, the new and former Remuneration Committee members shall be specified, and the status of former, newly elected, or re-appointed Directors/supervisors and the re-election date shall be specified in the column of remarks.

(II) Scope of powers of the Remuneration Committee

The Committee shall exert the care of a good administrator, faithfully exercise the following powers, and submit their recommendations to the Board for discussion.

(1) Regularly examine the Remuneration Committee Charter and propose amendment recommendations.
(2) Establish and regularly examine the policies, systems, standards, and structures of the performance evaluation standards, annual performance targets, and remuneration of Directors and managers, and disclose the content of performance evaluation standards in the annual report.
(3) Regularly evaluate the performance target achievement status of Directors and managers and establish the content and amount of their remuneration based on the evaluation results from the performance evaluation standards. The annual report shall disclose the remuneration of Directors and managers according to the requirements.

When exercising the powers in the above paragraph, the Committee shall comply with the following principles:

(1) Ensure that the remuneration arrangements of the Company comply with relevant laws and regulations and are attractive to outstanding talents.
(2) For the performance evaluation and remuneration of Directors and managers, the Company shall refer to the general standards within the industry and consider the rationale of correlations with individual performance, corporate operating performance, and future risks.
(3) The Company shall not guide Directors and managers to engage in behaviors that exceed the risk appetite of the Company for seeking remuneration.
(4) The ratio of compensation distribution regarding the short-term performance of Directors and senior managers and the payment time of the partial variable remuneration shall be determined by taking into account the industrial features and the business nature of the Company.
(5) The Company shall consider the rationale when establishing the content and amount of the remuneration of Directors and managers. The decision of the remuneration of Directors and managers shall not materially deviate from the financial performance. If there is any material reduction in profits or long-term losses, the remuneration shall not be higher than the preceding year; if the amount is higher than the preceding year, the Company shall disclose the explanation of the rationale in the annual report and report at the shareholders' meeting.
(6) Members of the Committee shall not participate in the discussion and voting for the determination of its personal remuneration.
    The remuneration referred to in the two preceding paragraphs includes cash compensation, options, bonus shares, retirement benefits or resignation payment, allowances, and other measures with substantial rewards; the scope shall be consistent with the remuneration of Directors and managers as stated in the Regulations Governing Information to be Published in Annual Reports of Public Companies.
    If the remuneration of directors and managers of the Company's subsidiaries requires the approval of the Company's Board based on the decentralization of responsibility for matters of determination of subsidiaries, the Committee shall propose its recommendations before submitting it to the Board for discussion.
(7) For discussing the remuneration of the members of the Committee at a meeting, the explanations shall be made at the meeting. If there is any risk of harming the Company's interest, the members shall not participate in the discussion and voting, shall recuse themselves from the discussion and voting, and shall not exercise the voting right on another member's behalf.

(IV) The composition, responsibilities, and operations of the ESG Committee:

The Company established its Environmental, Social, and Corporate Governance Committee (the "ESG Committee") in May 2020; the Committee composes four Directors (including two Independent Directors).

The duty of the ESG Committee is to manage matters related to environmental, social, and corporate governance risks or opportunities of the Company and its subsidiaries (the "Group") and provide recommendations and reports to the Board so as to assist the Board in effectively manage relevant risks, integrate Group resources, improve the communication with stakeholders, and improve corporate value and effects. Relevant matters include the formulation of policies, the establishment of objectives, promotion and execution structure of work, governance, KPI performance of relevant departments, evaluation, and report.

Duties of the Committee include studying, monitoring, and reviewing trends and events that affect sustainable corporate development at present and in the future to understand matters that may cause effects on the operations of the Group, and identifying, evaluating, integrating, determining, monitoring, and examining strategies and issues of sustainable development, and submitting reports to the Board.

Operation of the ESG Committee:

Title	Name	Attendance in person (B)	Attendance by proxy	Attendance rate (%) (B/A) (Note)	Major expertise	Remarks
Director (convenor)	Wu Xing-Guo	3	0	100%	Possess professional abilities in international finance and investment and risk control.	Resigned on 21 December 2022.
Director	Annie Wang	3	0	100%	Possess expertise in improving corporate value and international marketing.	
Independent Director	Tsai Wen-Chun	3	0	100%	Skilled in accounting and corporate governance.	
Independent Director	Wang Li-Zhi	3	0	100%	Possess expertise in service and digital innovation, supply chain management, and corporate resource integration.	

(V) Implementation of promoting sustainable development and the differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor:

Promotion item	Implementation (Note 1)			The differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Summary (Note 2)	
I. Has the Company established a governance framework for promoting sustainable development and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the Board authorized the senior management to handle related matters under the supervision of the Board?	V		(I) The Board has approved the Corporate Social Responsibility Best Practice Principles on 5 March 2015 and authorized the Executive Directors to assume the position of the chairperson to call upon all directors of departments to establish a corporate social responsibility promotion workforce for the inclusion of corporate social responsibility in the business strategies of the Company, make long-term efforts for and fulfill corporate social responsibility via systematic and organized methods with targets set, and continue to dedicate to the promotion of corporate social responsibility, and report the results to the Board once a year. (II) The Board approved the establishment and the charter of the "ESG Committee" on 4 May 2020; the establishment of the ESG Committee and the appointment of members were approved by the Board. The Committee is responsible for formulating environmental, social, and corporate governance prospects and strategies of the Company, evaluating, monitoring, and providing recommendations for environmental, social, and corporate governance achievements, issuing ESG reports or Sustainability Reports, and uploading	None.

Promotion item	Implementation (Note 1)			The differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Summary (Note 2)	
			the corporate social responsibility report on the Company's website under the corporate social responsibility section (https://www.farcent.com.tw/responsibility01). 1. Operating departments of the Company promote sustainable corporate development: Call upon the personnel of relevant departments; members of the workforce include professionals from departments of finance, procurements, production, R&D, HR, QA, and audit. In the future, the Company also targets to set up a dedicated department to continue participating in the promotion of sustainable corporate development. 2. The preparation of the 2021 "Sustainability Report" was completed in September 2022, and the report was uploaded to the website designated by the competent authority and the Company's website according to the requirements.	
II. Has the Company conducted risk assessments on environmental, social and corporate governance issues related to the Company's operations in accordance with the materiality principle and formulated relevant risk management policies and strategies? (Note 3)	V		(II) The Company has carried out relevant risk evaluations based on the principles of materiality and established relevant risk management policies or strategies based on the risks after evaluations. The policies and strategies are announced on the Company's website (http://www.farcent.com.tw/responsibility02) and in Chapter 1.4 of the 2021 Sustainability	

Promotion item	Implementation (Note 1)			The differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Summary (Note 2)	
			Report (https://www.farcent.com.tw/files/花仙子整本_合併_1110930-SII.pdf.pdf)	
III. Environmental issues (I) Has the Company set up an appropriate environmental management system based on the characteristics of its industry?	V		(I) To promote environmental safety and health, the Company complies with relevant environmental safety and health regulations. Please refer to Chapters 4 of the 2021 Sustainability Report (https://www.farcent.com.tw/files/花仙子整本_合併_1110930-SII.pdf).	
(II) Is the Company committed to improving energy efficiency and to the use of renewable materials with low environmental impact?	V		(II) The Company aims at the sustainable corporate development of co-prosperity with the environment, dedicates to making improvements from the source, and prefers natural materials. The Company is also committed to the renewal and reuse of resources to improve the use efficiency of various resources so as to achieve the objectives of raw material reduction and waste reduction, minimizing the impacts on the environmental load. Please refer to Chapters 4.2 of the 2021 Sustainability Report (https://www.farcent.com.tw/files/花仙子整本_合併_1110930-SII.pdf).	
(III) Has the Company evaluated the potential risks and opportunities of climate change to the Company at present and in the future and taken relevant countermeasures?	V		(III) The Company has been implementing GHG inventory since 2014 and fully replaced the lighting of its plants with LED light with an energy-saving attribute in 2018 to achieve the purpose of energy-saving and carbon dioxide reduction. Please refer to Chapters 4.5 of the 2021 Sustainability Report	

Promotion item	Implementation (Note 1)			The differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Summary (Note 2)	
			(https://www.farcent.com.tw/files/花仙子整本_合併_1110930-SII.pdf). In the future, the Company will introduce the TCFD framework and set climate change scenarios to identify changes in the operating practices of the Company risks and opportunities resulting from climate change based on such scenarios.	
(IV) Has the Company made statistics on GHG emissions, water consumption, and the total weight of waste for the most recent two years and formulated policies for GHG emissions reduction, water consumption reduction, or other waste management?	V		(IV)1. The Company is committed to environmental protection, energy-saving and carbon dioxide reduction, and other sustainable corporate operation development; it has also established environmental policies to achieve the objectives of energy-saving and carbon dioxide reduction, environmental pollution prevention and reduction, and GHG emission reduction. 2. The Company calculates it is GHG emission, water consumption, and the total weight of waste each year. Please refer to Chapters 4.5, 4.2 and 4.3 of the 2021 Sustainability Report (https://www.farcent.com.tw/files/花仙子整本_合併_1110930-SII.pdf).	
IV. Social issues (I) Has the Company formulated relevant management policies and procedures in accordance with relevant regulations as well as the International Bill of Human Rights?	V		(I)1. The Company strictly adheres to local regulations of places where our operating joints locate, commutes to maintain the basic human rights of employees, protects the legal interest of employees, and supports and observes the "UDHR," "International Bill of Human Rights,"	

Promotion item	Implementation (Note 1)			The differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Summary (Note 2)	
			"UNGC," "ILO - Declaration of Fundamental Principles and Rights at Work," and other human rights convention and standards generally recognized by the international society. The Company treats all employees (including full-time employees, casual laborers, foreign workers, interns, and contracted employees) fairly, reasonably, and friendly, and respects them, and promotes the spirit to our partners. 2. To ensure the actual implementation of the abovementioned human rights spirits, the Company has established a series of execution policies, including carrying out educational training and promotion related to harassment control or illegal infringement at the workplace, establishing an employee complaint system and channels, respecting labor unions and freedom of association, regularly providing health inspections, and actively organizing health lectures, and regularly examines and adjusted the management measures of topics related to human rights policies to optimize human rights protection. Please refer to Chapter 5 of the 2021 Sustainability Report (https://www.farcent.com.tw/files/花仙子整本_合併_1110930-SII.pdf).	
(II) Has the Company established and implemented reasonable employee welfare measures (including remuneration, vacation, and other benefits) and	V		(II) 1. The Company values the physical and mental health and welfare of employees and provides	

Promotion item	Implementation (Note 1)			The differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Summary (Note 2)	
appropriately reflected the business performance or results in employees' remuneration?			comprehensive and diverse welfare measures. There are working rules and relevant management rules in place, and the content covers the basic wages, working hours, annual leaves more favorable than the Labor Standard Act, allowance and subsidies for transportation/communication/meal, group insurance and health inspection, parking space provision, distribution of refurbished products of the Company, and group buying discounts for employees. In addition, the Company has established its Employee Welfare Committee. For the operation of the Employee Welfare Committee, with members elected by employees, the Committee organizes welfare matters, including subsidies for marriage, bereavement, and celebration/maternity/travel/group activities, gift money for three major Chinese festivals/Labor Day and birthday, scholarship and grants for children, interest-free loans, and hospitalization consolation money. 2. The Company ensure the market competitiveness of the overall remuneration of the Company through regular market salary survey and distributes performance bonuses and production rewards based on the operating performance of the Company, the achievement of group targets, and the personal performance of employees. Meanwhile, if the Company records net profits before tax for the year, it shall	

Promotion item	Implementation (Note 1)			The differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Summary (Note 2)	
			appropriate 5% to 10% as the remuneration of employees to provide incentives to employees with excellent work performance.	
(III) Does the Company provide employees with a safe and healthy working environment and regularly organize safety and health education for employees?	V		(III) 1. To ensure the quality of the operating environment of practitioners, the Company regularly engages qualified inspection institutions to carry out the measurement for operating environments with occupational hazards or safety risks or arranges employees of positions that are in contact with suspicious factors of occupational disease and hazards to have annual occupational disease health inspection and safety schedule training. 2. We regularly organize employees' health inspection and safety drills to optimize the safe, friendly, and healthy work environment. Please refer to Chapter 5 of the 2021 Sustainability Report (https://www.farcent.com.tw/files/花仙子整本_合併_1110930-SII.pdf).	
(IV) Has the Company established an effective career development training program for employees?	V		(IV) The Company is committed to nurturing professional talents of sustainable operation and providing diverse learning opportunities to employees to allow employees to learn during work and enrich their knowledge and skills. Please refer to Chapter 5 of the 2021 Sustainability Report (https://www.farcent.com.tw/files/花仙子整本_合併_1110930-SII.pdf.)	

Promotion item	Implementation (Note 1)			The differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Summary (Note 2)	
(V) Has the Company complied with relevant regulations and international standards with regard to customer health and safety, customer privacy, marketing, and labeling of products and services, and established relevant policies to protect the interests of consumers or customers and formulated complaint procedures?	V		(V) The Company's products have labels about the usage and matter of notice for consumers to follow. Marketing and labeling of our products and services are compliant with relevant regulations and international standards; the Company has also established a customer complaint line to provide a channel for the complaint of consumers' interest. Please refer to Chapters 2.3, 2.4 of the 2021 Sustainability Report (https://www.farcent.com.tw/files/花仙子整本_合併_1110930-SII.pdf).	
(VI) Has the company formulated supplier management policies requiring suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights? What is the status of their implementation?	V		(VI) The Company prefers natural materials and joint hands with suppliers for development and utilization to jointly commit to improving corporate social responsibility and the use of various resources; the Company has also established and implemented relevant evaluation systems for suppliers. Please refer to Chapter 2.4 of the 2021 Sustainability Report (https://www.farcent.com.tw/files/花仙子整本_合併_1110930-SII.pdf).	
V. Has the Company referred to international reporting standards or guidelines in its preparation of the sustainability report and other reports which disclose the Company's non-financial information? Has the Company obtained the assurance or certification of a certifying institution for the reports above?	V		The Company has referred to international reporting standards or guidelines in its preparation of the Sustainability Report and other reports which disclose the Company's non-financial information and has obtained assurance from Crowe (TW) CPAs for the reports above.	

Promotion item	Implementation (Note 1)			The differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Summary (Note 2)	
VI. If the Company has established its own sustainable development best practice principles based on the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies," please describe any differences from the Principles in the Company's operations: The Company has established the "Sustainable Development Best Practice Principles" of the Company in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" on 13 March 2015, and the Principles became effective after being approved by the Board as a resolution to serve as the specification for the establishment and execution of systems related to corporate governance, environmental safety and health management, customer services and supplier management, green operation, employee relations, and social care of the Company. The Board approved the establishment and charter of the "ESG Committee" on 4 May 2020; the Committee merged with the initial corporate social responsibility promotion workforce, and its actual operations have no difference from the requirements of the Principles.				
VII. Other important information to facilitate a better understanding of the Company's promotion of sustainable development: 1. Social contribution, social services, public welfare: The Company considers that the issue of disadvantaged families and children in the current society will cause the deterioration of the social environment gradually and hopes to make contributions through participation in public welfare activities. The Company established "Farcent Education Foundation" in 2014 and continued to actively cooperate with different public welfare groups (i.e., TFCF, ABLE Club, Teacher Chang Foundation, I-Link Community Services Association, Taiwan Aquaponics Promotion Association, Teco Technology Foundation, Dalong Elementary School, and Tian Sheng Elementary School. Apart from providing actual supplies and funds, we also promote various public welfare activities (i.e., after-school companionship for disadvantaged students, talent cultivation for disadvantaged students, life and art innovation experience events for disadvantaged students, science education for remote townships, environmental education (aquaponics), and others); employees of Farcent are always supportive for all our events and enthusiastically contribute their love and care in the hope of making more people to care for the society through various public welfare events, and in turn, contribute to the society. 2. Consumers' interest: The Company attaches attention to the requirements of consumers and customers; therefore, the opinions of consumers and customers are our precious information. Except for satisfaction surveys and complaint handling, the Company also has a free line (starting with 0800) to immediately understand and respond to the opinions of consumers and customers; consumers and customers may propose their requirements or recommendations regarding the products or services of Farcent at all times, and the dedicated personnel will be responsible for responding. We constantly improve the service quality of Farcent, and we aim to secure the loyalty of consumers and customers. Please refer to Chapter 2.3 of the 2021 Sustainability Report (https://www.farcent.com.tw/files/花仙子整本_合併_1110930-SII.pdf). 3. Human rights policy The Company is deeply convinced that respecting human rights and creating work environments of dignity are crucial to our partners and us in the supply chain. The Company strictly adheres to local regulations of places where our operating joints locate worldwide and safeguard the human rights of all				

Promotion item	Implementation (Note 1)			The differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Summary (Note 2)	
personnel, including full-time employees, contracted and casual laborers, and interns. Solving the human rights issues in the complicated supply chain is the joint responsibility of the industry, and the Company requires our partners in the supply chain to comply with the same standards. The Company supports "UDHR" and dedicates to complying with its understanding of international human rights standards, including the "International Bill of Human Rights," "ILO - Declaration of Fundamental Principles and Rights at Work," "UNGPs," "OECD Guidelines for Multinational Enterprises," and "UNGC" to treat and respect all employees with dignity. The Company has implemented the "Human Right Policy of Farcent Enterprise Co., Ltd." and required partners in the supply chain to observe the same standard in accordance with the following execution policies. Relevant execution policies are as follows: ✓ Include respect for the economy, society, culture, citizens, political rights, and development in our operations. ✓ Provide a safe and healthy work environment free of harassment. ✓ Prohibit illegal discrimination and ensure the equality of work opportunities. ✓ Prohibit child labor. ✓ Prohibit forced labor. ✓ Protect the labor rights of indigenous people, women, immigrant workers, contracted employees, disabled persons, and disadvantaged or marginalized groups. ✓ Strictly adhere to all applicable regulations of salary and working hours. ✓ Pay fair wages for living in full as in due course and explain the legal deduction amount by using the salary slip. ✓ Create an environment that takes fond in communication and establish an open management model. ✓ Support and assist employees in maintaining physical and mental health and work-life balance. ✓ Provide diverse, open communication channels, including anonymous reports, allowing suppliers, business partners, and other stakeholders to provide feedback/opinions or report suspected violations to Farcent. ✓ Regularly examine and evaluate relevant risks, practices, and effects in response to the ever-changing circumstances and the requirements of stakeholders. In addition, the Company also publicly announced the human rights policies and execution policies above to all employees to jointly create a premium work environment of co-existence and co-prosperity with employees. For Employees' salaries, welfare, career development, health and safety, and employee communication and care, please refer to Chapter 5 of the 2021 Sustainability Report (https://www.farcent.com.tw/files/花仙子整本_合併_1110930-SII.pdf). 4. Other social responsibility activities: For the recruitment of new employees, there is no restriction on race, level, language, idea, religion, political party, origin, gender, appearance, facial features, disability, age, or prior identity of a labor union member compliant with the Employment Service Act; the Company actively cooperate with				

Promotion item	Implementation (Note 1)			The differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Summary (Note 2)	
the subsidy regulations rolled out by local governments and participate in the "Youth's Employment Ultimate Program" for graduates and the "Corporate Human Resources Improvement Project" for on-the-job training of employees in the hope of recruiting and cultivate premium human resources in the employment market by following the pace of local governments. 5. Please refer to "Business overview – IV. Information on environmental protection expenses" and "Business overview – Labor-capital relations" in the annual report.				

Note 1: If "Yes" is chosen for the implementation, please describe the material policies, strategies, and measures adopted and the implementation; If "No" is chosen, please explain the reason and describe the plan to material policies, strategies, and measures.

Note 2: For companies that have prepared their corporate social responsibility reports, they may mark the page for reference in the corporate social responsibility report for the implementation instead.

Note 3: The materiality principle refers to environmental, social, and corporate governance issues that have material impacts on the investors and other stakeholders of the Company.

(VI) Implementation of ethical corporate management and differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor.

Evaluation item	Implementation (Note)			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Summary	
1. Formulation of ethical corporate management policies and plans (I) Does the Company have an ethical corporate management policy approved by its Board, and rules and publicly available documents addressing its policy and measures of ethical corporate management, and commitment regarding active implementation of such policy from the Board and the senior management?	V		**(I)** The Board approved and promulgated the "Ethical Corporate Management Best Practice Principles" in 2014, and the implementation of the Principles is still in effect. The Principles state that employees shall not make use of their powers to seek illegal benefits or accept entertainment, gifts, rebates, or engage in embezzlement or other illegal benefits, and relevant punishment rules were established. Employees are obliged to keep the confidentiality of the business content of the Company.	No material difference.
(II) Has the Company established a risk assessment mechanism against unethical conduct, analyzed and assessed on a regular basis business activities within their business scope which are at a higher risk of being involved in unethical conduct, and established prevention programs accordingly which at least cover the prevention measures against the conducts listed in paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?	V		**(II)** To ensure the implementation of ethical corporate management, the Company has established an effective accounting system and an internal control system. Internal auditors regularly perform audits for compliance with the systems above. Bribery is strictly forbidden, and employees are required to sign a commitment of honest operation. If any violation occurs, employees shall pay punitive compensation for the violation, and the Company may deem such violations as material mistakes and immediately terminate the labor contracts.	

Evaluation item	Implementation (Note)			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Summary	
(III) Has the Company clearly specified operating procedures, guidelines for conduct, and a violation punishment and complaint system in the unethical conduct prevention plan and duly implemented them? Does the Company regularly review and revise said plan?	V		**(III)** When an employee reports for work, the Company clearly explains the Company's requirements of "integrity and honesty" and states that the employee shall execute commitments related to "information and safety management," "commitment of honest operation," and "business secret" in the labor contract.	
II. Implementation of ethical corporate management (I) Does the Company assess the ethics records of whom it has business relationships and include business conduct and ethics-related clauses in the business contracts?	V ˇ		(I) The Company considers the legitimacy of distributors, suppliers, customers, or other counterparties of business dealings and whether they have any record of unethical conduct to avoid having transactions with those with records of unethical conduct. When entering into contracts with others, the content includes terms stipulating that the counterparty shall comply with the ethical corporate management policy and that the Company may terminate or cancel the contract at any time if the transaction counterparty is involved in any unethical conduct.	No material difference.
(II) Has the Company set up a dedicated department that is subordinated to the Board to promote ethical corporate management, and does it regularly (at least once a year) report to the Board on its ethical corporate management policy and unethical conduct prevention program and monitor their implementation?	V		(II)The CEO Office is the dedicated department for the formulation of policies and preventive plans, and implementation monitoring, and it regularly (once a year) reports to the Board regarding the ethical corporate management policies, unethical conduct prevention plans, and the implementation status of monitoring. The implementation status	

Evaluation item	Implementation (Note)			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Summary	
	ˇ		in 2022 was reported to the Board on 12 January 2022.	
(III) Has the Company established policies to prevent conflict of interests, provide appropriate communication and complaint channels, and implement such policies properly?	V		(III) The Company has established the "Ethical Corporate Management Best Practice Principles" to regulate the obligations of Directors, managers, and employees to the Company, external business events, money transactions, recusal of conflicts of interest, and the management of confidential data. The Company also set up a "whistleblowing channel" on its website to provide a channel for whistleblowing and description, and the chief auditor is responsible for handling such matters. In 2022, we did not receive any complaints or whistleblowing matters.	
(IV) Has the Company established effective accounting and internal control systems in place for the implementation of ethical corporate management? Has the internal audit department formulated relevant audit plans based on the assessment results of unethical conduct risk to perform audits on compliance with the unethical conduct prevention program or engage CPAs to perform such audits?	V		**(IV)** The Company has been actively implementing ethical corporate management. The Audit Office (engaging CPAs when necessary) shall regularly perform audits on the actual compliance status based on the accounting system, internal control system, and relevant rules and report the audit results to the Board.	
(V) Does the Company provide internal and external educational training in ethical corporate management on a regular basis?	V		**(V)** The Company regularly organizes ethical corporate operation (including anti-corruption) and legal compliance educational training each year and disclose such matters in the Sustainability Report and annual report and on its website. The	

Evaluation item	Implementation (Note)			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Summary	
			Company also clearly and carefully established its unethical conduct prevention plan in its management control operations and Ethical Corporate Management Best Practice Principles, including the operating procedures and guidelines to deepen the business philosophy of ethical corporate management through public commitments, information conveyance, educational training, and other methods, and shape the corporate culture of ethical corporate operation from top-down.	
III. Implementation of the Company's whistleblowing system (I) Does the Company establish specific whistleblowing and reward procedures, set up conveniently accessible whistleblowing channels, and designate responsible individuals to handle the complaints received? (II) Has the Company established its standard operating procedures for investigating the complaints received, subsequent measures to be adopted, and the related confidentiality system after the investigation? (III) Has the Company adopted proper measures to protect whistleblowers from inappropriate disposals due to whistleblowing?	V V		(I) The Company has established regulations for the whistleblowing of unethical conduct, and the dedicated department is the Audit Office. (II) & (III) The content of the regulations includes reward and punishment systems, standard operating procedures for investigating the complaints received, subsequent measures to be adopted, and the related confidentiality system after the investigation. We also clearly explained that the identity of whistleblowers shall be kept anonymous to prevent inappropriate disposals from occurring to the whistleblowers.	No material difference.
IV. Enhance information disclosure				No material difference.

Evaluation item	Implementation (Note)			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Summary	
(I) Has the Company disclosed the content and implementation results of its Ethical Corporate Management Best Practice Principles on its website and MOPS?	V		(I) The Company discloses its financial and business, and corporate governance information on MOPS and its website regularly and from time to time. (II) The "MOPS" website is https://mops.twse.com.tw The Company's website is https://www.farcent.com.tw/	
V. If the Company has adopted its own ethical corporate management best practice principles based on the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies," please describe any differences from the principles in the Company's operations: No difference.				
VI. Other important information to facilitate a better understanding of the Company's implementation of ethical corporate management (i.e., the examination and modification to the Ethical Corporate Management Best Practice Principles established by the Company): None.				

Note: Regardless of "Yes" or "No" for the implementation, please provide descriptions in the summary column.

(VII)If the Company has formulated its Corporate Governance Best Practice Principles and related rules, it shall disclose the inquiry methods: The Company discloses its finance operation and corporate governance information in due course on MOPS and the Company's website regularly and from time according to the requirements. The "MOPS" website is https://mops.twse.com.tw; the Company's website is https://www.farcent.com.tw/.

(VIII)Other important information to facilitate a better understanding of the Company's implementation of corporate governance shall also be disclosed: The material information of the Company is announced on MOPS (https://mops.twse.com.tw**) according to the requirements of the competent authority.**

(IX) Matters shall be disclosed for the implementation of the internal control system:

1. Statement of Internal Control: For details, please see page 265.
2. For those who appointed CPAs to review the internal control system, the CPAs' review report shall be disclosed: None.

(X) If there has been any legal penalty imposed against the Company or its internal personnel, or any disciplinary penalty imposed by the Company against its internal personnel for violation of the requirements under its internal control system, during the most recent year and up to the publication date of the annual report, specify the penalty, the main shortcomings, and condition of improvement: None.

(XII) Material resolutions of shareholders' meetings or Board meetings during the most recent year and up to the publication date of the annual report:

1. The 2022 annual shareholders' meeting was held at No.275, Dalong St., Datong Dist., Taipei City (Confucius Temple) on 15 June 2022, and the resolution and the implementation status are as follows:

Matters for ratification and discussion:

Proposal 1
Subject: The 2021 business report and financial statements are submitted for ratification.
Resolution: After a vote, the votes for consent exceeded the amount stated under the law, and the proposal was approved as proposed.
Implementation status: The material information announcement on the day of the shareholders' meeting shall be material resolutions made at the shareholders' meeting.

Proposal 2
Subject: The proposal for earning distribution for 2021 is submitted for ratification.
Resolution: After a vote, the votes for consent exceeded the amount stated under the law, and the proposal was approved as proposed.
Implementation status: The base date for the distribution was 4 August 2022, and the distribution was completed on 25 August 2022 (a distribution of cash dividends in the amount of NT$3.0 per share).

Proposal 3
Subject: Proposal for the amendment to the "Articles of Incorporation" of the Company.
Resolution: After a vote, the votes for consent exceeded the amount stated under the law, and the proposal was approved as proposed.
Implementation status: Relevant operations are performed according to the regulations after the amendment, and the amended provisions were disclosed on the website of the Company.

Proposal 4
Subject: Proposal for the amendment to the "Procedures for the Acquisition or Disposal of Assets" of the Company.
Resolution: After a vote, the votes for consent exceeded the amount stated under the law, and the proposal was approved as proposed.
Implementation status: Relevant operations are performed according to the regulations after the amendment, and the amended provisions were disclosed on the website of the Company.

Proposal 5
Subject: Proposal for the amendment of the "Rules of Procedure for Shareholders' Meetings."
Resolution: After a vote, the votes for consent exceeded the amount stated under the law, and the proposal was approved as proposed.
Implementation status: Relevant operations are performed according to the regulations after the amendment, and the amended provisions were disclosed on the website of the Company.

2. Summary of material resolutions made by the Board in 2022 and as of the printing date of the annual report

2022/01/19 (1st meeting in 2022)

Material resolution: The proposal for the review of the distribution of year-end bonuses of managers of the Company for 2021 is submitted for determination.
Result: Approved as proposed.
Recusal: Cynthia Tsai, Annie Wang, and Wu Xing-Guo.
Material resolution: The proposal for the working plan of the Remuneration Committee of the Company in 2022 is proposed for determination.
Result: Approved as proposed.
Material resolution: The evaluation of the independence of CPAs is proposed for discussion.
Result: Approved as proposed.
Material resolution: The proposal for the review of the CPAs fees is submitted for discussion.
Result: Approved as proposed.

2022/02/25 (2nd meeting in 2022)

Material resolution: The proposal for the 2022 business plan and financial budget of the Company is submitted for discussion.
Result: Approved as proposed.
Material resolution: The 2021 individual and consolidated financial statements of the Company are submitted for discussion.
Result: Approved as proposed.
Material resolution: The proposal for earning distribution for 2021 is submitted for discussion.
Result: Approved as proposed.
Material resolution: The proposal for the remuneration of employees and remuneration of Directors in 2021 is submitted for discussion.
Result: Approved as proposed.
Material resolution: The Statement of Internal Control of the Company is submitted for discussion.
Result: Approved as proposed.
Material resolution: The proposal for the working plan of the ESG Committee of the Company in 2022 is proposed for discussion.
Result: Approved as proposed.
Material resolution: The proposal for the amendment to the Articles of Incorporation of the Company is submitted for discussion.
Result: Approved as proposed.
Material resolution: The proposal for the amendment to the Procedures for the Acquisition or Disposal of Assets is submitted for discussion.
Result: Approved as proposed.
Material resolution: The proposal for the application of comprehensive credit loan limits with Citibank Taiwan is submitted for discussion.
Result: Approved as proposed.
Material resolution: The proposal for loans between subsidiaries Xiamen and Yanglun, wholly owned by the Company, is submitted for discussion.
Result: Approved as proposed.
Material resolution: The proposal for matters related to the convening of the 2022 annual shareholders' meeting and acceptance of the shareholders' proposal is submitted for determination.
Result: Approved as proposed.

2022/03/28 (3rd meeting in 2022)

Material resolution: The amendment to the Rules of Procedure for Shareholders' Meetings of the Company is submitted for discussion.

Result: Approved as proposed.

Material resolution: The proposal for the alteration of the meeting method of the 2022 annual shareholders' meeting is submitted for discussion.

Result: Approved as proposed.

Material resolution: The amendment to the Procedures for Duty Authorization and Agency of the Company is submitted for discussion.

Result: Approved as proposed.

Material resolution: The proposal for the amendment to the table of earning distribution for 2021 is submitted for discussion.

Result: Approved as proposed.

2022/05/09 (4th meeting in 2022)

Material resolution: The proposal for the annual contract renewal with Taiwan Cooperative Bank (the "TCB") is submitted for discussion.

Result: Approved as proposed.

2022/08/02 (5th meeting in 2022)

Material resolution: The proposal for the distribution of employee bonuses of managers and remuneration of Directors of the Company in 2021 is submitted for determination.

Result: Approved as proposed.

Recusal: Cynthia Tsai, Annie Wang, and Wu Xing-Guo.

Material resolution: The proposal for the non-distribution of cash dividends in the first half of 2022 is submitted for discussion.

Result: Approved as proposed.

Material resolution: The proposal for the contract renewal for the application of short-term comprehensive credit loan limits with CTBC is submitted for discussion.

Result: Approved as proposed.

2022/11/07 (6th meeting in 2022)

Material resolution: The proposal for loans in the amount of US$500,000 provided by a subsidiary wholly owned by the Company to the Company is submitted for discussion.

Result: Approved as proposed.

Material resolution: The proposal for the audit plan of the Company for 2023 is submitted for discussion.

Result: Approved as proposed.

Material resolution: The proposal for the amendment to procedures related to the internal control of the Company is submitted for discussion.

Result: Approved as proposed.

Material resolution: The proposal for the request of subsidiary Farcent Malaysia, wholly owned by the Company, for borrowings in the amount of US$1 million from the Company is submitted for discussion.

Result: Approved as proposed.

2023/01/12 (1st meeting in 2023)

Material resolution: The proposal for the distribution of year-end bonuses of managers of the Company for 2022 is submitted for determination.
Result: Approved as proposed.
Recusal: Cynthia Tsai and Annie Wang
Material resolution: The proposal for the distribution of year-end bonuses of managers of the Company for 2022 is submitted for determination.
Result: Approved as proposed.
Material resolution: The proposal for the working plan of the Remuneration Committee of the Company in 2023 is proposed for determination.
Result: Approved as proposed.
Material resolution: The evaluation of the independence of CPAs is proposed for discussion.
Result: Approved as proposed.
Material resolution: The proposal for the review of the CPAs fees is submitted for discussion.
Result: Approved as proposed.
Material resolution: The proposal for the change in the CEO of the Company is submitted for discussion.
Result: Approved as proposed.
Material resolution: The proposal for the appointment of the convenor of the ESG Committee is submitted for discussion.
Result: Approved as proposed.
Material resolution: The proposal for the working plan of the ESG Committee of the Company in 2023 is proposed for determination.
Result: Approved as proposed.

2023/02/24 (2nd meeting in 2023)

Material resolution: The 2022 individual and consolidated financial statements of the Company are submitted for discussion.
Result: Approved as proposed.
Material resolution: The proposal for the 2023 business plan and financial budget of the Company is submitted for discussion.
Result: Approved as proposed.
Material resolution: The proposal for earning distribution for 2022 is submitted for discussion.
Result: Approved as proposed.
Material resolution: The proposal for cash dividend distribution for 2022 is submitted for discussion.
Result: Approved as proposed.
Material resolution: The proposal for the remuneration of employees and remuneration of Directors in 2022 is submitted for discussion.
Result: Approved as proposed.
Material resolution: The Statement of Internal Control of the Company is submitted for discussion.
Result: Approved as proposed.
Material resolution: The amendment to the Articles of Incorporation (please see the descriptions for details) is proposed for discussion.
Result: Approved as proposed.
Material resolution: The amendment to the "Procedures for Job Authorization and Proxy Operations" and the additions to the "Regulations for Risk Management Policies and Procedures" is proposed for discussion.
Result: Approved as proposed.

Material resolution: The proposal for matters related to the convening of the 2023 annual shareholders' meeting and acceptance of the shareholders' proposal is submitted for determination.
Result: Approved as proposed.
Material resolution: The proposal for the appointment of the chief auditor is proposed for discussion.
Result: Approved as proposed.
Material resolution: The proposal for loans between subsidiaries Xiamen and Yanglun, wholly owned by the Company, is submitted for discussion.
Result: Approved as proposed.

<u>2023/05/04 (3rd meeting in 2023)</u>

Material resolution: The replacement of CPAs and the evaluation of CPAs' independence and adequacy are proposed for review and discussion.
Result: Approved as proposed.
Material resolution: The proposal for the annual contract renewal with Taiwan Cooperative Bank (the "TCB") is submitted for review and discussion.
Result: Approved as proposed.
Material resolution: The proposal for the appointment of the directing Assistant Vice President of the Human Resource and Administration Department is proposed for determination.
Result: Approved as proposed.
Material resolution: The amendment to the "Procedures for Job Authorization and Proxy Operations" and the additions to the "management for the preparation procedures of financial statements" is proposed for discussion.
Result: Approved as proposed.

(XIII) During the most recent year and up to the publication date of the annual report, where a Director or supervisor has expressed a dissenting opinion with respect to a material resolution passed by the Board, and the said dissenting opinion with records or written statements, disclose the principal content thereof: None.

(XIV) A summary of the resignation or release of duty of the Chairman, President, chief accountant, chief of finance, chief auditor, chief of corporate governance, and chief of R&D of the Company during the most recent year and up to the publication date of the annual report:

Summary table of resignation and release of duty of relevant personnel of the Company

04 May 2023

Title	Name	Onboarding date	Date of release of duty	Reason for resignation or release of duty
CEO	Annie Wnag		2023.02.01	Duty adjustment
Executive Director	Wu Xing-Guo		2022.12.31	Personal career plan
Chief auditor	Xie Yong-Yi	2019.10.14	2023.02.01	Duty adjustment

Note: "Relevant personnel of the Company" refers to the Chairman, President, chief accountant, chief of finance, chief auditor, chief of corporate governance, and chief of R&D.

IV. Information on CPA fees

(I) Payment to CPAs, the CPA's firm, and its affiliates

Unit: NT$000'

CPA's firm	Name of CPA	Audit period	Audit fees	Non-audit fees	Total	Remarks
Crowe (TW) CPAs	Lin Song-Shu Lin Jin-Feng	2022/1/1 ~ 2022/12/31	2,475	711	3,186	Non-audit fees primarily include the second review of the annual report for the shareholders' meeting, services relative to company seals of affiliates, transfer pricing, non-director salary audits, audit certification by adopting the direct deduction method, consultation, and others.

(II) When the Company changes its CPA's firm and the audit fees paid for the year in which such change took place are lower than those for the preceding year, the amount of the audit fees before and after the change and the reasons shall be disclosed: Not applicable.

(III) When the audit fees paid for the current year are lower than those for the preceding year by 10% or more, the reduction in the amount of audit fees, reduction percentage, and reasons shall be disclosed: Not applicable.

V. Information on replacement of CPAs

(I) Former CPAs: There is no change in CPAs during the year.

(II) Succession CPAs: Not applicable.

(III) Response letter of former CPAs regarding matters in item 1 and item 2-3, subparagraph 6, Article 10 of the Regulations: None.

VI. Where the Company's Chairman, President, or any manager in charge of finance or accounting matters has held a position at the CPA's firm of its CPAs or at an affiliate of the CPA's firm in the most recent year: None.

VII. Has the Company regularly (at least once a year) evaluated the independence of CPAs and disclosed the evaluation procedures in its annual report:

According to the requirements under Article 29 of the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies," the Company evaluates the independence and adequacy of CPAs based on the AQIs once a year. The AQI evaluation items are as follows:

Five major aspects	AQIs	Measurement highlight	Evaluation results
Professionalism	Audit experience	Whether the senior audit personnel possess sufficient auditing experience to execute the audit work?	CPAs (including the principal CPA and the deputy CPA), EQCR accountants and audit personnel of the manager level or above possess sufficient auditing experience to execute the audit work.
	Training hours	Whether CPAs and senior audit personnel receive enough educational training to continue gaining professional knowledge and skills?	Audit personnel has received enough educational training.
	Turnover	Whether the firm maintains sufficient senior human resources?	The firm maintains sufficient senior human resources.
Quality control	EQCR status	Whether EQCR accountants invested sufficient time in executing the review of audit projects?	EQCR accountants invested sufficient time in executing the review of audit projects.
Independence	Non-audit service fee	Effects of the ratio of non-audit service fees on independence	The ratio of non-audit service fees is low and has low effects on independence.
Monitoring	Deficiencies found in external inspections and disposals	Whether the quality control and audit projects of the firm are executed based on relevant laws and regulations, and standards?	The quality control and audit projects of the firm are executed based on relevant laws and regulations, and standards.
	Issuance of letters by the competent authority for improvement	Whether the quality control and audit projects of the firm are executed based on relevant laws and regulations, and standards?	The quality control and audit projects of the firm are executed based on relevant laws and regulations, and standards.
Innovative ability	Innovative planning or initiative	The commitment of the CPA's firm to improve audit quality includes the innovative ability and planning of the CPA's firm.	Comply with the innovative ability.

VIII. Transfer of equity and changes in equity pledges of Directors, supervisors, managers, and shareholders with a shareholding of 10% and above in the most recent year and up to the date of publication of the annual report. If the counterparty of the equity transfer or equity pledge is a related party, the name of the counterparty, the relationship with the Company, Directors, supervisors, managers, and shareholders with 10% shareholding or more, the number of shares acquired or pledged shall be disclosed.

1. Changes in equity of Directors, supervisors, managers, and major shareholders:

Title (Note 1)	Name	2022		Current year as of 18 April	
		Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged	Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged
Chairman Major shareholder	Cynthia Tsai	0	0	0	0
Director Executive Director	Annie Wang (Note 3)	0	0	0	0
CEO	Lei Hui-Min (Onboarding date: 2023.02.01)	0	0	0	0
Director	Tsai Chang-Zhong	0	0	0	0
Director Executive Director	Wu Xing-Guo (Resignation date: 2022.12.31)	0	0	0	0
Independent Director	Wang Li-Zhi	0	0	0	0
Independent Director	Tsai Wen-Chun	0	0	0	0
Independent Director	Tseng Ya-Tsai	0	0	0	0
Vice President	Lin Hong-Wei	0	0	0	0
Vice President	He Bo-Nian	0	0	0	0
Assistant Vice President	Gao Zhi-Hong	0	0	0	0
Assistant Vice President	Liao Lien-Fa	0	0	0	0
Assistant Vice President	Chang Wen-Chun	0	0	0	0
Assistant Vice President	Wu Chia-Ying (Onboarding date: 2023.04.06)	0	0	0	0
Assistant vice president of a subsidiary	Wang Zheng-Zhong	0	0	0	0
Supervisor of a subsidiary	Sun Xu-Lian (Resignation date: 2022.06.17)	0	0	0	0
Chief of finance and account	Qin Mei-Hua	0	0	0	0

Note 1: Shareholders who hold more than 10% of the Company's total number of shares shall be marked as major shareholders and presented separately.

Note 2: If the counterparty of the equity transfer or equity pledge is a related party, please fill out the following table.

Note 3: The last day of Director Annie Wang being the CEO (President) of the Company was 31 January 2023, and she became an Executive Director on 1 February 2023.

2. Information on equity transfer of Directors, supervisors, managers, and major shareholders:

Information on equity transfer

Name (Note 1)	Reason for equity transfer (Note 2)	Transaction date	Transaction counterparty	Relationship of the transaction counterparty with the Company, Director, supervisor, managers, and shareholders with more than 10% shareholding	Number of shares	Transaction price
Cynthia Tsai	None	None	None	-	-	-
Annie Wang	None	None	None	-	-	-
Lei Hui-Min (Onboarding date: 2023.02.01)	None	None	None	-	-	-
Tsai Chang-Zhong	None	None	None	-	-	-
Wu Xing-Guo (Resignation date: 2022.12.31)	None	None	None	-	-	-
Wang Li-Zhi	None	None	None	-	-	-
Tsai Wen-Chun	None	None	None	-	-	-
Tseng Ya-Tsai	None	None	None	-	-	-
Lin Hong-Wei	None	None	None	-	-	-
He Bo-Nian	None	None	None	-	-	-
Gao Zhi-Hong	None	None	None	-	-	-
Liao Lien-Fa	None	None	None	-	-	-
Chang Wen-Chun	None	None	None	-	-	-
Wu Chia-Ying (Onboarding date: 2023.04.06)	None	None	None	-	-	-
Wang Zheng-Zhong	None	None	None	-	-	-
Sun Xu-Lian (Resignation date: 2022.06.17)	None	None	None	-	-	-
Qin Mei-Hua	None	None	None	-	-	-

Note 1: The table sets out the name of Directors, supervisors, managers, and shareholders with more than 10% shareholding of the Company.
Note 2: The table sets out the acquisition or disposal.

3. Information on equity pledges of Directors, supervisors, managers, and major shareholders: None.

IX. Information on shareholders with the top ten shareholdings who are related parties:

Data on relationships between shareholders with the top ten shareholdings

Name (Note 1)	Shares held		Shares held by spouse and minors		Total shareholding by nominee arrangement		Information on the relations among the top ten shareholders if anyone is a related party, a spouse, or a relative within the second degree of kinship of another and their names. (Note 3)		Remarks
	Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding	Title (or name)	Relationship	-
Cynthia Tsai	10,408,322	16.46%	-	-	-	-	Annie Wang Wang Ying-Ting	Child Child	-
Shi Da Investment Corporation Representative: Wang Ying-Ting	5,758,495	9.11%	-	-	-	-	Cynthia Tsai Annie Wang	Mother and daughter Sibling	-
Youte Investment Co., Ltd. Representative: Annie Wang	4,362,955	6.90%	-	-	-	-	Cynthia Tsai Annie Wang	Mother and daughter Sibling	-
Annie Wang	4,104,016	6.49%	-	-	-	-	Cynthia Tsai Annie Wang	Mother and daughter Sibling	-
Wang Ying-Ting	3,974,623	6.29%	-	-	-	-	Cynthia Tsai Annie Wang	Mother and daughter Sibling	-
Elton Trading Co., Ltd. (BVI) Representative: Chang, Xin-De	2,748,301	4.35%	-	-	-	-	Cynthia Tsai Annie Wang	Director Director	-
Wang Yen-Ting	2,104,709	3.33%	-	-	-	-	None	None	-
Gains Investment Corporation	1,660,032	2.63%					None	None	-
Dedicated investment account of LOOK BETTER CO., LTD. entrusted by HSBC	851,000	1.35%	-	-	-	-	None	None	-
Tsai Hsin-Hui	439,220	0.69%					None	None	

Note 1: The top ten shareholders shall all be set out; for corporate shareholders, the title of the corporate shareholder and the name of the representative shall be set out separately.
Note 2: The calculation of shareholding refers to the shareholding of the shareholder, spouse, minors, or in the name of other persons.
Note 3: Regarding the shareholders (including corporation and natural persons) set out above, please disclose their relationships according to the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

X. The total number of shares and the consolidated shareholding held in any single investee by the Company, its Directors, supervisors, managers, or any companies controlled either directly or indirectly by the Company: None.

Four. Fundraising

I. Capital and shares

(I) Source of capital

Source of capital

18 April 2023
Unit: share/NT$

Year/month	Issuance price	Authorized capital		Paid-in capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Source of capital	Capital increased by assets other than cash	Others
1983.05	10	100,000	1,000,000	100,000	1,000,000	Cash	None	—
1985.07	10	200,000	2,000,000	200,000	2,000,000	Capital increase in cash of NT$ 1,000,000	None	—
1988.03	10	500,000	5,000,000	500,000	5,000,000	Capital increase in cash of NT$3,000,000	None	—
1991.09	10	1,000,000	10,000,000	1,000,000	10,000,000	Capital increase in cash of NT$5,000,000	None	—
1994.09	10	10,000,000	100,000,000	10,000,000	100,000,000	Capital increase in cash of NT$90,000,000	None	—
1996.12	10	19,800,000	198,000,000	19,800,000	198,000,000	Capital increase in cash of NT$98,000,000	None	—
1997.11	10	26,000,000	260,000,000	26,000,000	260,000,000	Capital increase in cash of NT$52,100,000 Capital increase from earnings of NT$9,900,000	None	1997.11.18 Letter (86) Tai-Cai-Zheng-(Yi) No. 84018
1998.11	10	40,000,000	400,000,000	35,000,000	350,000,000	Capital increase in cash of NT$37,700,000 Capital increase from employees' bonuses of NT$300,000 Capital increase from earnings of NT$26,000,000 Capital increase from the capital reserve of NT$26,000,000	None	1998.10.09 Letter (87) Tai-Cai-Zheng-(Yi) No. 85871
1999.10	10	40,000,000	400,000,000	37,530,000	375,300,000	Capital increase from employees' bonuses of NT$800,000 Capital increase from earnings of NT$7,000,000 Capital increase from the capital reserve of NT$17,500,000	None	1999.09.17 Letter (88) Tai-Cai-Zheng-(Yi) No. 84093
2000.10	10	50,000,000	500,000,000	40,782,400	407,824,000	Capital increase from employees' bonuses of NT$2,5000,000 Capital increase from earnings of NT$18,765,000 Capital increase from the capital reserve of NT$11,259,000	None	2000.08.25 Letter (89) Tai-Cai-Zheng-(Yi) No. 72096
2003.10	10	50,000,000	500,000,000	49,982,400	499,824,000	Capital increase in cash of NT$92,000,000	None	2003.08.06 Letter (92) Tai-Cai-Zheng-(Yi) No. 0920134305
2004.8	10	63,900,000	639,000,000	53,481,168	534,811,680	Capital increase from earnings of NT$24,991,200 Capital increase from the capital reserve of NT$9,996,480	None	2004.07.12Letter Jin-Guan-Zhing-Yi-Zi No. 0930130687
2016.02	10	63,900,000	639,000,000	56,981,168	569,811,680	Capital increase in cash of NT$35,000,000	None	2016.01.13 Letter Jin-Guan-Zhing-Fa-Zi No. 1040053804

2017.11	10	63,900,000	639,000,000	58,696,240	586,962,400	Capital increase of NT$17,150,720 through the conversion of the 1st tranche of unsecured domestic convertible corporate bonds into 1,715,000 ordinary shares.	Conversion of unsecured convertible corporate bonds	2017.12.07 Letter Jing-Shou-Shang-Zi No. 10601159600
2018.03	10	63,900,000	639,000,000	59,463,823	594,638,230	Capital increase of NT$7,675,830 through the conversion of the 1st tranche of unsecured domestic convertible corporate bonds into 767,583 ordinary shares.	Conversion of unsecured convertible corporate bonds	2018.05.29 Letter Jing-Shou-Shang-Zi No. 10701055410
2018.10	10	63,900,000	639,000,000	59,512,751	595,127,510	Capital increase of NT$489,280 through the conversion of the 1st tranche of unsecured domestic convertible corporate bonds into 48,928 ordinary shares.	Conversion of unsecured convertible corporate bonds	2018.10.08 Letter Jing-Shou-Shang-Zi No. 10701120890
2018.12	12	63,900,000	639,000,000	62,541,569	625,415,690	Capital increase of NT$30,288,180 through the conversion of the 1st tranche of unsecured domestic convertible corporate bonds into 3,028,818 ordinary shares.	Conversion of unsecured convertible corporate bonds	2018.12.11 Letter Jing-Shou-Shang-Zi No. 10701152330
2019.01	10	63,900,000	639,000,000	63,233,851	632,338,510	Capital increase of NT$6,922,820 through the conversion of the 1st tranche of unsecured domestic convertible corporate bonds into 692,282 ordinary shares.	Conversion of unsecured convertible corporate bonds	2019.01.21 Letter Jing-Shou-Shang-Zi No. 10801007480

18 April 2023

Type of shares	Authorized capital			Remarks
	Issued shares (Note)	Unissued shares	Total	
Registered ordinary shares	63,233,851 (listed stock)	666,149	63,900,000	

(II) Shareholder structure

18 April 2023

Shareholder structure / Volume	Government agencies	Financial institutions	Other corporations	Individuals	Foreign institutions and foreigners	Total
Number of persons	0	4	40	11,311	41	11,396
Number of shares held	0	141,600	12,914,786	45,987,314	4,190,151	63,233,851
Shareholding	0%	0.22%	20.42%	72.73%	6.63%	100%

Note: A company having its primary listing on TWSE (TPEX) or a company listing on the emerging stock exchange shall disclose the shareholding of investors from Mainland China; investors from Mainland China refer to citizens, corporations, groups, other institutions in the Mainland area, or the companies they invested in a third-party region stated in Article 3 of the Measures Governing Investment Permit to the People of Mainland Area.

(III) Equity dispersion

Equity dispersion of ordinary shares

Par value of NT$10 per share
18 April 2023

Shareholding tier	Number of shareholders	Number of shares held	Shareholding %
1 to 999	3,684	375,164	0.59%
1,000 to 5,000	6,778	12,373,822	19.57%
5,001 to 10,000	572	4,360,345	6.90%
10,001 to 15,000	164	2,055,366	3.25%
15,001 to 20,000	73	1,323,171	2.09%
20,001 to 30,000	55	1,340,358	2.12%
30,001 to 40,000	20	700,206	1.11%
40,001 to 50,000	15	686,494	1.09%
50,001 to 100,000	13	906,123	1.43%
100,001 to 200,000	7	1,024,602	1.62%
200,001 to 400,000	4	1,272,084	2.01%
400,001 to 600,000	2	843,663	1.33%
600,001 to 800,000	0	0	0.00%
800,001 to1,000,000	1	851,000	1.35%
Over 1,000,001 shares	8	35,121,453	55.54%
Total	11,396	63,233,851	100.00%

(IV) List of major shareholders:

List of major shareholders

18 April 2023
Unit: share

Share / Major shareholder	Number of shares held	Shareholding
Cynthia Tsai	10,408,322	16.46%
Shi Da Investment Corporation Representative: Wang Ying-Ting	5,758,495	9.11%
Youte Investment Co., Ltd. Representative: Annie Wang	4,362,955	6.90%
Annie Wang	4,104,016	6.49%
Wang Ying-Ting	3,974,623	6.29%
Elton Trading Co., Ltd. (BVI) Representative: Chang, Xin-De	2,748,301	4.35%
Wang Yen-Ting	2,104,709	3.33%
Gains Investment Corporation	1,660,032	2.63%
Dedicated investment account of LOOK BETTER CO., LTD. entrusted by HSBC	851,000	1.35%
Tsai Hsin-Hui	439,220	0.69%

The table sets out shareholders with 5% shareholding or above or shareholders with top ten shareholdings.

(V) Data on market price, net value, earnings, and dividends per share

Data on market price, net value, earnings, and dividends per share

Item		Year	2022	2021	Current year as of 04 May 2023 (Note 8)
Market price per share (Note 1)	Highest		68	79.2	59.00
	Lowest		52.4	61.6	52.60
	Average		59.86	70.23	56.10
Net value per share (Note 2)	Before distribution		28.57	27.04	29.75
	After distribution			24.04	
Earnings per share	Weighted average number of shares		63,233,851	63,233,851	63,233,851
	Earnings per share(Note 3)		4.01	4.14	1.16
Dividend per share	Cash dividend		3.00	3.00	
	Stock grant	Stock grant from earnings			
		Stock grant from capital reserve			
	Cumulative unpaid dividends(Note 4)				
Analysis of return on investment	Price-to-earnings ratio(Note 5)		14.62	16.31	
	Price-to-dividend ratio(Note 6)		19.54	22.51	
	Cash dividend yield(Note 7)		5.12%	4.44%	

＊ If there is any stock grant from earnings or capital reserve, please disclose the information on market price and cash dividend adjusted retrospectively based on the number of shares distributed.

Note 1: List the highest and lowest market price of common shares in each fiscal year and calculate the average market price by weighing transacted prices against transacted volumes in each respective fiscal year.

Note 2: Calculate the net value per share based on the number of outstanding shares at the end of the year and set out the amount of distribution based on the resolution made by the Board at the shareholders' meeting in the following year.

Note 3: If retrospective adjustments are required because of the issuance of stock grants, the earnings per share should be disclosed in the amounts before and after the retrospective adjustments.

Note 4: If equity securities are issued with terms that allow undistributed dividends to be accrued and accumulated until the year the Company makes profits, the amount of cumulative undistributed dividends up until the current year should be disclosed separately.

Note 5: Price-to-earnings ratio = average closing price per share for the year/earnings per share.

Note 6: Price-to-dividend ratio = average closing price per share for the year/cash dividends per share.

Note 7: Cash dividend yield = cash dividend per share/average closing price per share for the year.

Note 8: Net value per share and earnings per share are based on the data audited (reviewed) by CPAs from the publication date of the annual report up to the latest quarter. For all other fields, calculations are based on the data for the current year as of the date of publication of the annual report.

(VI) The Company's dividend policy and implementation:

1. Content of the dividend policy:

The Company is a professional manufacturer of household chemicals, and our products are unlikely to be affected by economic development. Within the stage of stable growth within the life cycle of an enterprise, our businesses may achieve sustainable operations in the long run. Considering the future capital requirements and long-term financial planning of the Company and the satisfaction of the requirements of shareholders, the descriptions of the appropriations of earning distributions of the Company in the future are as follows:

For net profit after tax for the current period after the final account each year, apart from compensation prior losses, the Company shall appropriate 10% as the statutory surplus reserve, appropriate special surplus reserve based on the amount of reduction in the shareholders' interest that occurred during the year, and distribute no less than 40% as shareholders' bonuses; however, cash dividends shall be no less than 10% of the total shareholders' bonuses; nonetheless, if the cash dividend per share is lower than NT$0.1, no cash dividend will be distributed, and share dividend will be distributed instead.

2. Intended dividend distribution at the shareholders' meeting:

The Board has approved the proposal for the 2022 earning distribution. Considering the requirement of long-term working capital, the Company intends to appropriate NT$189,701,553 from the earnings of 2022 first for the distribution of cash dividend in full, and it intends to distribute NT$3,000 to each shareholder for every thousand shares. The Company also appropriated cash bonuses for employees in the amount of NT$15,352,000 and remuneration of Directors and supervisors in cash in the amount of NT$1,317,000 according to the requirements of the Articles of Incorporation.

Unit: NT$

Item	Amount
Undistributed earnings at the beginning of the period	364,203,496
Effects of the remeasurement of the defined benefit plan	7,581,328
Net profit after tax in 2022	253,403,777
Sub-total	625,188,601
Item of appropriation:	
Reversal of special surplus reserve (based on Order Jin-Guan-Zheng-Fa-Zi No.1090150022 dated 31 March 2021)	24,968,290
Appropriation of statutory surplus reserve	(26,098,511)
Sub-total of distributable earnings for the year	624,058,380
Item of distribution	
First half of the year – cash dividend (no distribution)	0
Second half of the year – cash dividend (NT$3 per share)	(189,701,553)
Undistributed earnings at the end of the period	434,356,827
Note 1: Undistributed earnings of 2022 shall be prioritized for the earning distribution.	

(VII) Effects of the intended stock grants on the operating performance and earnings per share of the Company for the year.

Not applicable, the Company has not disclosed its financial forecast for 2022.

(VIII) Remuneration of employees, Directors, and supervisors

1. Information related to employees' bonuses and remuneration of Directors and supervisors stated in the Articles of Incorporation: If the Company records net profit before tax for the year, it shall appropriate 5% to 10% as the remuneration of employees and no more than 2% as the remuneration of Directors. However, if the Company has cumulative losses, it shall preserve the amount for compensation.

2. Information on the amount of employees' bonuses and remuneration of Directors and supervisors for 2022 to be distributed and earnings per share calculated that were approved by the Board:

(1) Amount of employees' bonus in cash, stock bonus, and remuneration of Directors and supervisor for distribution: According to the requirements of the Articles of Incorporation, the Company intends to appropriate employees' bonuses in cash in the amount of NT$15,352,000 and remuneration of Directors in cash in the amount of NT$1,317,000.

(2) Number of shares of employees' stock bonus to be distributed and the ratio of the capital increase from earnings:

According to the requirements of the Articles of Incorporation, the Company intends to appropriate employees' bonuses in cash in the amount of NT$15,352,000; therefore, there is no distribution of stock or ratio of the newly issued shares to the capital increase from earnings.

(3) Earnings per share calculated after considering the intended distribution of employees' bonuses and remuneration of Directors and supervisors: NT$4.01.

(4) The employees' bonus and remuneration of the Directors of the Company for 2021 are the most appropriate estimation for the potential amount of distribution based on its past experiences, and such amounts are recognized as the expenses for the year; therefore, there is no effect on earnings per share of the year.

3. Distribution of employees' bonuses and remuneration of Directors and supervisors from earnings of the preceding year:

(1) Information related to the actual distribution of employees' bonuses and remuneration of Directors and supervisors of the Company from earnings of 2021 is as follows:

Item	Actual amount of distribution resolved at the 2022 Board meeting
Employees' bonus in cash	NT$ 16,600,000
Remuneration of Directors	NT$ 1,400,000

(2) If there is any difference between the actual distribution amount resolved by the shareholders' meeting and the estimated amount, it will be deemed as a change in accounting estimates and recognized as gains or losses for the year of distribution.

(IX) Implementation of resolutions made at the annual shareholders' meeting in the preceding year

1. Regarding the proposal for earning distribution for 2021, a cash dividend of NT$3.00 per share was distributed, and a shareholders' bonus in cash in the amount of NT$189,701,553 was distributed with the amount of cash dividend distribution rounded to NT$1, and the cash distribution was completed on 25 August 2022.

2. Regarding the distribution of remuneration of employees and Directors in 2021, based on the recommendations at the 3rd meeting of the 5th session of the Remuneration Committee, the Company intends to distribute a remuneration of employees in cash in the amount of NT$16,600,000 (5.01%) and remuneration of Directors in the amount of NT$1,400,000 (0.43%), and the cash distribution was completed on 25 August 2022.

(X) Share repurchases by the Company in the most recent year and as of the publication date of the annual report: None.

II. The status of corporate bonds shall include outstanding corporate bonds and those under processing, and the effects of relevant matters on shareholders' interest shall be disclosed with reference to the requirements of Article 248 of the Company Act. Corporate bonds through private placement shall be marked by using a significant way: None.

III. The status of preferred shares shall include issued preferred shares and those under processing, and relevant issuance conditions, effects on shareholders' interest, and matters stated under Article 157 of the Company Act shall be disclosed. Preferred shares through private placement shall be marked by using a significant way: None.

IV. The status of global depository receipts shall include global depository receipts issued and not redeemed and those under processing, and the issuance date, total amount of issuance, rights and obligations of holders of global depository receipts, and other relevant matters shall be disclosed. Global depository receipts through private placement shall be marked by using a significant way: None.

V. (I) Status of employee stock warrant

1. For outstanding employee stock warrants, the status and the effects on shareholders' interest as of the publication date of the annual report shall be disclosed. Employee stock warrants through private placement shall be marked by using a significant way: None.
2. Names of managers who have obtained employee stock warrants and the top ten employees with the most employee stock warrants up to the publication date of the annual report as well as their acquisition: None.

(II) Status of restricted stock awards

1. For restricted stock awards that have not fulfilled the existing conditions, the status and the effects on shareholders' interest as of the publication date of the annual report shall be disclosed: None.
2. Names of managers who have obtained restricted stock awards and the top ten employees with the most restricted stock awards up to the publication date of the annual report as well as their acquisition: None.

VI. Mergers or receipt of new shares issued by other companies:

1. Mergers or receipt of new shares issued by other companies in the most recent year and as of the publication date of the annual report: None.
2. Mergers or receipt of new shares issued by other companies approved as a resolution by the Board in the most recent year and as of the publication date of the annual report: None.

VII. Implementation of capital utilization plans:

1. Content of the plan
   Any prior issuance or private offering has not been completed or has been completed, but the effects of the plan are not fully exerted: None.
2. Implementation
   Any prior issuance or private offering has not been completed or has been completed, but the effects of the plan are not fully exerted: None.

Five. Operational Highlights

I. Scope of business

(I). Scope of business:

1. Major scope:

(1) C103010 Canned Food Manufacturing
(2) C103020 Frozen Food Manufacturing
(3) C103030 Dehydrated Food Manufacturing
(4) C103040 Preserved Food Manufacturing
(5) C104010 Sugar Confectionery and Bakery Product Manufacturing
(6) C104020 Bakery Food Manufacturing
(7) C303010 Non-woven Fabrics Mills
(8) C307010 Apparel, Clothing Accessories and Other Textile Product Manufacturing
(9) C601020 Paper Manufacturing
(10) C601040 Processed Paper Manufacturing
(11) C802080 Environmental Agents Manufacturing
(12) C802090 Cleaning Products Manufacturing
(13) C802100 Cosmetics Manufacturing
(14) C802160 Adhesive Tapes Manufacturing
(15) C802990 Miscellaneous Chemical Products Manufacturing (Fragrance)
(16) C805020 Plastic Sheets and Bags Manufacturing
(17) C805030 Plastic Made Grocery Manufacturing
(18) C901010 Pottery and Ceramics Products Manufacturing
(19) CC01030 Electrical Appliances Manufacturing
(20) CN01010 Furniture and Decorations Manufacturing
(21) CO01010 Tableware Products Manufacturing
(22) CZ99990 Other Industrial Products Manufacturing (Anti-bacterial Cutting Boards, Pots, Tuners, Mops)
(23) F102010 Wholesale of Frozen Prepared Food
(24) F102070 Wholesale of Canned Food
(25) F102080 Wholesale of Dehydrated Food
(26) F102090 Wholesale of Preserved Food
(27) F102100 Wholesale of Sugar Confectionery
(28) F102110 Wholesale of Bakery Product
(29) F104050 Wholesale of Apparel Accessories
(30) F105040 Wholesale of Kitchen Utensils
(31) F105020 Wholesale of Fixture
(32) F106010 Wholesale of Hardware
(33) F106020 Wholesale of Daily Commodities
(34) F106050 Wholesale of Pottery, Porcelain and Glassware
(35) F107030 Wholesale of Cleaning Supplies
(36) F107080 Wholesale of Environmental Agents
(37) F107190 Wholesale of Plastic Films and Bags
(38) F108031 Wholesale of Drugs, Medical Goods
(39) F108040 Wholesale of Cosmetics
(40) F109020 Wholesale of Stationery
(41) F109060 Wholesale of Packaging
(42) F111060 Wholesale of Bathroom Equipment
(43) F113020 Wholesale of Household Appliance
(44) F401010 International Trade
(45) F401030 Manufacture Export

(46) IZ01010 Photocopy
(47) F102030 Wholesale of Tobacco Products and Alcoholic Beverages
(48) F102140 Wholesale of Beverage
(49) F102160 Wholesale of Assist Food Products
(50) F104070 Wholesale of Diaper
(51) I103010 Enterprise Management Consultancy
(52) IZ06010 Tally Packaging
(53) G801010 Warehousing
(54) F102050 Wholesale of Tea Leaves
(55) F109040 Wholesale of Toys and Recreational Articles
(56) F501030 Coffee/Tea Shops and Bars
(57) F501060 Restaurants
(58) F203010 Retail Sale of Food, Grocery and Beverage
(59) ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

3. Business proportion:
Categories of products sold by the Company are divided into fragrance and deodorizer series, dehumidifier series, and dust removal and cleaning series, and their business proportion in 2022 is set out in the table below:

Unit: NT$000'

Product category	Amount	Ratio to the total turnover
Fragrance and deodorizer category	670,168	24.07%
Dust removal and cleaning category	1,459,134	52.40%
Dehumidifier category	454,867	16.34%
Kitchen utensil category	310,744	11.16%
Others (less than 5% of the balance)	-110,298	-3.97%
Total	2,784,615	100.00%

4. Current products (services) of the Company:
At present, the major product category of the Company may be roughly divided into fragrance and deodorizer series, dehumidifier and pest control series, dust removal and cleaning tool series, detergent series, and natural cleaning agent series under the brand “Tea Tree Manor,” as described below:
(1) Fragrance and deodorizer series: The are three major brands, Farcent, Quweidashi, and Les Parfums de Farcent (Farcent perfume series), and the products are provided in different forms, including gel, spray, and liquid, offering various options for consumers to choose based on their environment, space, and requirements.
Farcent series: The series primarily provide fragrance bags for young users; there are also products provided in the form of gel, spray, and liquid to use in different spaces, such as toilets, washrooms, and wardrobes.
Quweidashi series: The additions of deodorizing factors from Japan that were extracted from the forest allow the effective neutralization of odor. We also add essential oil to the series with a higher price range to improve the natural feelings. Meanwhile, we have also launched

anti-bacterial products with deodorizing effects for washrooms and offer diverse options for the shape of products to satisfy the requirements of consumers to decorate spaces and seek varieties. Regarding products for households and cars, we provide multiple options, including gel, spherical grains, liquid, and spray. In the future, we will continue to develop functional deodorizer products to create the image of a deodorizing specialist.

Les Parfums de Farcent (Farcent perfume series): Les Parfums de Farcent is a fashionable fragrance brand inspired by "perfume." We engaged European royal perfumers to select the perfume and fragrance and match it with the brand-new packaging design. The products emit light luxurious living taste, and enjoyment from the inside out. The product series include fragrance bags, diffusers, textile sprays, and other products. In the future, we will continue to develop fashionable boutique perfume and fragrances.

(2) Personal hygiene product series: Farcent perfume series expanded into the field of personal hygiene products from home fragrance based on its "boutique perfume." The product series include shower gel, shampoo, conditioner, and other personal hygiene products. The Company also developed a new sports brand, "Vitami," to develop functional shower products.

(3) Dehumidifier series: Kechaoling is the major brand, and there are disposal and reusable packaging for different placing spaces. We offer different packaging for wardrobes, drawers, cabinets, and other spaces for dehumidification. In 2018, we carried out a full upgrade for our product lines to secure the professional image and leading position of "Kechaoling" in the market.

(4) Cleaning toll series: Quchenshi is the representative brand with a focus on cleaning tools that are light and convenient (i.e., static dust removing tools, dry cloth, adhesive mops, scouring pads, garbage bags, food preservation bags, and A/C cleaning agent) to satisfy cleaning requirements of consumers.

Currently, heavy tools that we offer are hand press mops, fully-rugged King Kong Mops, storage-type mops, and seasonal low-price mops to provide different options for consumers.

(5) Cleaning agent series: There are two major brands, Jieshuang and Tea Tree Manor:

(A) Jieshuang series: Jieshuang focuses on home cleaning agents, including kitchen, washroom, floor, toilet, and water drain pipes; the primary appeal of the products is excellent cleaning effects at an affordable price. For channels, we improved the display and made promotional arrangements to improve the opportunities for being purchased by consumers.

(B) Tea Tree Manor: With brand-new tea tree essential oil ingredients as the primary appeal, the products are free of hazardous chemicals and made by adopting environmental-friendly and biodegradable formulas. Our product lines include dishwashing detergents, laundry detergents, floor cleaning agents, laundry tray cleansers, hand sanitizer, and tea tree soda powder. We hope to meet consumers' expectations by adopting natural ingredients to care for consumers' families. In order to allow more consumers to recognize the tea tree series, we launched a new dishwashing detergent with lemon essential oil/tea tree and ginger for the dishwashing detergent series in the hope of attracting more consumers.

(6) Repellent series: the new mosquito repellent brand "Xiaowenqing" focuses on ingredients extracted from plants to explore the mosquito repellent market by adopting the modern hipster style.

(7) Others: Distribute external brands or brands of associated companies for sales, including the distribution of tableware of Corelle Brands and sales of Amazing Mop series products at HOLA or special selling channels.

4. New products (services) to be developed:

(1) Fragrance:

Quweidashi: Promote a series of fragrances in collaboration with other sectors to create topicality by leveraging on the features of deodorization and nature; introduce a series of natural, anti-bacterial deodorizers made with ingredients extracted from plants.

Les Parfums de Farcent: Combine with the trendy fragrance at the time and promote new perfume and fragrance products.

Farcent fragrance: Expand our product lines in response to the overseas requirements of products.

(2) Cleaning agent:

In response to the outbreak, promote anti-bacterial and anti-virus products and carry out product upgrades.

For Jieshuang, we will continue to promote high-performance cleaning suppliers and upgrade the existing product lines.

(3) Personal products:

Explore the personal hygiene product market and expand to the field of other personal hygiene product categories from the existing shower gel, shampoo, and conditioner products.

(4) Tools: Balance the low and peak seasons of cleaning, promote light tools and cleaning products, and explore new sales channels to improve our sales.

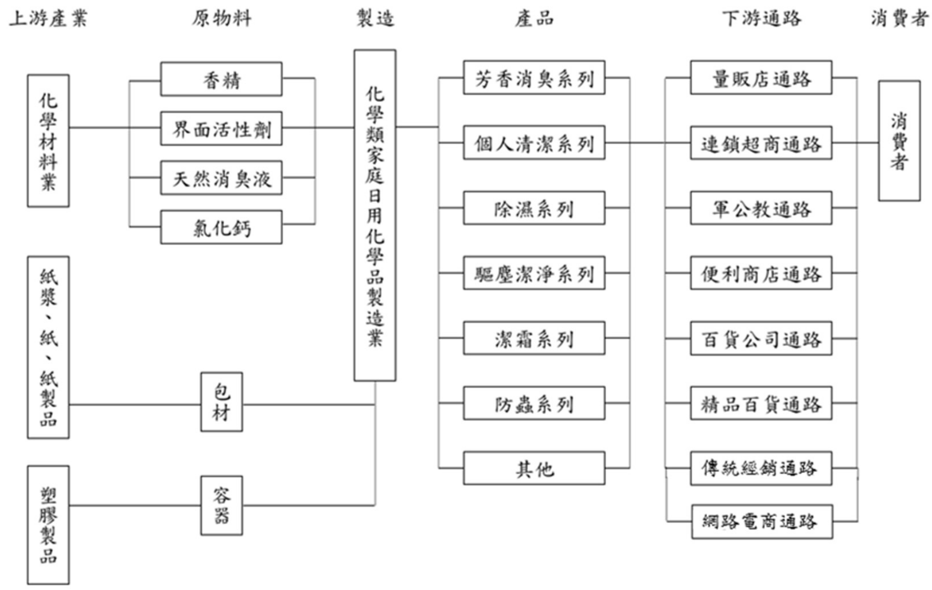
(II) Industry overview

1. Current status and development of the industry

In 2020, the world was affected by COVID-19, the economy and industries of all countries were impacted, and consumers' behaviors also experienced significant changes; people's demand for pandemic control and cleaning products increased, and the home cooking and cleaning time of citizens also increased. Farcent will adjust its arrangements for product categories and focuses on arrangements for Tea Tree Manor, Jieshuang, Quchenshi, and other anti-bacterial cleaning products to respond to the changes in the market.

2. Connectivity between the upstream, midstream, and downstream of the industry

The Company is a manufacturer of household chemicals, and the current major products are fragrance and deodorizers, dehumidifiers, dust removal and cleaning products, and cleaning agents. Raw materials primarily used by the Company are essences, surfactants, natural deodorants, and calcium chloride, and we make them into household supplies and chemicals through manufacturing and processing. Our products are sold to consumers through domestic hypermarket channels, chain convenience store channels, channels of military servants, civil servants, and teachers, convenience store channels, department store channels, boutique department store channels, traditional distributor channels, and online channels. Relevant connectivity between the upstream, midstream, and downstream of the industry is set out as follows:



Upstream industry	Raw materials	Manufacturing	Products	Downstream channels	Consumers
Chemical industry	Essence	Household chemical manufacturing industry	Fragrance and deodorizer series	Hypermarket channel	Consumer
	Surfactants,		Personal hygiene series	Chain convenience store channel	
	Natural deodorant		Dehumidifier series	Channels of military servants, civil servants, and teachers	
Pulp, paper, and paper products	Calcium chloride		Dust removal and cleaning series	Convenience store channel	
			Jieshuuang series	Department store channel	
	Packaging materials		Repellent series	Boutique department store channel	
Plastic products			Others	Traditional distributor channel	
	Containers			Online e-commerce channel	

3. Development trends of products
   (1) Fragrance series:
   By price ranges, fragrances are divided into low-price, mid-price, and high-price fragrances, and different tones were developed for the scent, including the product lines of "fashionable boutique perfume/fragrance, natural fragrance with plant extracts, and basic, affordable fragrance." The Company constantly optimizes the appearance designs to align with the current fashion trends. The Company also continues to create fragrance trends through collaboration and topicality and launches fragrance products with anti-bacterial and deodorant functions in response to the outbreak and the requirements of consumers.
   (2) Dehumidifier series:
   Taiwan is an island with high humidity; therefore, dehumidifiers are naturally one of the solutions for consumers for dehumidification. Even though "Kechaoling" is the synonym for all dehumidifier products, the trend of low-price dehumidifier machines in recent years has brought different dehumidification options for consumers. Therefore, how to allow more consumers to use and continue to use Kechaoling is one of the significant challenges for us. We will attract more people to use Kechaoling by adopting new business models, flexible channel arrangements, different product specifications, designs, and the use of materials.

(3) Cleaning tool series:
Quchenshi focuses on the core philosophy of smart cleaning, and the products at present are developed by adopting such philosophy as the basis; in combination with the digital media advantages, the Company improved its opportunities to further communicate with consumers regarding product features and philosophy. In the future, we will focus on promoting the star products of Quchenshi through testing and promotional posts of target consumer groups on social media. In addition, in order to make Quchenshi become the synonym for smart home cleaning and effectively fulfill the requirements of consumers, the Company will actively expand relevant product lines to align with the varied cleaning requirements of consumers.

(4) Cleaning agent series:
Jiashuang, Lanlanxiang, Xiaotong, and other cleaning agent brands emphasize products with evident cleaning effects. The Company will focus on the visibility of channel display and the provision of new products to consumers for consumers to clearly identify and select our products under the competition. Tea Tree Manor has constant launches of varied products, and we appeal to the anti-bacterial and anti-virus features of our products in response to the outbreak to satisfy the requirements of consumers for home cleaning and the care for the health of family members; we managed to secure a seat in the market category.

(5) Personal care series:
With the advantages of fragrance, the Company continues to expand the market of personal hygiene and develops categories with the demands for scents (i.e., shower gel, shampoo, and conditioner) to carry out the dual-brand arrangements.

4. Product competition

The competition for daily necessities is endless. Different levels of investments with constant changes are required regardless of product development, marketing activities, or channel activities in the hope of improving the market share and effects of our brands.

Even though the fragrance series of Farcent has secured a market share of over 50%, there are countless competitive products trying to secure a place; there are active introductions of Japanese brands, new products of self-owned brands of channels, and even low-price competition from domestic brands. Farcent is required to enhance the product competitiveness of our products in different forms, actively invest resources to launch new products and communicate with the target groups to constantly secure more new users. Meanwhile, we shall maintain the continual support of existing users to reinforce our leading position and improve the level of use of our products.

For the cleaning tool series, apart from our static dust removal mop and adhesive mop series that possess advantages, the remaining products have the potential to actively strive for favorable display and market share, such as flat sweepers, cleaning cloths, collodion mops, scouring pads, and garbage bags. However, we shall pursue self-breakthrough to seek opportunities for our existing products and make efforts for opportunities for possible new products.

As for cleaning agents, partial major daily necessity companies are relatively conservative about investments in cleaning agents. However, Farcent possesses abundant media and channel resources and the ability to develop new products. Apart from selecting the promotion methods carefully and the surprise move to success, the Company shall facilitate better output of our investments and continue to invest resources in Tea Tree Manor to align with the trend and improve the image and growing opportunities of Farcent in cleaning agents.

Kechaoling possesses the absolute advantage; however, the advantage will not cease the competition with new brands. The Company will focus on constant improvements in quality and design to allow more consumers to use our products, maintain consumer loyalty, and secure the absolute leading position of Kechaoling.

5. Technology and R&D overview

The Company engages in the R&D, manufacture, and marketing of chemicals for daily use. As there are multiple categories and the products are popular, the Company particularly virtualized its entire organization to respond to the ever-changing market at present to fully utilize external resources. For example:

(1) The R&D Department is responsible for the collection of the latest technologies in the market. Apart from visiting Japan and Europe to purchase products multiple times a year, it also keeps abreast of the latest news via professional magazines of market dynamics. Also, it keeps a close cooperating relationship with raw material suppliers and laboratories in the industry sector to achieve zero time difference in technology R&D and keep pace with the R&D timeliness of progress.

(2) The Marketing Department transforms consumer surveys, reflections of promoting and store staff, opinions and feedback of consumers, and relevant market information into concepts and plans for product improvement and development.

(3) The Sales Department keeps abreast of the sales dynamics of competitors at all times via the comprehensive sales network across Northern, Central, and Southern Taiwan, and Hualien and Taitung, and favorable customer relationships and transform them into substantial R&D and marketing countermeasures.

Overall, the entry barrier is how to integrate internal and external resources of the Company, rapidly, accurately, and effectively transform the requirements of consumers into products, and make a presence in front of customers at the right time through the comprehensive shelf display and strong market promotions. The Company is equipped with the coordination ability due to the support of our extensive experience in R&D, manufacture, marketing, and sales

6. R&D

Establish a cross-department new product development group, including:

(1) R&D department – Responsible for the confirmation of industrial design, function and feature, safety, patent, core technology coordination, the compatibility of different materials, and other items.

(2) Marketing department – Responsible for the confirmation of the market positioning, product appeals, pricing, entry points, and other items during the initial period of new product development.

(3) Procurement department – Responsible for the confirmation of raw material search, sampling, supply, and other items during the latter period of new product development.

(4) Production and Management Department: Responsible for the confirmation of production technology coordination, quality specification of trial and mass production products, and other items during the latter period of new product development.

(III) Long-term and short-term business development plan

(1) Short-term business development plan

① Marketing strategy

A. Force the force: Engage in cross-industry alliances with other brands or channels/distributors to jointly develop and promote Farcent products, which not only invigorates the product image but also generates greater sales opportunities. For example, we launched the spring tea fragrance series in collaboration with Jing Sheng Yu, a tea brand, which not only made the brand image of Quweidashi younger but also allowed fragrance to enter the living space of more youngsters and bring about more potential sales through topicality and activities. In addition, we jointly develop new products with startups to attract the attention of the younger groups and have cross-industry cooperation for channels, promotion, and product development; we also work with channels/distributors to roll out products and promotional methods that satisfy the need of the target groups.

B. Improve the exposure of products: Apart from securing the existing channels and display, the Company will improve the quality of product display and visibility and develop potential opportunities for new channels to provide services for more possible sales opportunities. The crucial fragrance, personal hygiene, and Tea Tree Manor products have relatively more media investments, including TV and digital media. In addition, we will actively utilize social media, in particular, for Farcent and Quchenshi, to facilitate changes for active and lively exposure and communication of product and promoting activities. For cleaning agents, we will also adopt the concept of a housewife queen for Jieshuang to reinforce the appeal to the “double effects of cleaning” to improve the memory point of the brand.

C. Creative product exhibition: By utilizing digital communication methods, the Company actively works with KOLs to create humorous, creative content to penetrate the life of target groups, improve their recognition and favorability, and in turn, improve potential opportunities for sales and being recommended.

Furthermore, we will bring in creativity for consumer and channel activities and maximize the effects of activities to allow the activities themselves to exert promotional effects (i.e., cooperate with trending cafes, build outdoor pop-up shops for fragrance experience, or invite celebrities for endorsement for Quchenshi to improve the exposure and attractiveness of products.

D. Continue to develop potential new products: Continue to collect consumption, channel, and popular trends, listen to consumers, actively develop new products, satisfy consumers’ requirements, and invest appropriate resources to promote new products (i.e., tea fragrance series products). Seek opportunities to improve the influences of products for existing products and keep pace with the time, and create possible sales opportunities.

E. New business model: in response to the busy life of modern people, the new e-commerce model (subscription) can break through the restriction of time. The Company adopts an operating model of O2O integration and fixed prepayment to establish long-term membership and create stable cashflows and income.

② Production strategy

A. Implement exclusive production technologies of Taiwan Jieshi Co., Ltd.

To set foot in the market of chemicals for daily use in time to maintain competitiveness within the industry and its market share, the Company acquired the exclusive production technologies (including product formula, procedures, and QC technologies), patent rights and trademarks, copyrights, management rights, and machines and equipment of Taiwan Jieshi Co., Ltd. in 2003 to engage in production and sales.

Through directly acquiring the exclusive production technologies of relevant chemicals for daily use in kitchens and showers (including product formula, procedures, and QC technologies), patent rights and trademarks, copyrights, management rights, relevant machines and equipment, molds, and experimental equipment, the Company rapidly owns multiple popular products to improve our competitive strength in the market. Given the sales channels and favorable brand awareness, the Company promptly expanded its market, allowing the Company to improve its services for customers and keep abreast of the marketability of houseware in the future.

In recent years, raw materials and production technologies have been constantly updated; Farcent also introduced new procedures to offer better production capacity and quality and produce products of premium quality and low costs.

B. Improve production efficiency

In response to the diverse packaging forms of the industry, the Company proactively improved the efficiency of the automated filling operation in the early part of the production procedures to effectively reduce labor costs, integrated the commonality of production lines, and designed connection operations to accelerate the automation and improve production efficiency.

C. Establish a premium QC system

The Company has been committed to the improvement and promotion of its quality control for years. We obtained the ISO 9001:2000 certification in October 2003 and thoroughly implemented the quality specifications and operating procedures of ISO 9001:2000 to establish a premium QC system.

D. Promote 5S exercise

Adjust the traffic flow planning of the existing production procedures to accelerate production efficiency, implement the first-in-first-out policy for raw material management, and duly organize the use of storage spaces to allow the production efficacy of plants to be maximized.

E. Reduce costs of existing products

With the precondition of not affecting the quality and functions of products, seek common production raw materials with high homogeneity as substitutes or effectively streamline the production procedures for the benefit of production cost reduction. In addition, prevent idle stock; apart from strictly controlling inventories and procurement, reuse and process idle stock to maximize benefits.

F. Develop OEM business

In response to the development trend of “self-owned brands” of stores, the Company actively contracts OEM businesses for humidifier series and household cleaning supply series to reduce costs by using the automation equipment, allowing the product price to become more competitive, and it accepts processing operations for companies within the industry to expand its operating scale.

(2) Long-term development plan

① Marketing strategy

A. Actively develop the market in Taiwan

Seek more opportunities for growth for existing products through the expansion of channels and product lines and increasing possible exposures. Meanwhile, develop potential cooperation opportunities with different industries to generate more innovations for different groups and channels, satisfying the requirements of all consumers.

B. Strategic alliance and expansion in the market in China

Actively seek cooperating partners for strategic alliance and focus on cleaning supply products. Furthermore, the Company will proactively seek potential product categories and prices and actively explore more physical areas, channels, and e-commerce platforms.

C. Focus on Dikai to explore potential expansion opportunities

Actively invest in product innovation through industry-academia cooperation and crowdsourcing. Meanwhile, restructure our product lines, rejuvenate our brands, and invest more marketing resources to improve our overall brand image to lay a foundation for future growth. After the production line in China is put into production, we will have more niches to develop the market in China and ASEAN.

D. Establish overseas market joints

Improve the identification of Farcent Enterprise and its international image to compete with international brands. For the market in Thailand and Malaysia, the Company will further arrange localized products, establish production joints, and actively invest resources for growth. We will explore other potential markets (i.e., Vietnam, Myanmar, Indonesia, and the Philippines) by adopting the model of joint venture or distribution.

② Production strategy

A. Establish and promote the quality system

Establish the internal management foundation of the organization by adopting a standardized operating model to achieve the purpose of division of labor between departments and pass down the internal resources and professional technologies of the Company through the specification and implementation of various standard operating procedures.

B. Enhance outsourced foundry

In light of the professional division of labor within the industry and to avoid investments in expensive production equipment, the Company will utilize outsourcing flexibly and establish the evaluation data and audit capacity regarding the companies for outsourced foundry. The Company will outsource partial product lines to companies with excellent performance in foundry operations to maintain production flexibility and achieve production efficiency.

C. Integrate upstream resources and materials to effectively reduce costs

The Company will install a plastic injection line for its existing product line to provide product packaging materials to perform upstream integration to significantly reduce costs and improve the competitive strength of the Company. Also, by integrating the raw material, resources, and material supply, the Company will minimize the risk of market price fluctuation and create production benefits and added value.

D. Establish overseas production joints

Considering the cost structure, the Company will duly evaluate the market and investment environments in neighboring countries in the future and establish plants based on local economic development, GNP, and material construction plans (i.e., land development, power, labor costs, and industry development) to utilize the production and competitive strength of different regions, implement internationalized division of labor for production and sales, secure the competitive advantage of costs, and ensure the sufficiency of product source and the timeliness of sales for the improvement in our international competitive strength.

II. Overview of the market, production, and sales

(I) Market analysis:

1. Region of sales (provision) of major products (services)

Products of the Company are primarily for domestic sales. There are three offices located in Northern, Central, and Southern Taiwan, respectively, to explore the domestic market and provide necessary services to domestic customers; our domestic sales account for approximately 77%; the region of export sales is primarily Asia, and export sales account for approximately 23%.

2. Market share:

The market share (%) of major series in the domestic market in 2022

Series (brand)	Market share (%)
Fragrance and deodorizer	50%
Dehumidifier	75%
Quchenshi (static mop/dry cloth) *	71%
Spin mop	90%
Adhesive mop	37%
Jieshuang - toilet	37%

Source: AC Nielsen/market survey by Farcent; *including Amazing Mop

A. Fragrance and deodorizer series

The overall products of Farcent and Quweidashi are relatively more comprehensive in terms of prices and categories, and there are continuing investments and new product investments, securing greater market share. However, for different dosage forms and categories, there is room to improve market share. For Les Parfums de Farcent (Farcent perfume series), the Company continues to develop natural plant-based fragrances, boutique perfumes and fragrances to attract young consumers to purchase. Meanwhile, we will constantly reach out to new users or make use of potential timing to allow our products to continue their growth.

B. Dehumidifier series

For dehumidifiers, we occupy a market share of over 75%. Even though the overall turnover is not significant, there are constantly new competitive brands joining the market, regardless of foreign brands or local brands. However, Kechaoling is required to constantly explore potential users and timing, even carrying out product design advancement for current products to achieve continual usage, even further usage, by existing and new users for the opportunities of growth of the product.

C. Quchenshi cleaning tool series

There are multiple competitive brands for cleaning tools, and even Chinese brands joined the battlefield. Quchenshi will focus on cleaning tools that are light and convenient (i.e., static dust removing tools, dry cloth, adhesive mops, collodion mops, duster cloth, food preservation bags, and A/C cleaning agents) and improve the completeness of product lines to satisfy cleaning requirements of consumers.

D. Cleaning agent series

For home cleaning agents, facing competition with international brands, Jieshuang is recognized due to its reasonable price and cleaning effects. We will seek optimum exposure opportunities to present the product in front of consumers at different points in time by utilizing limited resources and actively making arrangements for channels to respond to the challenges.

3. Future market demand and supply and growth potential

(1) Fragrance and deodorizer series

The constantly improved living standards and home living quality will drive the requirements for fragrance. We adopt simple designs for the appearance of fragrance to improve the quality of living spaces and make constant innovations in response to the trends of scents in the market for the requirement of fragrance tones. Meanwhile, we will explore functional deodorizer products with natural plant extracts to achieve the enjoyment of vision and fragrance at the same time.

(2) Dehumidifier series

The climate is the variable that affects major requirements. However, for dehumidifier machines, dehumidifiers are effective dehumidification solution that is relatively cheaper and effective. Furthermore, Taiwan has an insular climate with higher humidity; there are basic requirements in the long run.

(3) Quchenshi cleaning tool series

The static mop series and adhesive mop series align with the requirements of consumers for cleaning simply and effectively, and they remain the mainstream in the market. Meanwhile, the Company will explore cleaning tools to balance between low and peak seasons, explore new sales channels to achieve constant, significant growth of overall products, make development for the younger generation and different groups, and expand the using timing and volume of existing products.

(4) Cleaning agent series

Cleaning products are matured products with intensive competition; however, there is still room for growth (i.e., high-quality products with natural appeals, such as dishwashing detergent, laundry detergent, and cleaning powder of laundry sink), and requires continual investments of marketing resources to allow consumers to use, and in turn, recognize the products and continue the use. As for cleaning agents for other spaces, we focus on cleaning effects and reasonable prices and portfolios. The continual exposure of purchasing channels to consumers is required, and active arrangements for channels are necessary; we will continue to make efforts in this way.

4. Competitive strength

(1) Flexibility and speed: The Company responds to the requirements of local markets and consumers, appeal to good quality with affordable prices through rapid R&D and production, and secures opportunities in the market in a timely manner.

(2) Responsive supply chain: The Company possesses flexible production procedures and complies with the market demand of small volume and diversity for the products it produces. We grasp the popular trends in the home chemical market and respond to the changes in consumers' preferences. The Company launches new products that satisfy consumers' demand with high quality and affordable prices through the capability of its R&D team by rapidly changing designs or through outsourcing.

(3) Favorable marketing planning and channel integration ability: With years of experience, the Company has established healthy cooperating relationships with large-scale channels (i.e., hypermarkets, chain convenience stores, boutique department stores, traditional distributors, and even online platforms). For any launch of new products, the Company may carry out extensive and general promotional activities by using various print and 3D advertisements, together with the effects of mass product display at channels, to stimulate consumers' desire to buy our products and create favorable sales performance.

(4) Brand loyalty: In particular, for fragrance, dehumidifier, and dry cloth desires, consumers follow our brands due to the substantial quality of our products and the product image accumulated in the past, which is evident in our market share.

5. Favorable and unfavorable factors for future development and countermeasures

(1) Favorable factors

A. With the improvement in national income, the requirements of consumers for living and product/service quality will constantly improve. As learned from other advanced nations and based on the development history of the domestic market, we adhere to the purpose of "convenient families of the new era" for our products and continue to develop products required by the families of consumers. With the improvement in national income and home living quality, the market will be popularized and expanded step by step.

B. With the integrations of plants in China, there will be favorable synergies in the future for the exploration of the Asian market. We hope that our performance and gross profits will improve.

C. Apart from controlling current retail sales channels and focusing on existing products, the Company also continues to develop and establish online and business channels to grasp potential opportunities for growth and explore potential consumer groups for our services.

D. For existing products, there are competitive brands constantly launching new products and investing in resources for growth in the market, which improves the attention of consumers attached to such products. However, we shall respond to such competitions carefully, provide better products and services, and effectively utilize resources for reaching out to potential consumer groups to secure the preference of consumers, and in turn, allow them to become our users and regulars.

(2) Unfavorable factors and countermeasures

A. Increase in costs of raw materials and manufacturing: The manufacturing costs increased due to the increase in plastics, paper, and other raw materials, together with the changes in human resource policy. In the future, the Company will consider the options of procedures automation and packaging simplification to reduce manufacturing costs. In addition, we will find the positioning of our differentiated products to improve the added value of products and prevent facing price competition.

B. Constantly increasing fees for existing channels: The fees increase on a yearly basis due to the limited growing momentum for retail sales channels and the increasing operating costs that are transferred to suppliers. The Company will continue to find a model for co-existence and mutual benefits, seek new channels, improve e-commerce platforms, and explore opportunities for cross-industry cooperation to improve new growth opportunities.

C. Increasing requirements for food safety and quality: With the improvement in consumption consciousness on a yearly basis, natural, organic, and environmental protection knowledge and use are accumulating, which brings about the requirements for the products being used. We will constantly improve our products, find the correct positioning strategy, and continue to focus on and develop products with market prospects.

(II) Important usage and production processes of main products

1. Important usage:

Product category	Category	Usage
Fragrance and deodorized series	Solid fragrance	Indoor and car dual-use fragrance.
	Spray fragrance	Instant fragrance to create fragrant spaces and may be used together with air freshener dispensers.
	Crystal particle clothing fragrance	Neutralize the musty smell of clothes and keep the refreshing feeling for up to eight weeks.
	Spray deodorizer	Instantly eliminate odor and keep the air fresh.
	Placing solid deodorizer	May be used in cars and indoor spaces to keep the air fresh at all times
	Placing liquid deodorizer	First-ever liquid placing deodorizer in Taiwan; charcoal is added to eliminate odors in washrooms, living rooms, and rooms.
	Shoe deodorizer	Effective deodorizers developed particularly for the smell of shoes.
	Fridge deodorizer	Charcoal is added to effectively eliminate the odor in fridges and improve the function of retaining freshness.
	Inverse placing quid deodorizer	With liquid fragrance on a bed of absorbent wool, our patented structure, the scent will last until the last drop.
	Inverse placing crystal particle deodorizer	First-ever patented structure for inverse placing crystal particles for volatilization entirely all around, improving the function of deodorizing.
	Placing liquid bamboo deodorizer	The structure of natural bamboo and pine wood blocks improves the continual volatilization of the fragrance, and the healing scent of essential oil manifests sensations at natural SPA.
	Placing fashionable fragrance deodorizer	Light Luxurious Enjoyment Life in A Perfume Bottle - improve the quality of fragrance.
	Fashionable fragrance spatial and textile spray	Light Luxurious Enjoyment Life in A Perfume Bottle - improve the quality of fragrance; mix or top-up with different smells to create personalized fragrances.
Personal hygiene series	Shower gel	For personal hygiene; boutique perfume and skincare ingredients of counter level; possess cleaning, fragrance, and moisturizing functions with perfume smells and no dry feeling after a shower.
Dehumidifier series	Disposable dehumidifier	Convenient use and effective dehumidification.
	Environmental-friendly dehumidifier	Reusable, economical, and environmental-friendly dehumidifier.
	Water bag dehumidifier	Reusable; conveniently re-install the water bag for use without dirtying hands.
	Effective absorbent pack	Effective SAP is added that coagulates into gels, providing safety for precious items.
	Hanging dehumidifier pack	Low in volume but with a large absorbent area and fast absorbing speed; disposal and convenient without dirtying hands.
Dust removal cleaning series	Quchenshi static mop	Dual use (dry and wet); dry for dust removal and wet for dirt removal; with our patented dust removal cones and two-stage design for tuning 360 degrees, cleaning becomes easy and effortless.
	Quchenshi dry cloth	With the special intersection fiber weaving method and static processing with paraffin, the cloth gathers dust and hair more efficiently, and both sides can be used.
	Quchenshi wet wipe	Easily mop the floor with wet wipes. After use, cleaning is not required, and the cleaning and anti-bacterial product is convenient without dirtying hands.
	Quchenshi kitchen wet wipe	Our exclusive, powerful orange formula is purely natural and possesses features of cleaning, anti-bacterial, skincare, and non-hand harming.

	Quchenshi adhesive mop	The most powerful sticky paper in the industry that sticks 99% of hair and dust, and can be removed in one second with ease and convenience.
	Quchenshi collodion mops	Powerful absorbing and draining function of the collodion mop; easy to change without dirtying hands; light and easy to carry and use.
	Quchenshi hand press mop	The patented pressing switch saves effort and is convenient; the patented drain basket leaks no water drop; the patented mop and strips will not fall; dual use (dry and wet) is available without dirtying hands.
	Quchenshi elastic broom	Dry sweeping and wet wiping, the product is for dual use; no mark will leave after wiping; remove dust and offer comprehensive cleaning.
Jieshuang series	Jieshuang – washroom/toilet detergent	A powerful detergent that clears urine scale, iron rust and dirt that is hard to clean.
	Jieshuang spray, washroom detergent, and kitchen detergent	A special sterilization formula is adopted to effectively clear dirt from the shower, soap, and other dirt. Penetrate greasy dirt to dissolve dirt internally; dirt clearing and sterilization.
	Jieshuang – floor detergent - wood floor detergent	Effective sterilization for cleaning and glow with features of fast-drying and deodorization, non-sticky, dust removal, and deodorization. The product has no organic solvent and will not harm the varnish of the floor; applicable to all types of wood floors.
	Jieshuang – Automatic cleaning agent for toilet	One step for cleaning, fragrance, deodorization, and sterilization; no installation is required without dirtying hands; the slow-release technology allows lasting effects.
	Tea Tree Manor – dishwashing detergent, laundry detergent, floor detergent	Detergents with natural ingredients; 100% tea tree essential oil from Australia is added for a better option for cleaning that is natural and reliable.
Others	Repellent for clothes	Raw materials are entirely imported from Japan; the product has new elegant fragrances and insect-proof and moth-proof features; there are small packets and hanging packs.

2. Production processes

A. Fragrance series

a) Liquid fragrance

Raw material modulation	→	Mixing	→	Quantitative filling	→	Accessory assembly
						↓
Storage	←	Packing	←	Packaging	←	Lock cover and leakage test

b) Solid fragrance

Boil the formative substance until dissolved	→	Add other raw materials for emulsification	→	Quantitative filling	→	Cooling and shaping
						↓
Storage	←	Packing	←	Packaging	←	Sealing and leakage test

c) Spray fragrance

Raw material modulation	→	Quantitative filling	→	Valve placing	→	Sealing	→	Gas filling
								↓
Storage	←	Packing	←	Shrinkable film packaging	←	Cover upper lid	←	Water bath and leakage testing

d) Particle fragrance

Raw material modulation	→	Mixing	→	Quantitative filling and sealing
				↓
Storage	←	Packing	←	Packaging

B. Deodorizer series

a) Spray deodorizer

Raw material modulation	→	Quantitative filling	→	Valve placing	→	Lock cover
						↓
Storage	←	Packing	←	Shrinkable packaging	←	Cover upper lid

b) Particle deodorizer

Raw material modulation	→	Quantitative filling	→	Sealing	→	Cover upper lid
						↓
		Storage	←	Packing	←	Shrinkable packaging

c) Dehumidifier series

Cup placing	→	Placing median septum	→	Calcium chloride filling	→	Fragrance and mold removal particle filling
						↓
Storage	←	Packing	←	Packaging	←	Sealing

d) Dust removal cleaning series

Dust removal cleaning series	→	Baseboard and panel assembly	→	Clip assembly	→	Omni-direction joint
						↓
Storage	←	Packing	←	Packaging	←	Drive pipe assembly

e) Jieshuang cleaning series

Raw material modulation	→	Mixing	→	Quantitative filling	→	Accessory assembly
						↓
Storage	←	Packing	←	Packaging	←	Lock cover and leakage testing

f) Personal hygiene series

Raw material modulation	→	Mixing	→	Quantitative filling	→	Quantitative filling
						↓
Storage	←	Packing	←	Packaging	←	Lock cover and leakage testing

(III) Supply of main raw materials

Regarding the major raw material suppliers of the Company in Taiwan in 2022, the Company focuses on the supply from domestic suppliers in principle. For raw materials that are not produced or are less competitive in Taiwan, the Company purchases and imports from foreign companies.

The Company selects suppliers with premium raw materials, reasonable and competitive prices, favorable delivery terms and after-sales services, and R&D and innovation capacity as our long-term partners. Likewise, except for the abovementioned basic standards for products and production requirements, the Company and its subsidiaries also require the suppliers to have the concept of corporate social responsibility. Apart from not violating the laws, if the production output of the supplier or the plant causes environmental pollution or harm to public safety, the Company will end the cooperation with such suppliers, which is also a part of the commitment and responsibility of the Company under corporate social responsibility.

Sustainable corporate operation also depends on relevant suppliers who can provide competitive products and services so as to establish partnerships for long-term cooperation and growth.

(IV) Name of customers accounting for 10% of the total sales amount or above in any of the most recent two years and the ratio:

1. Data on major customers in the most recent two years

Unit: NT$000'

Item	2022				2021				Q1 2023			
	Title	Amount	As a percentage of the annual net sales (%)	Relationship with the issuer	Title	Amount	As a percentage of the annual net sales (%)	Relationship with the issuer	Title	Amount	As a percentage of the annual net sales (%)	Relationship with the issuer
1	Company A	399,000	14.33	None	Company A	822,385	26.20	None	Company A	66,139	9.46	None
	Others	2,385,615	85.67	None	Others	2,316,406	73.80	None	Others	632,942	90.54	None
Net sales		2,784,615	100.00		Net sales	3,138,791	100.00		Net sales	699,081	100.00	

2. Data on major suppliers in the most recent two years

Unit: NT$000'

Item	2022(Note)				2021				Q1 2023 (Note)			
	Title	Amount	As a percentage of the annual net purchases (%)	Relationship with the issuer	Title	Amount	As a percentage of the annual net purchases (%)	Relationship with the issuer	Title	Amount	As a percentage of the annual net purchases (%)	Relationship with the issuer
1	Company B	50,651	4.17	None	Company A	278,092	16.98	None	Company C	7,400	3.38	None
	Others	1,208,791	95.83	None	Others	1,359,258	83.02	None	Others	211,595	96.62	None
	Net purchases	1,213,854	100.00		Net purchases	1,637,350	100.00		Net purchases	218,995	100.00	

Note: Purchases from suppliers in this period did not exceed 10% of the annual net purchases

(V) Production volume and value in the most recent two years

Unit: 1,000 pieces/NT$000'

Year / Production volume and value / Major product (or department)	2022			2021		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Fragrance and deodorizer series	15,413	15,413	274,175	16,490	16,490	297,395
Dust removal cleaning series	16,069	16,069	619,404	15,798	15,798	586,001
Dehumidifier series	10,801	10,801	208,367	11,105	11,105	199,363
Total	42,283	42,283	1,101,946	43,393	43,393	1,082,759

Note: The production value is calculated by adding the storage input volume from the outsourcing of the parent company to the production volume of affiliates.

(VI)Sales volume and value in the most recent two years

Unit: 1,000 pieces/set/NT$000'

Year / Sales volume and value / Major product (or department)	2022				2021			
	Domestic sales		Export sales		Domestic sales		Export sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Fragrance and deodorizer series	10,779	570,614	4,760	99,554	11,893	596,144	4,991	101,594
Dust removal cleaning series	18,406	1,387,225	1,591	71,909	20,173	1,383,866	1,572	58,799
Dehumidifier series	8,781	421,601	1,683	33,266	9,744	392,551	1,564	34,621
Kitchenware	700	310,744	0	0	978	676,845	0	0
Others	5,084	(134,941)	1,800	24,643	485	(127,519)	1,800	21,890
Total	43,750	2,555,243	9,834	229,372	43,273	2,921,887	9,927	216,904

III. Overview of employees:

(I) Number of employees, average years of service, average age, and distribution of educational background (%) in the most recent two years and up to the publication date of the annual report

04 May 2023

Year		2021	2022	04 May 2023
Number of employees	Development personnel	132	95	91
	Management and administration personnel	73	80	85
	Finance and accounting personnel	17	15	14
	Plant affairs administration personnel	12	24	23
	On-site operators	22	51	48
	New product R&D personnel	62	10	10
	Total	318	275	271
Average age		39.32	40.32	40.76
Average years of service		6.53	7.63	7.60
Distribution of educational background (%)	Ph.D.	0.00%	0.00%	0.00%
	Master	9.43%	9.09%	8.86%
	Bachelor / Associate bachelor	50.94%	54.19%	54.97%
	High school	20.14%	16.36%	16.24%
	Below high school	19.49%	20.36%	19.93%
	Total	100.00%	100.00%	100.00%

IV. Information on environmental protection expenditure

(I)The Company has not recorded losses (including compensation and environmental protection audit results) or been punished due to environmental pollution in the most recent year and up to the publication date of the annual report.

(II) Countermeasures:

1. The Company selects raw materials and supplies with low pollution that are compliant with environmental protection and green energy requirements, allowing the Company to incur losses due to pollution.
2. The Company strictly implements resource recycling and classification and improves the environmental protection awareness for employees and the concept of energy-saving and carbon dioxide reduction.
3. Recyclable environmental waste and renewable energy are classified and recycled by qualified recycling companies. Wastes that are not recyclable are also legally processed by waste processing companies permitted by the Environmental Protection Administration.

(III) Products currently sold by the Company are primarily produced by way of outsourcing; therefore, there has been no material environmental protection expenditure recently.

(IV) Effects after improvement: Comply with environmental protection standards and improve quality and image.

V. Labor-capital relations:

(I) Welfare measures and material labor-capital agreements of the Company in effect and implementation:

1. Employee welfare

The Company has established its Employee Welfare Committee, appropriated employee welfare allowances based on the total operating income, regularly organized birthday celebrations and company trips, and established the regulations for marriage, bereavement, and celebration subsidies.

2. Continuing education and training of the Company's employees

Implementation of educational training in 2022

31 December 2022

Unit: NT$

Training course	Department	Number of attendants	Hours	Expenses
Farcent business training – Taiwan/household supply business/marketing	Taiwan/Household Supply Department/marketing department	77	12	909,055
Employee general educational course	External training institution	51	2	30,000
External training course for channel marketing	External training institution	4	26	21,960
Marketing section training course offered by external vendors	External training institution	1	7.5	2,699
Design department training course offered by external vendors	External training institution	8	4	2,990
R&D training courses offered by external vendors	External training institution	1	2.5	1,000
Annual training for the chief of finance	External training institution	1	12	8,000
Annual training for the deputy chief of finance	External training institution	1	12	8,000
Annual training for chief auditor	External training institution	1	12	6,000
Annual training for deputy chief auditor	External training institution	1	12	6,600
Annual continuing education course for Directors and managers	External training institution	7	6	60,000
Total		153	108.0	1,056,304

3. Retirement system

(1) Apart from complying with the Labor Standard Act and the Labor Pension Act, the Company has established its employee retirement system, and the agency department has also approved the preferential retirement regulations that cover all employees formally recruited.

(2) For those fulfilling the conditions stated under the Labor Standard Act, the Company has appropriated labor retirement provisions based on 2% of the paid salaries each month. Based on the work seniority of each employee, the Company offers a retirement pension of two base points for each year of services; however, for work seniority over 15 years, only one base point is offered for each year of services; the maximum is 45 base points. The standards for the retirement pension base point above refer to the average wages per month when retirement is approved. For the keeping of the retirement pension provision above, the Company has established a Labor Retirement Pension Provision Supervisory Committee according to the law and deposited such provisions in an account with the Bank of Taiwan, the financial institution designated by the Ministry of Finance, for preservation and utilization. As of 31 March 2023, the cumulative balance in the account reached NT$14,821 thousand.

(3) For employees who fulfill the conditions stated under the Labor Pension Act, the Company appropriate labor retirement pension not lower than 6% of employees' wages based on the wage ranging chart for appropriation that is formulated by the central competent authority each month. The employees may claim a monthly retirement pension or a one-off retirement pension with the Bureau of Labor Insurance, designated by the central competent authority when reaching the age as stated in the law.

(4) Employees who fulfill the requirements of the preferential retirement regulations and are approved by the Company may be entitled to the retirement base points under the terms of the Labor Standard Act mentioned above.

4. Other material agreements: None.

(II) Any losses suffered by the Company in the most recent year and up to the publication date of the annual report due to labor disputes and disclose an estimate of possible expenses that could incur currently and in the future, and countermeasures:

Since the establishment, there have been no losses that occurred due to labor disputes so far. In the future, the Company will adhere to the business philosophy of labor-capital harmony and the creation of premium work environments and formulate various educational training plans to allow employees' knowledge and experiences to advance alongside the Company's growth.

VI. Cybersecurity management:

(I) Describe the cybersecurity risk management structure, the cybersecurity policy, the specific management plan, and the resources invested in cybersecurity management.:

The Company has established its information safety management department. Our cybersecurity policy is "protect the confidentiality, completeness, usability, and legitimacy of the Company's information communication and avoid the effects on the Company's operations due to inappropriate use, leakage, alteration, damages, losses of information communication and assets upon the occurrence of human error, intentional damage, and natural disasters that result in damages to the interest of the Company. Currently, the chief of information and network management specialist is responsible for making arrangements based on the issued internal Regulations for Cybersecurity Management of the Company in accordance with the Procedures for Information Safety Management and adjusting the Regulations for Cybersecurity Management from time to time based on the operating status. For hardware installation, the Company has invested in four firewalls for the external WAN network; for LAN intranet, the Company adopts internal firewall control by district and department. Currently, we have invested in six intranet firewalls. For software, the Company has invested in two sets of anti-virus and anti-hack software for its terminal mainframe and workstations. Meanwhile, the Company has invested in software safety, update, and examination software in 2022 to ensure the repair and safety of servers of each workstation and that they are updated to the latest version.

In 2023, the Company will introduce software monitoring for employees' operations.

In 2024, the Company will introduce community safety exercise software.

(II) Any losses suffered by the Company in the most recent year and up to the publication date of the annual report due to significant cybersecurity incidents, the possible impacts therefrom, and countermeasures: None.

VII. Important contracts:

At present, the supply and sales contracts, technical cooperation contracts, engineering contracts, long-term borrowing contracts, and other important contracts that may affect the interest of shareholders that are valid and due within one year of the Company are as follows:

Important contracts

04 May 2023

Nature of contracts	Parties involved	Start and end date of contract	Main content	Restrictive term
Foundry contract	Farcent Enterprise Co., Ltd. & Yite Industrial Co., Ltd.	2021/06/11 to 2024/05/31	Foundry of the products of the Company	Foundry contract
Foundry contract	Farcent Enterprise Co., Ltd. & Yumei Biotec Corporation	2022/03/01 to 2025/03/01	Foundry of the products of the Company	Foundry contract
Contract related to competitive product procurement	Farcent Enterprise Co., Ltd. & President Chain Store Corporation	2022/06/30 to 2022/12/31	Procurement of relevant products distributed by the Company	S&P contract
Warehousing and logistics contract	Farcent Enterprise Co., Ltd. & Best Logistics Co., Ltd.	2022/09/01 to 2025/08/31	Warehousing and logistics of relevant products of the Company	Warehousing and logistics contract
Borrowing contract	Dikai International Enterprise Co., Ltd. & CTBC Bank	2021/04/07 to 2024/04/06	With a limit of NT$186,200 thousand and a period of three years	1. Current ratio ≧ 150% 2. Debt ratio ≦ 120%

Six. Finance Overview

I. Condensed balance sheet and income statement for the most recent five years

(1) Condensed balance sheet and income statement

Condensed balance sheet - consolidated

Unit: NT$000’

Item \ Year		Financial data for the most recent five years 2022	2021	2020	2019	2018	Financial data as of 31 March 2023
Current assets		1,854,593	1,900,560	2,055,604	1,346,968	1,561,421	1,817,747
Property, plant and equipment		517,748	531,879	292,295	1,035,052	1,039,340	511,161
Intangible assets		84,424	101,949	122,277	139,652	156,294	79,890
Other assets		136,943	123,581	125,227	121,570	94,957	140,116
Total assets		2,593,708	2,657,969	2,595,403	2,643,242	2,852,012	2,548,914
Current liabilities	Before distribution	553,355	646,455	678,307	642,823	738,426	482,557
	After distribution	(Note)	836,157	922,390	880,582	959,745	(Note)
Non-current assets		124,648	205,472	48,598	230,021	463,707	67,891
Total liabilities	Before distribution	678,003	851,927	726,905	872,844	1,202,133	550,448
	After distribution	(Note)	1,041,629	970,988	1,110,603	1,423,452	(Note)
Equity attributable to owner of the parent company		1,806,275	1,710,024	1,739,175	1,648,112	1,531,224	1,881,330
Share capital		632,339	632,339	632,339	632,339	632,339	632,339
Capital reserve		234,657	234,657	234,969	234,969	234,657	234,657
Retained earnings	Before distribution	982,372	911,089	910,149	810,161	681,670	1,055,767
	After distribution	(Note)	721,387	666,066	572,402	460,351	(Note)
Other equity		(43,093)	(68,061)	(38,282)	(29,357)	(17,442)	(41,433)
Treasury stock		-	-	-	-	-	-
Non-controlling interest		109,430	96,018	129,323	122,286	118,655	117,136
Total equity	Before distribution	1,915,705	1,806,042	1,868,498	1,770,398	1,649,879	1,998,466
	After distribution	(Note)	1,616,340	1,624,415	1,532,639	1,428,560	(Note)

Note: As of 04 May 2023, the proposal for the earning distribution for 2022 has not been submitted to the shareholders’ meeting for resolution; therefore, amounts after distribution are not listed.

Condensed income statement - consolidated

Unit: NT$000’

Item \ Year	Financial data for the most recent five years					Financial data as of 31 March 2023
	2022	2021	2020	2019	2018	
Operating income	2,784,615	3,138,791	3,058,759	3,391,259	2,984,893	699,081
Gross profit	1,267,788	1,377,594	1,397,617	1,468,258	1,293,864	324,362
Operating gains or losses	323,528	336,595	315,171	433,496	361,863	94,660
Non-operating income and expenses	20,020	30,191	187,752	37,747	56,126	5,689
Net profit before tax	343,548	366,786	502,923	471,243	417,989	100,349
Net profit of continuing operation for the period	277,566	289,031	383,850	364,640	318,838	81,071
Losses of discontinued operation	-	-	-	-	-	-
Net profit (loss) for the period	277,566	289,031	383,850	364,640	318,838	81,071
Other comprehensive income for the period (net after tax)	32,995	(32,054)	(19,287)	(1,463)	(1,546)	1,690
Total comprehensive income for the period	310,561	256,977	364,563	363,177	317,292	82,761
Net profit attributable to owner of the parent company	253,404	261,507	348,114	339,681	300,447	73,395
Net profit attributable to non-controlling interest	24,162	27,524	35,736	24,959	18,391	7,676
Total comprehensive income attributable to owner of the parent company	285,953	229,542	328,822	337,895	299,691	75,055
Total comprehensive income attributable to non-controlling interest	24,608	27,435	35,741	25,282	17,601	7,706
Earnings per share	4.01	4.14	5.51	5.37	4.96	1.16

Condensed balance sheet - individual

Unit: NT$000'

Item \ Year		Financial data for the most recent five years				
		2022	2021	2020	2019	2018
Current assets		1,173,953	1,225,649	1,335,580	700,977	1,064,994
Property, plant and equipment		58,639	64,333	68,591	795,058	794,953
Intangible assets		2,675	4,374	7,933	7,635	6,878
Other assets		1,077,247	1,008,275	929,634	890,938	774,877
Total assets		2,312,514	2,302,631	2,341,738	2,394,608	2,641,702
Current liabilities	Before distribution	471,721	544,442	559,782	527,770	649,147
	After distribution	(Note 3)	734,144	803,865	765,529	870,466
Non-current assets		34,518	48,165	42,781	218,726	461,331
Total liabilities	Before distribution	506,239	592,607	602,563	746,496	1,110,478
	After distribution	(Note)	782,309	846,646	984,255	1,331,797
Equity attributable to owner of the parent company		1,806,275	1,710,024	1,739,175	1,648,112	1,531,224
Share capital		632,339	632,339	632,339	632,339	632,339
Capital reserve		234,657	234,657	234,969	234,969	234,657
Retained earnings	Before distribution	982,372	911,089	910,149	810,161	681,670
	After distribution	(Note)	721,387	666,066	572,402	460,351
Other equity		(43,093)	(68,061)	(38,282)	(29,357)	(17,442)
Treasury stock		-	-	-	-	-
Non-controlling interest		-	-	-	-	-
Total equity	Before distribution	1,806,275	1,710,024	1,739,175	1,648,112	1,531,224
	After distribution	(Note)	1,520,322	1,495,092	1,410,353	1,309,905

Note: As of 04 May 2023, the proposal for the earning distribution for 2022 has not been submitted to the shareholders' meeting for resolution; therefore, amounts after distribution are not listed.

Condensed income statement - individual

Unit: NT$000'

Item \ Year	Financial data for the most recent five years				
	2022	2021	2020	2019	2018
Operating income	2,163,158	2,471,669	2,307,977	2,700,844	2,350,993
Gross profit	902,549	996,530	949,276	1,082,580	980,494
Operating gains or losses	204,929	226,503	184,753	344,152	321,302
Non-operating income and expenses	84,844	88,406	243,696	75,155	53,798
Net profit before tax	289,773	314,909	428,449	419,307	375,100
Net profit of continuing operation for the period	253,404	261,507	348,114	339,681	300,447
Losses of discontinued operation	-	-	-	-	-
Net profit (loss) for the period	253,404	261,507	348,114	339,681	300,447
Other comprehensive income for the period (net after tax)	32,549	(31,965)	(19,292)	(1,786)	(756)
Total comprehensive income for the period	285,953	229,542	328,822	337,895	299,691
Net profit attributable to owner of the parent company	253,404	261,507	348,114	339,681	300,447
Net profit attributable to non-controlling interest	-	-	-	-	-
Total comprehensive income attributable to owner of the parent company	285,953	229,542	328,822	337,895	299,691
Total comprehensive income attributable to non-controlling interest	-	-	-	-	-
Earnings per share	4.01	4.14	5.51	5.37	4.96

(2) Names and opinions of CPAs for the most recent five years

Year	CPAs	Audit opinion
2018	Lin Jin-Feng Wu Meng-Da	Unqualified opinion
2019	Lin Jin-Feng Wu Meng-Da	Unqualified opinion
2020	Lin Jin-Feng Wu Meng-Da	Unqualified opinion
2021	Lin Song-Shu Lin Jin-Feng	Unqualified opinion
2022	Lin Song-Shu Lin Jin-Feng	Unqualified opinion

II. Financial analysis for the most recent five years:
(1) Financial analysis of consolidated statements with the adoption of IFRSs

Item of analysis (Note)	Year	Financial analysis for the most recent five years					As of 31 March 2023
		2022	2021	2020	2019	2018	
Financial structure (%)	Debt ratio	26.14	32.05	28.01	33.02	42.15	21.6
	Ratio of long-term capital to property, plant and equipment	394.08	378.19	655.88	193.27	203.36	404.25
Solvency (%)	Current ratio	335.15	294.00	303.05	209.54	211.45	376.69
	Quick ratio	243.10	209.74	218.17	143.97	147.04	291.32
	Interest coverage ratio	16,731.45	25,155.00	25,836.43	12,298.53	13,612.73	19,357.46
Operating performance	Receivables turnover (time)	4.76	4.94	5.25	5.71	5.22	4.95
	Average collection days	76.68	73.89	69.52	63.91	69.98	73.74
	Inventory turnover (time)	2.65	3.00	3.22	4.53	4.54	2.96
	Payables turnover (time)	7.2	7.81	7.20	7.88	7.21	8.54
	Average sales day	137.74	121.67	113.35	80.58	80.40	123.31
	Property, plant and equipment turnover (time)	5.31	7.62	4.61	3.27	4.40	5.44
	Total assets turnover (time)	1.06	1.19	1.17	1.23	1.23	1.09
Profitability	Return on assets (%)	10.63	11.05	14.71	13.38	13.24	12.68
	Return on equity (%)	14.92	15.73	21.10	21.32	21.10	16.57
	Ratio of net profit before tax to paid-in capital (%)	54.33	58.00	79.53	74.52	66.10	15.87
	Profit margin (%)	9.97	9.21	12.55	10.75	10.68	11.6
	Earnings per share (NT$)	4.01	4.14	5.51	5.37	4.96	1.16
Cash flows	Cash flow ratio (%)	63.25	55.04	2.56	88.84	43.05	17.01
	Cash flow adequacy ratio (%)	66.92	64.32	68.81	88.61	71.42	97.37
	Cash reinvestment ratio (%)	6.68	4.79	(12.35)	16.46	6.35	3.61
Leverage	Operating leverage	1.11	1.10	1.13	1.11	1.19	1.09
	Financial leverage	1.01	1.00	1.01	1.01	1.01	1.01

Reason for changes in financial ratios in the most recent two years (if the changes are less than 20%, the analysis is not required).
1. The interest coverage ratio reduced by 33% during the year, primarily due to the increase in interest expenses during the year.
2. The property, plant and equipment turnover (time) reduced by 30% during the year, primarily due to the increase in net property, plant and equipment during the year.
3. The cash reinvestment ratio (%) increased by 39%, primarily due to the increase in working capital.

Note: The calculation formulas are as follows:

1. Financial structure
   (1) Debt ratio = Total liabilities/total assets.
   (2) Ratio of long-term capital to property, plant and equipment = (Total equity + non-current liabilities)/net property, plant and equipment.
2. Solvency
   (1) Current ratio = Current assets/current liabilities.
   (2) Quick ratio = (Current assets - inventory - prepayments)/current liabilities.
   (3) Interest coverage ratio = Net profit before tax and interest expenses/interest expenses for the period.
3. Operating performance
   (1) Receivables (including accounts receivable and notes receivable arising from the operation) turnover = Net sales/balance of average receivables (including accounts receivable and notes receivable arising from the operation) of each period.
   (2) Average collection day = 365/receivables turnover.
   (3) Inventory turnover = Cost of sales/average inventory.
   (4) Payables (including accounts payable and notes payables arising from the operation) turnover = Cost of sales/balance of average payables (including accounts payable and notes payables arising from the operation) of each period.
   (5) Average sales day = 365/inventory turnover.
   (6) Property, plant and equipment turnover = Net sales/average net property, plant and equipment.
   (7) Total asset turnover = Net sales/average total assets.

4. Profitability

(1) Return on assets = [Profit or loss after tax + interest expenses × (1 - tax rate)]/average total assets.

(2) Return on equity = Profit or loss after tax/average net equity.

(3) Profit margin = Profit or loss after tax/net sales.

(4) Earnings per share = (Profit or loss attributable to the owner of the parent company - preferred shares dividends)/weighted average number of issued shares .

5. Cash flows

(1) Cash flow ratio = Net cash flows from operating activities/current liabilities.

(2) Net cash flow adequacy ratio = Net cash flows from operating activities for the most recent five years/(capital expenditures + inventory increment + cash dividends) for the most recent five years.

(3) Cash reinvestment ratio = (Net cash flows from operating activities - cash dividends)/(gross property, plant and equipment + long-term investment + other non-current assets + working capital).

6. Leverage

(1) Operating leverage = (Net operating income - variable operating costs and expenses)/operating gains.

(2) Financial leverage = Operating gains/(operating gains - interest expenses).

(2) Financial analysis of individual statements with the adoption of IFRSs

Item of analysis (Note) / Year		Financial analysis for the most recent five years				
		2022	2021	2020	2019	2018
Financial structure (%)	Debt ratio	21.89	25.74	25.73	31.17	42.04
	Ratio of long-term capital to property, plant and equipment	3,139.19	2,732.95	2,597.94	234.81	250.65
Solvency (%)	Current ratio	248.87	225.12	238.59	132.82	164.06
	Quick ratio	167.2	148.41	158.17	79.67	108.98
	Interest coverage ratio	83,016.43	181,917.19	22,470.20	10,788.62	11,392.48
Operating performance	Receivables turnover (time)	4.9	4.97	5.29	5.99	5.33
	Average collection days	74.53	73.44	69.04	60.90	68.43
	Inventory turnover (time)	2.78	3.12	3.48	5.32	4.83
	Payables turnover (time)	5.62	6.15	5.83	6.95	6.12
	Average sales day	131.13	117.00	104.76	68.65	75.64
	Property, plant and equipment turnover (time)	35.18	37.19	5.34	3.40	5.43
	Total assets turnover (time)	0.94	1.06	0.97	1.07	1.06
Profitability	Return on assets (%)	10.99	11.27	14.76	13.61	13.73
	Return on equity (%)	14.41	15.16	20.55	21.37	21.82
	Ratio of net profit before tax to paid-in capital (%)	45.83	49.80	67.76	66.31	59.98
	Profit margin (%)	11.71	10.58	15.08	12.58	12.78
	Earnings per share (NT$)	4.01	4.14	5.51	5.37	4.96
Cash flows	Cash flow ratio (%)	54.53	67.65	-38.23	91.19	42.02
	Cash flow adequacy ratio (%)	59.57	61.61	53.18	81.67	62.17
	Cash reinvestment ratio (%)	3.57	1.33	-24.83	13.68	6.82
Leverage	Operating leverage	1.06	1.05	1.07	1.06	1.05
	Financial leverage	1.00	1.00	1.01	1.01	1.01

Reason for changes in financial ratios in the most recent two years (if the changes are less than 20%, the analysis is not required).

1. The interest coverage ratio reduced by 54% during the year, primarily due to the increase in interest expenses and decrease in profit before tax during the year.
2. Cash reinvestment ratio increase was mainly due to the decrease in cash dividends.

Note: The calculation formulas are the same as in table (1).

III. Audit committee's review report of the most recent annual financial report

Audit Committee's Review Report

The 2023 annual shareholders' meeting of Farcent Enterprise Co., Ltd.

We have agreed, and the Board has resolved the 2022 business report, individual financial statements, consolidated statements and the proposal for earning distribution in which the 2022 individual financial statements and consolidated financial statements have been duly audited and verified by CPAs Lin Song-Shu and Lin Jin-Feng from Crowe (TW) CPAs appointed by the Board, and they have issued the auditor's report.

We are responsible for supervising the financial reporting procedures of the Company.

For the certification of the 2022 financial statements of the Company, CPAs communicated with us regarding the following matters:

1. The scope and time of the audit planned by CPAs; there is no material audit finding.
2. CPAs has provided a Statement of Independence for compliance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountant for personnel subject to the independence specifications of the CPA's firm, and there is no finding on other relationships or other matters that may be considered affecting the independence of CPAs.

   CPAs and the Audit Committee determined the crucial audit matters that shall be communicated in the auditor's report during the communications regarding crucial audit matters:

   (1) Impairment evaluation of goodwill: An external valuation expert assisted in evaluating the rationale of the estimated growth rate, discount rate, and other significant assumptions adopted in the valuation model.

   (2) Income recognition: Consider the accuracy of the complication of sales discounts, refunds, or channel fees, the inclusion of the deduction of discounts, refunds, and channel fees for customers for income recognition, and evaluating the income recognition (including sales discounts, refund, or channel fees) accounting policy

We have agreed that the 2022 business report, financial statements, and proposal for earning distributions resolved by the Board comply with relevant regulatory requirements; therefore, we hereby issue a review report as presented above in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Convenor of the Audit Committee: Tsai Wen-Chun

24 February 2023

IV. Consolidated financial statements of the parent company and subsidiaries certified by CPAs in the most recent year

Please refer to pages 117 to 183

V. Individual financial statements certified by the CPAs for the most recent year

Please refer to pages 184 to 245

VI. Financial difficulties of the Company and affiliates in the most recent year and up to the date of publication of the annual report: None.

Representation Letter

The entities that are required to be included in the combined financial statements of Farcent Enterprise Co., Ltd. as of and for the year ended December 31, 2022, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standards No. 10 *Consolidated Financial Statements*. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Farcent Enterprise Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

Farcent Enterprise Co., Ltd.
By

Tsai, Hsin-Hsin

Tsai, Hsin-Hsin
Chairman

February 24, 2023

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Independent Auditors' Report

To the Board of Directors and Shareholders of Farcent Enterprise Co., Ltd.

Opinion

We have audited the consolidated financial statements of Farcent Enterprise Co., Ltd. and its subsidiaries (the "Group"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, the consolidated statements of comprehensive income, consolidated statements of changes in equity, and consolidated statements of cash flows for the years ended December 31, 2022 and 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

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

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1. Impairment of goodwill

Description of key audit matters

The goodwill of the Group was generated by the merger and acquisition transaction. As of December 31, 2022, the goodwill amounted to NT$ 45,753 thousand. According to IAS No. 36 “Impairment of Assets”, the goodwill impairment assessment test should be conducted annually. When assessing whether the goodwill is impaired or not, the management needs to estimate the cash-generating unit’s operating cash flow that may arise in the future and determine the appropriate discount rate to calculate the recoverable amount. Since these key assumptions involve subjective judgment of management and may be affected by future market or economy, there is a high degree of uncertainty over the estimates. Consequently, the goodwill impairment assessment arised from investments in subsidiaries is identified as a key audit matter for our audit.

How our audit addressed the matter

We have performed the following audit procedures in response to the specific aspects described above for the key audit matters:

(1) Evaluate the professional competence, suitability, and objectivity of the independent appraiser appointed by the management to assist in performing impairment testing, and verify the qualifications of the appraiser. Discuss with the management the scope of work of the appraiser and review the appointment conditions to confirm that there are no issues affecting their objectivity or limiting their scope of work. Also, ensure that the methods used by the appraiser are in compliance with International Accounting Standards and industry norms.

(2) Understand the process and basis of the management's estimation of the forecasted sales growth rate and profit margin for future business prospects.

(3) Seek assistance from external appraisal experts to evaluate the reasonableness of major assumptions used in the model, such as expected growth rates and discount rates. The procedures include:

(i) Comparing the expected growth rate used with historical results, economic and industry forecasts, to determine if it is appropriate.

(ii) Comparing the discount rate used with assumptions on the capital cost of cash-generating units and similar asset returns rate to determine if it is appropriate.

(iii) Checking the settings of the appraisal model parameters and calculation formulas for any inconsistencies or errors.

(iv) Evaluating the sensitivity analysis of future cash flows performed by the management using different assumptions of expected growth rates, to confirm whether the management has appropriately addressed the potential impact of estimation uncertainty on impairment testing.

(4) Inquire the management and review the audit evidence obtained from the subsequent events audit procedures to identify any issues related to impairment testing after the reporting date.

2. Recognition of Revenue

Description of key audit matters

For certain sales of the Group's allowances, returns, or channel fees may need to be provided to customers based on the terms of the sales contract. Considering that the calculation of sales allowances, returns, or channel fees is complex and that the recognition of revenue includes deducting the discounts, returns, and channel fees of the sales customers when measuring revenue, our auditor believes that the recognition of revenue by the Group's is one of the key audit matters for the current year.

How our audit addressed the matter
We have performed the following audit procedures in response to the specific aspects described above for the key audit matters:

(1) Assess the correctness of the accounting policy for revenue recognition (including sales allowances, returns, and channel fees).

(2) Obtain relevant customer sales contract terms, test the channel fees to be paid to customers according to the sales contract provisions, and obtain internal data estimated in the previous year to assess whether the estimated amount calculated by management has significant abnormalities.

(3) Test the internal controls related to the sales and collection cycle and financial reporting, including selecting vouchers before and after the balance sheet date to confirm the appropriate cutoff of recorded sales, sales returns, and allowances.

(4) Perform trend analysis for revenue from the top ten sales customers and each product category, comparing actual figures with relevant changes and differences from the same period last year to assess whether there are significant abnormalities.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of 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 Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors'

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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 Song Shu Lin and Chin Feng Lin.

Sung Shu Lin   Chin Feng Lin

Crowe (TW) CPAs
Taipei, Taiwan (Republic of China)

February 24, 2023

<u>*Notice to Readers*</u>

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 accepted and 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.

Farcent Enterprise Co., Ltd. and Subsidiaries
Consolidated Balance Sheets
December 31, 2022 and 2021
(In Thousands of New Taiwan Dollars)

	December 31, 2022		December 31, 2021	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6 and 12)	$ 764,465	29	$ 691,762	26
Financial assets at amortized cost – current (Notes 4, 6 and 12)	33,910	1	30,666	1
Notes receivable, net (Notes 4, 6 and 12)	4,390	-	2,793	-
Accounts receivable, net (Notes 4, 6, 7 and 12)	536,219	21	613,903	23
Other receivables (Notes 7 and 12)	1,300	-	424	-
Current tax asset (Notes 4 and 6)	679	-	1,732	-
Inventories (Notes 4 and 6)	480,968	19	494,882	19
Prepayments (Notes 4 and 6)	28,400	2	49,824	2
Other current assets (Notes 4, 6 and 12)	4,262	-	14,574	1
Total current assets	1,854,593	72	1,900,560	72
NONCURRENT ASSETS				
Investments accounted for using the equity method (Notes 4, 6 and 13)	101,955	4	91,509	3
Property, plant and equipment (Notes 4, 6 and 8)	517,748	20	531,879	20
Right-of-use assets (Notes 4 and 6)	23,647	1	18,992	1
Intangible assets (Notes 4, 5 and 6)	84,424	3	101,949	4
Other noncurrent assets (Notes 4, 6, 8 and 12)	11,341	-	13,080	-
Total noncurrent assets	739,115	28	757,409	28
TOTAL ASSETS	$ 2,593,708	100	$ 2,657,969	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss – current (Notes 4, 6 and 12)	$ 27	-	$ 7	-
Accounts payable (Notes 4, 6, 7 and 12)	196,226	8	224,741	8
Other payables (Notes 4, 6 and 12)	298,160	11	354,723	14
Current tax liabilities (Notes 4 and 6)	26,401	1	26,566	1
Lease liabilities – current (Notes 4, 6 and 12)	5,400	-	2,685	-
Other current liabilities (Notes 4, 6, 8 and 12)	27,141	1	37,733	1
Total current liabilities	553,355	21	646,455	24
NONCURRENT LIABILITIES				
Long-term loans (Notes 4, 6, 8 and 12)	88,547	3	156,894	7
Deferred income tax liabilities (Notes 4 and 6)	182	-	173	-
Lease liabilities – noncurrent (Notes 4 and 12)	5,628	-	3,505	-
Net defined benefit liabilities – noncurrent (Notes 4 and 6)	17,181	1	32,943	1
Other noncurrent liabilities (Notes 6 and 12)	13,110	1	11,957	-
Total noncurrent liabilities	124,648	5	205,472	8
TOTAL LIABILITIES	678,003	26	851,927	32
EQUITY ATTRIBUTABLE TO OWNERS OF PARENT (Notes 4 and 6)				
Share capital				
Ordinary shares	632,339	24	632,339	24
Capital surplus	234,657	9	234,657	9
Retained earnings				
Legal reserve	289,122	11	262,971	10
Special reserve	68,062	3	38,283	1
Unappropriated retained earnings	625,188	24	609,835	23
	982,372	38	911,089	34
Other equity				
Exchange differences on translation of foreign financial statements	(43,093)	(1)	(68,061)	(3)
	(43,093)	(1)	(68,061)	(3)
Total equity attributable to owners of the parent	1,806,275	70	1,710,024	64
Non-controlling interests	109,430	4	96,018	4
TOTAL EQUITY	1,915,705	74	1,806,042	68
TOTAL LIABILITIES AND EQUITY	$ 2,593,708	100	$ 2,657,969	100

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

Farcent Enterprise Co., Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income
For the years ended December 31, 2022 and 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
Operating revenue (Notes 4, 6, 7 and 14)	$ 2,784,615	100	$ 3,138,791	100
Operating costs (Notes 4, 6 and 7)	(1,514,705)	(54)	(1,761,515)	(56)
Gross profit from operations	1,269,910	46	1,377,276	44
Unrealized gross profit from sale	(13,840)	-	(11,718)	-
Realized profit from sale	11,718	-	12,036	-
Gross profit from operations, net	1,267,788	46	1,377,594	44
Operating expenses (Notes 4, 6, 7 and 14)				
Marketing expenses	(772,263)	(28)	(865,101)	(28)
General and administrative expenses	(126,167)	(5)	(130,265)	(4)
Research and development expenses	(45,830)	(1)	(45,633)	(1)
Total operating expenses	(944,260)	(34)	(1,040,999)	(33)
NET OPERATING INCOME	323,528	12	336,595	11
Non-operating income and expenses				
Share of profit of associates and joint ventures accounted for using equity method (Notes 4 and 6)	8,281	-	12,905	-
Interest income (Notes 4 and 14)	4,347	-	3,526	-
Other income (Note 7)	11,627	-	12,615	-
Gains on lease modification (Note 4)	-	-	50	-
Net loss on financial asset at fair value through profit or loss (Note 4)	(20)	-	(330)	-
Finance costs (Notes 4, 6 and 14)	(2,066)	-	(1,464)	-
Other losses	(141)	-	(86)	-
Gains (losses) on disposal of Property, plant and equipment (Note 4)	(702)	-	3	-
Foreign exchange gain(loss), net (Notes 4 and 12)	(1,306)	-	2,972	-
Total non-operating income and expenses	20,020	-	30,191	-
INCOME BEFORE INCOME TAX	343,548	12	366,786	11
INCOME TAX EXPENSE (Notes 4 and 6)	(65,982)	(2)	(77,755)	(2)
NET INCOME	277,566	10	289,031	9
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit obligation (Notes 4 and 6)	7,581	-	(2,186)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences arising from translation of foreign operations (Notes 4 and 6)	25,414	1	(29,868)	(1)
Other comprehensive income for the year, net of income tax	32,995	1	(32,054)	(1)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 310,561	11	$ 256,977	8
NET INCOME ATTRIBUTABLE TO:				
Owners of the parent	$ 253,404		$ 261,507	
Non-controlling interests	24,162		27,524	
	$ 277,566		$ 289,031	
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the parent	$ 285,953		$ 229,542	
Non-controlling interests	24,608		27,435	
	$ 310,561		$ 256,977	
EARNINGS PER SHARE (NT$)(Note 6)	Amount		Amount	
Basic earnings per share	$ 4.01		$ 4.14	

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

Farcent Enterprise Co., Ltd. and Subsidiaries
Consolidated Statements of Changes in Equity
For the years ended December 31, 2022 and 2021
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Parent								
	Capital Stock	Capital surplus	Retained earnings			Other equity			
	Common Stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	differences on translation of foreign financial statements	Total	Non-controlling interests	Total Equity
Balance, January 1, 2021	$ 632,339	$ 234,969	$ 228,160	$ 29,357	$ 652,632	$ (38,282)	$ 1,739,175	$ 129,323	$ 1,868,498
Appropriations of earnings：									
Legal reserve	-	-	34,811	-	(34,811)	-	-	-	-
Special reserve	-	-	-	8,926	(8,926)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(244,083)	-	(244,083)	-	(244,083)
Net profit for 2021	-	-	-	-	261,507	-	261,507	27,524	289,031
Other comprehensive income (loss),net of tax, for 2021	-	-	-	-	(2,186)	(29,779)	(31,965)	(89)	(32,054)
Total comprehensive income (loss) for 2021	-	-	-	-	259,321	(29,779)	229,542	27,435	256,977
Difference between the acquisition price and carrying amounts of subsidiaries	-	(312)	-	-	(14,298)	-	(14,610)		(14,610)
Decrease in non-controlling interests	-	-	-	-	-	-	-	(52,529)	(52,529)
Cash dividends on ordinary shares of subsidiaries	-	-	-	-	-	-	-	(8,211)	(8,211)
Balance, December 31, 2021	$ 632,339	$ 234,657	$ 262,971	$ 38,283	$ 609,835	$ (68,061)	$ 1,710,024	$ 96,018	$ 1,806,042
Balance, January 1, 2022	$ 632,339	$ 234,657	$ 262,971	$ 38,283	$ 609,835	$ (68,061)	$ 1,710,024	$ 96,018	$ 1,806,042
Appropriations of earnings：									
Legal reserve	-	-	26,151	-	(26,151)	-	-	-	-
Special reserve	-	-	-	29,779	(29,779)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(189,702)	-	(189,702)	-	(189,702)
Net profit for 2022	-	-	-	-	253,404	-	253,404	24,162	277,566
Other comprehensive income (loss),net of tax, for 2022	-	-	-	-	7,581	24,968	32,549	446	32,995
Total comprehensive income (loss) for 2022	-	-	-	-	260,985	24,968	285,953	24,608	310,561
Cash dividends on ordinary shares of subsidiaries	-	-	-	-	-	-	-	(11,196)	(11,196)
Balance, December 31, 2022	$ 632,339	$ 234,657	$ 289,122	$ 68,062	$ 625,188	$ (43,093)	$ 1,806,275	$ 109,430	$ 1,915,705

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

Farcent Enterprise Co., Ltd. and Subsidiaries
Consolidated Statements of Cash Flows
For the years ended December 31, 2022 and 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit from continuing operations before tax	$ 343,548	$ 366,786
Adjustments :		
Depreciation expense	37,361	38,916
Amortization expense	19,162	20,773
Expected credit loss	57	658
Net loss on financial assets and liabilities at fair value through profit of loss	20	330
Finance costs	2,066	1,464
Interest income	(4,347)	(3,526)
Share of profit of associates and joint ventures accounted for using equity method	(8,281)	(12,905)
Loss (gain) on disposal of Property, plant and equipment	702	(3)
Gain on lease modification	-	(50)
Changes in operating assets		
Decrease (increase) in notes receivable	(1,597)	5,853
Decrease in accounts receivable	77,627	18,970
Decrease (increase) in other receivable	(876)	1,513
Decrease in inventories	13,914	1,938
Decrease in prepayments	21,424	29,130
Decrease in other current assets	10,312	7,169
Changes in operating liabilities		
Decrease in notes payable	-	(19)
Decrease in accounts payable	(28,515)	(1,546)
Increase (decrease) in other payable	(56,563)	17,191
Decrease in other current liabilities	(9,682)	(24,749)
Increase (decrease) in net defined benefit liabilities	(8,181)	80
Increase (decrease) in deferred credits	1,322	(1,260)
Cash generated from operations	409,473	466,713
Interest received	4,347	3,526
Dividend received	3,338	3,063
Interest paid	(2,066)	(1,464)
Income taxes paid	(65,085)	(116,039)
Net cash flows from operating activities	350,007	355,799
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at amortized cost	(6,106)	(3,461)
Proceeds from disposal of financial assets at amortized cost	4,990	98,000
Acquisition of financial assets at fair value through profit or loss	(88,554)	(542,915)
Proceeds from disposal of financial assets at fair value through profit or loss	88,554	643,117
Acquisition of property, plant and equipment	(9,608)	(275,018)
Proceeds from disposal of property, plant and equipment	344	351
Decrease in refundable deposits	168	332
Acquisition of intangible assets	(1,632)	(445)
Increase in prepayments for equipment	(2,305)	(2,839)
Net cash used in investing activities	(14,149)	(82,878)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term bank loans	-	172,481
Repayment of long-term bank loans	(69,257)	-
Guarantee deposits received	-	370
Guarantee deposits refunded	(169)	-
Repayment of the principal portion of lease liabilities	(5,281)	(5,623)
Cash dividends paid	(200,898)	(252,294)
Decrease in non-controlling interests	-	(67,140)
Net cash used in financing activities	(275,605)	(152,206)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	12,450	(12,653)
NET INCREASE IN CASH AND CASH EQUIVALENTS	72,703	108,062
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	691,762	583,700
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 764,465	$ 691,762

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

Farcent Enterprise Co., Ltd. and Subsidiaries
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2022 and 2021
(Amounts In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. General Information

Farcent Enterprise Co., Ltd.(the "Company") was founded on May 24, 1983. The Company primarily engages in manufacture and sales of all kinds of aromatic deodorants, dehumidifiers, dishwashing liquid, washing powder and other cleaning agents and various mops, as well as the agency sales of shoe agents and kitchen utensils. The company's stock has been listed and traded on the Taiwan Stock Exchange since September 17, 2001.

The composition of the Company's consolidated financial statements on December 31, 2022 includes the Company and subsidiaries hereinafter collectively referred to as the Group.

The functional currency adopted by the Company is New Taiwan Dollars. Considering that the Company is a listed company based in Taiwan, in order to improve the comparability and consistency of financial statements, the consolidated financial statements are denominated in New Taiwan Dollars.

2. The Authorization of Financial Statements

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors on February 24, 2023.

3. Application of New Standards, Amendments, and Interpretations

3.1 Initial application of the amendments to 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)

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

New IFRSs	Effective Date Announced by IASB (Note A)
Amendments to IAS 16 "Property, Plant and Equipment: Proceeds before Intended Use"	January 1, 2022 (Note B)
Amendments to IAS 37 "Onerous Contracts—Cost of Fulfilling a Contract"	January 1, 2022 (Note C)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note D)
Annual Improvements to IFRS Standards 2018–2020	January 1, 2022 (Note E)

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

Note B : An entity shall apply these amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

Note C : An entity shall apply these amendments to contracts for which it has not yet fulfilled all its obligations on January 1, 2022.

Note D : These amendments apply to business combinations whose acquisition date occur during the annual reporting periods beginning on or after January 1, 2022.

Note E : An entity shall apply the Amendment to IFRS 9 to financial liabilities that are modified or exchanged during the annual reporting periods beginning on or after January 1, 2022. An entity shall apply the Amendment to IAS 41 to fair value measurements for annual reporting periods beginning on or after January 1, 2022. An entity shall apply the Amendment to IFRS 1 for annual reporting periods beginning on or after January 1, 2022.

(1) Amendments to IAS 16 “Property, Plant and Equipment: Proceeds before Intended Use”

The amendments set out that proceeds from selling items produced while bringing an item of property, plant and equipment to the location and condition necessary for them to be capable of operating in the manner intended by management shall not be recognized as a deduction of the asset. Instead, the proceeds from selling such items and the costs of those items, measured in accordance with IAS 2, shall be recognized in profit or loss in accordance with applicable IFRS Standards. Additionally, the amendments clarify that costs of testing whether the asset is functioning properly is the costs of assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

The Group shall apply these amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which The Group first applies the amendments. The cumulative effects of initially applying the amendments shall be recognize as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented with comparative information restated.

(2) Amendments to IAS 37 “Onerous Contracts – Cost of Fulfilling a Contract”

The amendments set out that, when determining whether a contract is onerous, the cost of fulfilling a contract comprises (a) the incremental costs of fulfilling that contract—for example, direct labor and materials; and (b) an allocation of other costs that relate directly to fulfilling contracts—for example, an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling that contract among others.

(3) Amendments to IFRS 3 “Reference to the Conceptual Framework”

The amendments update a reference to the Framework in IFRS 3 and require the acquirer shall apply IFRIC 21 for a levy that would be within the scope of IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

(4) Annual Improvement to IFRS Standards 2018-2020

The annual improvement amends several Standards. Among which, the Amendment to IFRS 9 clarifies that, in determining whether an exchange or modification of the terms of a financial liability is substantially different from those of the original liability, only fees paid net of fees received between the Group (the borrower) and the lender for the new or modified contract, including fees paid or received by either the Group or the lender on the other’s behalf, shall be included in the ‘10 per cent’ test of the discounted present value of the cash flows under the new terms.

Based on the Group’s assessment, the New IFRSs above have no significant effect on the Group’s financial position and financial performance.

3.2 The IFRSs issued by International Accounting Standards Board (IASB) and endorsed by FSC with effective date starting 2023

New standards, interpretations and amendments endorsed by the FSC and effective from 2023 are as follows:

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 "Disclosures of Accounting Policies"	January 1, 2023 (Note A)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note B)
Amendments to IAS 12 "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction"	January 1, 2023 (Note C)

Note A : An entity shall apply these amendments for annual reporting periods beginning on or after January 1, 2023.

Note B : These amendments apply to changes in accounting estimates and changes in accounting policies that occur during annual reporting periods beginning on or after January 1, 2023.

Note C : An entity shall apply the amendments to transactions that occur on or after the beginning of the earliest comparative period presented. It also, at the beginning of the earliest comparative period presented, recognizes deferred taxes for all temporary differences related to leases and decommissioning obligations and recognizes the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

(1) Amendments to IAS 1 "Disclosures of Accounting Policies"

The amendments clarify that an entity shall disclose its material significant accounting policy information if the transaction, other event or condition to which the accounting policy information relates is material in size or nature, or a combination of both, and the accounting policy information that relates to a material transaction, other event or condition is also material to the financial statements. On the other hand, if the transaction, other event or condition to which the accounting policy information relates is immaterial in size or nature, an entity needs not to disclosure the accounting policy information that relates to the immaterial transaction, other event or condition. Additionally, Immaterial accounting policy information that relates to material transactions, other events or conditions need not be disclosed, either. However, an entity's conclusion that accounting policy information is immaterial does not affect the related disclosure requirements set out in other IFRS Standards.

(2) Amendments to IAS 8 "Definition of Accounting Estimates"

The amendments define accounting estimates as monetary amounts in financial statements that are subject to measurement uncertainty and clarify that a change in measurement techniques or inputs used to develop an accounting estimate is a change in accounting estimates unless the change is due to an error from prior periods.

(3) Amendments to IAS 12 "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction"

The amendments narrow the exemption extent in paragraphs 15 and 24 of IAS 12 for an entity from recognizing a deferred tax asset or liability in particular circumstances. In particular, the exemption does not apply to a transaction that gives rise to equal taxable and deductible difference at the time of the transaction. At the initial application of the amendments, an entity shall, at the beginning of the earliest comparative period presented, recognize deferred taxes for all deductible and taxable temporary differences associated with (i) lease and (ii) decommissioning liabilities and recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date. An entity shall also apply the amendments transactions that occur on or after the beginning of the earliest comparative period presented. When initially applying the amendments, the information for comparable periods shall be restated.

Based on the Group's assessment, the application of the New IFRSs above will not have any significant impact on the Group's financial position and financial performance.

3.3 The IFRSs issued by IASB but not yet endorsed and issued into effect by 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 IRFS 17	January 1, 2023
Amendments to IRFS 17 "Initial Application of IFRS 17 and IFRS 9─Comparative Information"	January 1, 2023
Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"	January 1, 2024
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

As of the date the accompanying consolidated financial statements are authorized for issue, the Group is still evaluating the impact on its financial position and financial performance as a result of the initial adoption of the aforementioned standards or interpretations. The related impact will be disclosed when the Group completes the evaluation.

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.

4.1 Statement of Compliance

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 and issued into effect by the FSC.

4.2 Basis of Preparation

Except for the financial instruments measured at fair value and net defined benefit liabilities recognized based on the net amount of the present value of defined benefit obligation less fair value of plan assets, the consolidated financial statements have been prepared under the historical cost convention.

Fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

(1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

(2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

(3) Level 3 inputs are unobservable inputs for the asset or liability.

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

4.3 Classification of Current and Noncurrent Assets and Liabilities

Current assets include:

(1) Assets held mainly for trading purposes;

(2) Assets expected to be realized within 12 months after the balance sheet date; or

(3) 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.

Current liabilities include：

(1) Liabilities arising mainly from trading activities;

(2) Liabilities that are to be settled within twelve months from the balance sheet date, even if an agreement to refinance, or to reschedule payments on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and

(3) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date.

Assets and liabilities that are not classified as current are noncurrent assets and liabilities, respectively.

4.4 Basis of Consolidation

All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group. Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

For details of subsidiaries, shareholding ratios and business items, please refer to Note 6.8, and Table 2 and 3.

4.5 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement.

When a business combination is achieved in stages, the Group's previously held equity interest in an acquiree is remeasured to fair value at the acquisition date, and the resulting gain or loss is recognized in profit or loss.

The Group measures non-controlling interests based on the share of non-controlling interests in identifiable net assets of the acquiree.

4.6 Foreign Currencies

In preparing the Group only financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Such exchange differences are recognized in profit or loss in the year in which they arise. Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the year except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income. Non-monetary items that are measured in terms of historical cost in foreign currencies are not retranslated.

Except for the following items, exchange differences arising from delivery of monetary items or conversion of monetary items are recognized in profit or loss in the period in which they occur.

(1) For foreign currency loans related to assets under construction for future production, the exchange difference arising therefrom shall be included in the cost of such assets if it belongs to the adjustment of the interest cost of foreign currency loans.

(2) The exchange difference arising from hedging transactions to avoid part of the exchange rate risk; and

(3) A monetary item receivable from or payable to a foreign operating institution, the settlement of which is neither currently planned nor likely to occur in the foreseeable future (thus forming part of the net investment in the foreign operating institution), the exchange difference The original series is recognized in other comprehensive profit or loss and reclassified from equity to profit or loss when the net investment is disposed of.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the year except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

For the purposes of presenting Group only financial statements, the assets and liabilities of the Company's foreign operations are translated into NT$ using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity.

On the partial disposal of foreign operations that result in a loss of control, loss of significant influence or joint control but retain partial equity is considered a disposal.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is adjusted in “investments accounted for using the equity method”. In partial disposal of an associate or jointly controlled entity that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

4.7 Cash equivalents

Cash equivalents, for the purpose of meeting short-term cash commitments, consist of highly liquid time deposits and investments (including the original maturity of the time deposits within three months.) that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

4.8 Financial instruments

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

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

(1) Financial Assets

All regular way purchases or sales of financial assets are recognized and derecognized using trade date accounting.

(a) Measurement categories

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

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

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

Financial assets at FVTPL are initially and subsequently measured at fair value, with dividends, interest earned, and gains or losses arising from remeasurement recognized in other gains or losses. Fair value is determined in the manner described in Note 12.1

(ii) Financial assets at amortized cost

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

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- 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 are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

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

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

(b) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses on financial assets at amortized cost (including accounts receivable).

The Group recognizes loss allowances at an amount equal to lifetime expected credit losses for accounts receivable, contract assets, and lease receivables. For all other financial instruments, the company recognizes lifetime ECLs for which there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

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

The Group recognizes impairment losses in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

(c) Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulate gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI in its entirety, the cumulative gain or loss that had been recognized in other comprehensive income transferred directly to retained earnings, without reclassifying to profit or loss.

(2) Financial liabilities

(a) Subsequent measurement

Except for the following situations, all financial liabilities are measured at amortized cost using the effective interest method:

(i) Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or is designated as at fair value through profit or loss.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss (excluding any dividends or interest paid on the financial liability). Fair value is determined in the manner described in Note 12.1.

(b) Derecognition of financial liabilities

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

(3) Equity instruments

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

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

If the Group reacquires its own equity instruments, those instruments shall be deducted from equity. No gain or loss shall be recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

(4) Derivative Financial Instruments

The derivatives signed by the Group are forward foreign exchange contracts to manage the Group's exchange rate risk.

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

4.9 Inventories

Inventories consist of raw materials, supplies, work in process, finished goods and merchandise. Cost of inventories is determined using the weighted average method. Inventories are measured at the lower of cost and net realizable value. The item-by-item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses. Appropriate allowances have been made for sluggish and non-performing inventories, and sluggish and depreciation losses are recognized as operating costs for the current period.

4.10 Investments Accounted for using the Equity Method

The Group accounts for its investments in associates using the equity method.

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The Group accounts for its investments in associates using the equity method. Under the equity method, an investment in an associate is initially recognized in the statement of financial position at cost and adjusted thereafter to recognize the Group’s share of profit or loss and other comprehensive income of the associate as well as the distribution received. The Group also recognizes its share in the changes in the equities of associates.

In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for using the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

Unrealized gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the interest in the associate.

4.11 Property, Plant and Equipment

Property, plant and equipment are tangible items held for the production or provision of goods or services, leased to others, or for management purposes and are expected to be used for more than one period. When the condition of reliable measurement is recognized, it shall be measured and recognized at cost, and property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets commences when the assets are ready for their intended use.

Depreciation is recognized so as to write off the cost of the assets less their residual values over their useful lives, and it is computed using the straight-line method over the estimated useful lives. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, any change is accounted for as a change in accounting estimate.

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

4.12 Leases

<u>The Group as lessee</u>

Except for payments for low-value asset leases and short-term leases which are recognized as expenses on a straight-line basis, the Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of the lease.

<u>Right-of-use assets</u>

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

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms. However, if the ownership of the underlying assets is transferred to the Group by the end of the lease terms or if the costs of right-of-use assets reflect that the Group will exercise a purchase option, the Group depreciates the right-of-use assets from the commencement dates to the end of the useful lives of the underlying assets.

Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments that depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

When there is a change in a lease term, a change in the assessment of an option to purchase an underlying asset, a change in the amounts expected to be payable under a residual value guarantee, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented as a separate line item in the consolidated balance sheets.

4.13 Goodwill

Goodwill is not amortized. Instead, it is periodically tested for impairment annually. Whenever there is an indication of impairment, it is also tested for impairment. For the purpose of impairment testing, goodwill is allocated to each of the cash-generating units, or groups of cash-generating units, that is expected to benefit from the synergies of the combination. If the recoverable amount of a cash-generating unit is less than its carrying amount, the difference is allocated first to reduce the carrying amount of goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss is recognized immediately and is not reversed in the subsequent period.

4.14 Intangible assets

(1) Intangible assets acquired separately

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

(2) Internally-generated intangible assets-research and development expenditure

Research costs are expensed as incurred.

(3) Acquired by business combination

Intangible assets acquired in a business combination are recognized at fair value on the acquisition date and recognized separately from goodwill. Subsequent measurement methods are the same as for intangible assets acquired separately.

(4) Derecognition

Any gain or loss arising from the disposal of the assets is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognized in profit or loss.

4.15 Impairment of Tangible and Intangible Assets (other than goodwill)

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

For intangible assets with indefinite useful lives and not yet available for use, impairment tests shall be conducted at least annually and when there is evidence of impairment.

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

When an impairment loss subsequently reverses, the carrying amount of the asset or a cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

4.16 Employee benefits

(1) Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

(2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

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, past service cost and settlement profit (loss)) and net interest on the net defined benefit liability (asset) are recognized as employee benefits 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 they occur. 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. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations, significant plan revisions, settlements as well as other significant one-time matters after the end of the prior financial year.

4.17 Provision

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When a part or all of the expenses required to pay off the liability provision is expected to be repaid from the other party, when the receivable is almost certain and the amount can be measured reliably, the receivable shall be recognized as an asset.

(1) Onerous contracts

When the Group expects that the inevitable cost of fulfilling the contractual obligations exceeds the expected economic benefits obtained from the contract, it recognizes the current obligations arising from onerous contracts as liability reserves.

(2) Warranty

The warranty obligation to ensure that the product conforms to the agreed specifications is based on the management's best estimate of the expenditure required to pay off the Group's obligations, and is recognized at the same time as the date when the revenue is recognized for the relevant product.

4.18 Revenue Recognition

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

Sale of goods

The Group recognizes revenue and accounts receivable at the time when the customer has the right to set the price and use of the product and bears the primary responsibility for reselling the product, and bears the risk of obsolescence of the product.

The Group does not recognize sale on transactions involving the delivery of materials to subcontractors since there is no transfer to subcontractors of the rights to these materials.

4.19 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets (one that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalized as part of the cost of those assets until substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Investment income earned on the temporary investment of specific borrowings prior to the occurrence of eligible capital expenditures is deducted from the borrowing costs eligible for capitalization.

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

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. The interim period income tax expense is accrued using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

(1) Current tax

Income tax on unappropriated earnings (excluding earnings from foreign consolidated subsidiaries) is expensed in the year of shareholder approval which is the year subsequent to the year the earnings are generated.

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

(2) Deferred tax

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

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

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. The deferred tax assets which originally not recognized is also reviewed at the end of each reporting period and increased to the extent that it is probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

(3) Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively. If the current income tax or deferred income tax is generated from the business combination, the income tax impact will be included in the accounting treatment of the business combination.

5. Critical Accounting Judgments and Key Sources of Estimation and Uncertainty

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period, or in the period of the revision and future periods if the revisions affect both current and future periods.

The main sources of significant accounting judgments, estimates and assumptions are as follows, these assumptions and uncertainties have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The calculation of the value in use requires management to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

6. Description of Significant Accounts

6.1 Cash and cash equivalents

Item	December 31, 2022	December 31, 2021
Cash on hand	$ 376	$ 400
Checking deposits	450	659
Demand deposits	481,556	455,404
Time deposits	102,304	83,422
Repurchase agreements	179,779	151,877
	$ 764,465	$ 691,762

(1) The Group has no cash and cash equivalents pledged as collaterals.

(2) The interest rates for repurchase agreements as of December 31, 2022 and 2021 is as follows:

	December 31, 2022	December 31, 2021
Repurchase agreements	0.65%~0.75%	0.24%~0.25%

6.2 Financial instruments at fair value through profit or loss

	December 31, 2022	December 31, 2021
Financial liabilities - current		
Financial liabilities held for trading		
Foreign exchange forward contracts	$ 27	$ 7

(1) The Group has no financial assets at fair value through profit or loss pledged as collaterals.

(2) In 2022, the Group entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. These foreign exchange forward contracts did not meet the criteria for hedge accounting. Therefore, the Group did not apply hedge accounting treatment for these foreign exchange forward contracts. At the end of the reporting period, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

December 31, 2022				
Company Name	Derivative Name	Contract amount (Nominal Principal in thousands)		Contract period
Farcent Enterprise Co., Ltd.	foreign exchange forward contracts – NTD to RMB	RMB	6,000	2022.12.09~2023.01.30

6.3 Financial assets at amortized cost

	December 31, 2022	December 31, 2021
Current		
Time deposits with original maturity of more than 3 months	$ 33,910	$ 30,666

(1) The interest rates for time deposits with original maturity of more than 3 months ranged from 0.5%-1.21% as of December 31, 2022.

(2) The Group has no financial assets at amortized cost pledged as collaterals.

6.4 Notes receivable, Net

	December 31, 2022	December 31, 2021
Arising from operating activities -Non related parties	$ 4,390	$ 2,793
Less: Loss allowance	–	–
Notes receivable, net	$ 4,390	$ 2,793

The Group has no notes receivable pledged as collaterals.

6.5 Accounts receivable, Net

	December 31, 2022	December 31, 2021
Amortized at cost		
Gross carrying amount-Non related parties	$ 506,907	$ 592,410
Gross carrying amount from related parties	33,102	25,226
Less: loss allowance	(3,790)	(3,733)
Accounts receivable, net	$ 536,219	$ 613,903

Overdue receivable(presented as Other noncurrent assets)

	December 31, 2022	December 31, 2021
Amortized at cost		
Gross carrying amount	$ 2,069	$ 2,069
Less: loss allowance	(2,069)	(2,069)
Overdue receivable, net	$ –	$ –

(1) The Group has no accounts receivable and overdue receivable pledged as collaterals.

(2) In principle, the credit period of sales of goods granted to customers ranges from 30 to 90 days. The Group using the simplified approach to recognize the loss allowance at an amount equal to lifetime expected credit losses. The expected credit losses are calculated based on loss rates estimated by reference to past default experience and the current financial position of the debtor, adjusted for current and forecast economic conditions of the industry. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision matrix for loss allowance based on past due status is not further distinguished according to the Group's different customer base, and only determined expected credit loss rate based on the days past due.

(3) The loss allowances of notes receivable, accounts receivable and overdue receivable are measured using a provision matrix as follow:

December 31, 2022	Expected credit loss rate	Gross carrying amount	Loss allowance (Lifetime ECL)	Amortized cost
Not past due	0%~0.5%	$ 506,675	$ (1,628)	$ 505,047
1 – 30 days	5%	23,298	(775)	22,523
31 – 60 days	10%	3,462	(130)	3,332
Over 60 days	50%	10,964	(1,257)	9,707
Overdue receivable	100%	2,069	(2,069)	–
		$ 546,468	$ (5,859)	$ 540,609

December 31, 2021	Expected credit loss rate	Gross carrying amount	Loss allowance (Lifetime ECL)	Amortized cost
Not past due	0%~0.5%	$ 596,429	$ (3,030)	$ 593,399
1 – 30 days	5%	12,807	(57)	12,750
31 – 60 days	10%	3,598	(202)	3,396
Over 60 days	50%	7,595	(444)	7,151
Overdue receivable	100%	2,069	(2,069)	–
		$ 622,498	$ (5,802)	$ 616,696

(4) The movements of the loss allowances of notes receivable, accounts receivable and overdue receivable were as follows:

	2022	2021
Balance at January 1	$ 5,802	$ 5,144
Add: Recognition of impairment losses	57	658
Less: Reversal of impairment losses	–	–
Balance at December 31	$ 5,859	$ 5,802

6.6 Inventories

	December 31, 2022	December 31, 2021
Merchandise	$ 143,180	$ 186,861
Raw materials	36,035	46,601
Supplies	33,963	38,234
Semi-finished goods	17,330	19,547
Finished goods	250,460	203,639
Net	$ 480,968	$ 494,882

(1) The Group has no inventories pledged as collaterals.

(2) The cost of inventories recognized as expense for 2022 and 2021:

	2022	2021
Cost of goods sold	$ 1,530,186	$ 1,750,820
Loss on decline (gain on reversal) in market value of inventories	(22,154)	5,387
Loss on inventory given up	7,803	8,118
Gain on physical inventory	(1,130)	(2,810)
	$ 1,514,705	$ 1,761,515

6.7 Prepayments

	December 31, 2022	December 31, 2021
Prepayment for purchases	$ 14,519	$ 39,142
Others	13,881	10,682
	$ 28,400	$ 49,824

6.8 Subsidiaries

(1) The subsidiaries in the consolidated financial statements

The entities comprised in preparing the consolidated financial report are as follows:

Investor	Subsidiaries	Main businesses	Percentage of Ownership December 31, 2022	Percentage of Ownership December 31, 2021
Farcent Enterprise Co., Ltd.	Eutech International Co., Ltd.	Investment	100%	100%
Farcent Enterprise Co., Ltd.	Farcent International (Samoa)Co., Ltd.	Investment	100%	100%
Farcent Enterprise Co., Ltd.	Farcent Biotechnology International Eenterprise Co., Ltd.	Manufacturing, Wholesale and Retail	100%	100%
Farcent Enterprise Co., Ltd.	Dikai International Enterprise Co., Ltd	Manufacturing, Wholesale and Retail	75.119%	75.119%
Farcent Enterprise Co., Ltd.	Farcent International (Asia) Co., Ltd.	Processing and manufacturing	60.148%	60.148%
Farcent Enterprise Co., Ltd.	Farcent Vina Co., Ltd.	Trading	65%	65%
Farcent Enterprise Co., Ltd.	Farcent Malaysia SDN BHD	Trading	100%	100%
Farcent International (Samoa)Co., Ltd.	Farcent Group (Mauritius)Co., Ltd.	Investment	100%	100%
Farcent International (Samoa)Co., Ltd.	Yang Lun(Shanghai) Trading Co., Ltd.	Trading	100%	100%
Farcent International (Samoa)Co., Ltd.	Farcent International (Asia) Co., Ltd.	Processing and manufacturing	0.9963%	0.9963%
Farcent Group (Mauritius)Co., Ltd.	Farcent (xiamen) chemical products for daily use Co., Ltd.	Processing and manufacturing	100%	100%
Eutech International Co., Ltd.	Farcent (Suzhou) Environmental Technology Co., Ltd.	Processing and manufacturing	80%	80%
Farcent (xiamen) chemical products for daily use co., Ltd.	Farcent (Suzhou) Environmental Technology Co., Ltd.	Processing and manufacturing	20%	20%
Farcent (Suzhou) Environmental Technology Co., Ltd.	Farcent International (Asia) Co., Ltd.	Processing and manufacturing	38.8557%	38.8557%
Dikai International Enterprise Co., Ltd	Dikai Holding Corp.	Investment	100%	100%
Dikai Holding Corp.	Dikai (Taicang) Enterprise Co., Ltd.	Processing and manufacturing	100%	100%

(a)The financial statements of the aforementioned subsidiaries included in the Group’s consolidated financial statements have been audited by accountant.

(b)On June 4, 2021, the boards of directors of the Company resolved to acquire 14.92% interest in Dikai International Enterprise Co., Ltd for a consideration of NT$ 67,140 thousand (equal to 89,520 shares). On June 7, 2021, the relevant registration had been completed and the aforementioned investment had been fully paid. The Company’s cumulative shareholding in Dikai International Enterprise Co., Ltd was equal to 75.119%. The aforementioned transaction were accounted for as an equity transaction since the transaction did not change the Company's control over Dikai International Enterprise Co., Ltd and a decrease of NT$ 312 thousand in capital surplus and a decrease of NT$ 14,298 thousand in retained earnings was recognized.

(2) Subsidiaries not included in the consolidated financial statements: None.

(3) Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Information on acquisition of subsidiaries: None.

6.9 Investments accounted for using the equity method

(1) Investments in associates

	December 31, 2022	December 31, 2021
Farcent Enterprise (Thailand) Ltd.	$ 101,955	$ 91,509

(2) The Group has no Investments accounted for using the equity method pledged as collaterals.

(3) The Ownership and voting rights held by the Group at the balance sheet date is as follows:

	December 31, 2022	December 31, 2021
Farcent Enterprise (Thailand) Ltd.	40%	40%

Please refer to Tables 2 for the nature of businesses, operating location, and registration information of the aforementioned associates.

(4) The market prices information of the associates' ownership held by the Group in publicly traded stocks calculated by the closing price at the end of the reporting period: None.

(5) The aggregated information of the associates that are individually immaterial to the Group is as follows:

	2022	2021
The Group's share		
Profit from continuing operations	$ 8,281	$ 12,905
Other comprehensive income, net of tax	5,503	(9,749)
Total comprehensive income	$ 13,784	$ 3,156

Investments accounted for using the equity method and the Group's share of profit or loss and other comprehensive income in these investments are calculated based on the financial statements audited by accountant.

6.10 Property, plant and equipment

	2022					
	Balance at January 1	Additions	Disposals	Reclassifi-cation	Effect of foreign currency exchange difference	Balance at December 31
Cost						
Land	$ 326,661	$ –	$ –	$ –	$ 1,288	$ 327,949
Buildings	259,027	–	–	–	4,342	263,369
Office equipments	14,651	791	(1,102)	–	176	14,516
Transportation equipments	2,946	–	(925)	–	51	2,072
Machinery	71,794	3,294	(1,665)	2,729	984	77,136
Leased assets	376	–	–	–	–	376
Assets leased to others	27,445	–	–	–	252	27,697
Other equipments	81,683	5,523	(8,023)	1,506	657	81,346
Subtotal	784,583	9,608	(11,715)	4,235	7,750	794,461
Accumulated impairment	(3,439)	–	816	–	(16)	(2,639)
Accumulated depreciation						
Buildings	(102,361)	(13,183)	–	–	(1,574)	(117,118)
Office equipments	(12,578)	(1,218)	980	–	(144)	(12,960)
Transportation equipments	(2,271)	(341)	925	–	(37)	(1,724)
Machinery	(49,133)	(4,964)	848	–	(585)	(53,834)
Leased assets	(376)	–	–	–	–	(376)
Assets leased to others	(23,019)	(1,230)	–	–	(220)	(24,469)
Other equipments	(59,527)	(10,733)	7,100	–	(433)	(63,593)
Subtotal	(249,265)	(31,669)	9,853	–	(2,993)	(274,074)
Carrying amounts	$ 531,879	$ (22,061)	$ (1,046)	$ 4,235	$ 4,741	$ 517,748

	2021					
	Balance at January 1	Additions	Disposals	Reclassification	Effect of foreign currency exchange difference	Balance at December 31
Cost						
Land	$ 67,152	$ 261,268	$ –	$ –	$ (1,759)	$ 326,661
Buildings	255,660	5,026	–	–	(1,659)	259,027
Office equipments	14,678	944	(781)	–	(190)	14,651
Transportation equipments	3,688	–	(696)	–	(46)	2,946
Machinery	69,513	2,018	(304)	798	(231)	71,794
Leased assets	377	–	–	–	(1)	376
Assets leased to others	27,506	–	–	–	(61)	27,445
Other equipments	76,068	5,762	(335)	418	(230)	81,683
Subtotal	514,642	275,018	(2,116)	1,216	(4,177)	784,583
Accumulated impairment	(3,443)	–	–	–	4	(3,439)
Accumulated depreciation						
Buildings	(89,984)	(12,743)	–	–	366	(102,361)
Office equipments	(11,704)	(1,785)	781	–	130	(12,578)
Transportation equipments	(2,211)	(427)	348	–	19	(2,271)
Machinery	(44,649)	(4,971)	304	56	127	(49,133)
Leased assets	(377)	–	–	–	1	(376)
Assets leased to others	(21,358)	(1,712)	–	–	51	(23,019)
Other equipments	(48,621)	(11,312)	335	(56)	127	(59,527)
Subtotal	(218,904)	(32,950)	1,768	–	821	(249,265)
Carrying amounts	$ 292,295	$ 242,068	$ (348)	$ 1,216	$ (3,352)	$ 531,879

(1) Depreciation of the Group's property, plant and equipments is computed using straight-line method over the following estimated useful lives:

Buildings	5 to 56 years
Office equipments	1 to 10 years
Transportation equipments	5 to 6 years
Machinery	1 to 10 years
Leased assets	3 to 5 years
Assets leased to others	1 to 20 years
Other equipments	1 to 10 years

(2) In order to meet the needs of future business development, on March 10, 2021, the board of directors of Dikai International Enterprise Co., Ltd resolved to purchase the land and buildings in Taoyuan District, Taoyuan City for production use, and signed a

real estate sales contract amounted to NT$ 266,000 thousand on March 10, 2021. As of December 31, 2021, Dikai International Enterprise Co., Ltd. had fully paid the above-mentioned amount. As of December 31, 2021, Dikai International Enterprise Co., Ltd. has completed the transfer registration of the above-mentioned real estate.

(3) Please refer to Note 8 for information on the property, plant and equipment that were used by the Group and that were pledged to others.

(4) As there was no indication of impairment in 2022 and 2021, no impairment loss was recognized for the year.

6.11 Lease agreements

(1) Right-of-use assets

	2022				
	Balance at January 1	Additions	Disposals	Effect of foreign currency exchange difference	Balance at December 31
Cost					
Land	$ 13,932	$ –	$ –	$ 247	$ 14,179
Buildings	10,627	10,119	(9,233)	–	11,513
Transportation equipments	5,262	–	–	–	5,262
Subtotal	29,821	10,119	(9,233)	247	30,954
Accumulated depreciation					
Land	(1,100)	(374)	–	(19)	(1,493)
Buildings	(8,852)	(3,564)	9,233	–	(3,183)
Transportation equipments	(877)	(1,754)	–	–	(2,631)
Subtotal	(10,829)	(5,692)	9,233	(19)	(7,307)
Carrying amounts	$ 18,992	$ 4,427	$ –	$ 228	$ 23,647

	2021				
	Balance at January 1	Additions	Disposals	Effect of foreign currency exchange difference	Balance at December 31
Cost					
Land	$ 13,992	$ –	$ –	$ (60)	$ 13,932
Buildings	19,371	1,394	(10,138)	–	10,627
Transportation equipments	2,165	5,262	(2,165)	–	5,262
Subtotal	35,528	6,656	(12,303)	(60)	29,821
Accumulated depreciation					
Land	(736)	(367)	–	3	(1,100)
Buildings	(10,995)	(4,413)	6,556	–	(8,852)
Transportation equipments	(1,856)	(1,186)	2,165	–	(877)
Subtotal	(13,587)	(5,966)	8,721	3	(10,829)
Carrying amounts	$ 21,941	$ 690	$ (3,582)	$ (57)	$ 18,992

The Group has no Right-of-use assets pledged as collaterals.

As there was no indication of impairment in 2022 and 2021, no impairment loss was recognized for the year.

(2) Lease liabilities

	December 31, 2022	December 31, 2021
Carrying amount of lease liabilities		
Current	$ 5,400	$ 2,685
Noncurrent	$ 5,628	$ 3,505

The ranges of discount rates for the lease liabilities:

	December 31, 2022	December 31, 2021
Buildings	1.359%~1.851%	1.362%~1.62%
Transportation equipments	1.587%	1.587%

(3) Other lease information

	2022	2021
Expenses relating to short-term leases	$ 3,100	$ 2,777
Expenses relating to low-value asset leases	$ 244	$ 206
Expenses relating to variable lease payments not included in the measurement of lease liabilities	$ 124	$ 151
Total cash outflow for leases	$ 8,906	$ 8,866

6.12 Intangible assets

	2022				
	Balance at January 1	Additions	Disposals	Effect of foreign currency exchange difference	Balance at December 31
Cost					
Trademark	$ 146,980	$ –	$ –	$ –	$ 146,980
Patent	89,174	–	–	–	89,174
Goodwill	45,753	–	–	–	45,753
Computer software	13,130	1,632	(4,977)	8	9,793
Subtotal	295,037	1,632	(4,977)	8	291,700
Accumulated Amortization					
Trademark	(107,604)	(13,981)	–	–	(121,585)
Patent	(75,475)	(2,865)	–	–	(78,340)
Computer software	(10,009)	(2,316)	4,977	(3)	(7,351)
Subtotal	(193,088)	(19,162)	4,977	(3)	(207,276)
Carrying amounts	$ 101,949	$ (17,530)	$ –	$ 5	$ 84,424

	2021				
	Balance at January 1	Additions	Disposals	Effect of foreign currency exchange difference	Balance at December 31
Cost					
Trademark	$ 146,980	$ –	$ –	$ –	$ 146,980
Patent	89,174	–	–	–	89,174
Goodwill	45,753	–	–	–	45,753
Computer software	12,970	445	(285)	–	13,130
Subtotal	294,877	445	(285)	–	295,037
Accumulated Amortization					
Trademark	(93,517)	(14,087)	–	–	(107,604)
Patent	(72,278)	(3,197)	–	–	(75,475)
Computer software	(6,805)	(3,489)	285	–	(10,009)
Subtotal	(172,600)	(20,773)	285	–	(193,088)
Carrying amounts	$ 122,277	$ (20,328)	$ –	$ –	$ 101,949

(1) Amortization of the Group's intangible assets is computed using straight-line method over the following estimated useful lives:

Trademark	1 to 9 years
Patent	1 to 18 years
Computer software	2 to 5 years

(2) The Group has no intangible assets pledged as collaterals.

(3) The assessment process of goodwill impairment relies on the subjective judgment of the managements, including identifying the cash-generating unit and determining the recoverable amount of the relevant cash-generating unit. The recoverable amount is evaluated based on the value in use and industry standard, and the use value is estimated based on the cash flow forecast from the financial budgets covering the future five-years period approved by the managements. The Group used the annual discount rate of 6.82% (Republic of China) and 6.82% (Mainland China) in its test of impairment; the industry standard is estimated based on the market value of comparable companies with similar conditions such as products, capital, and revenue

(4) The management determines the budgeted gross profit margin and growth rate based on historical performance and its expectations for market development. The market evaluations adopted are also consistent with those of similar peers in the market. The discount rate adopted reflects the specific risks of the relevant operating sector and the time value of currency in real market.

(5) As there was no indication of impairment on the Group's goodwill in 2022 and 2021, no impairment loss was recognized for the year.

6.13 Other assets

	December 31, 2022		December 31, 2021	
Current				
Other financial assets	$	139	$	150
Asset for right to recover product to be returned		–		7,508
Temporary payments		3,690		5,504
Payment on behalf of others		433		1,412
	$	4,262	$	14,574
Non-current				
Prepayments for equipment	$	2,605	$	4,453
Other financial assets		1,500		1,500
Refundable deposits		5,396		5,564
Consolidated borrowings		1,840		1,563
	$	11,341	$	13,080

The Group pledged some of its other financial assets-noncurrent as collaterals. Please refer to Note 8 for more information.

6.14 Accounts payable

	December 31, 2022	December 31, 2021
Accounts payable-non-related parties	$ 188,698	$ 218,346
Accounts payable- related parties	7,528	6,395
	$ 196,226	$ 224,741

6.15 Long-term borrowings and current portion

	December 31, 2022	December 31, 2021
Secured borrowings		
Bank loans	$ 107,167	$ 176,424
Less: current portion	(18,620)	(19,530)
	$ 88,547	$ 156,894
Annual interest rate	1.97%	1.14%~4.30%
Maturity year	2024	2024

Please refer to Note 8 for collaterals pledged for long-term borrowings for the years ended December 31, 2022 and 2021.

6.16 Other liabilities

	December 31, 2022	December 31, 2021
Current		
Other payables		
-accrued expenses	$ 205,114	$ 251,607
-Salary payable	84,937	94,007
-Others	8,109	9,109
Refund liabilities	–	11,412
Contract liabilities	1,624	2,881
Unearned receipts	1,482	1,150
Long-term borrowings, current portion	18,620	19,530
Temporary receipts	2,730	217
Receipts under custody	2,685	2,543
	$ 325,301	$ 392,456
Non-current		
Deferred Credits-Gains on Inter-Affiliate Accounts	$ 10,343	$ 9,021
Guarantee deposits	2,767	2,936
	$ 13,110	$ 11,957

6.17 Retirement benefit plans

(1) Defined contribution plans

The employee pension plan under the Labor Pension Act of the R.O.C. (the Act) is a defined contribution plan. Pursuant to the plan, the Company and its domestic subsidiaries make monthly contributions of 6% of each individual employee's salary or wage to employees' pension accounts.

Pension benefits for employees of subsidiaries overseas under the local regulations is a defined contribution plan managed by local government. A monthly contributions at a rate stipulated by local government are made without further obligations.

Accordingly, the Group recognized expenses of NT$ 25,786 thousand and NT$ 23,979 thousand in the statements of comprehensive income for the year ended December 31, 2022 and 2021, respectively. As of December 31, 2022 and 2021, the Group's due contribution amounts that has not yet been paid to the plan amounted to NT$ 2,776 thousand and NT$ 2,718 thousand, respectively. The aforementioned amounts have been paid after balance sheet date.

(2) Defined benefit plans

The Company and its domestic subsidiaries has defined benefit plans under the R.O.C. Labor Standards Law that provide benefits based on an employee's length of service and average monthly salary for the six-month period prior to retirement. The Company contributes an amount equal to 2% of salaries paid each month to their respective pension funds, which are administered by the Labor Pension Fund Supervisory Committee and deposited in the Committee's name in the Bank of Taiwan.

(a) Amounts recognized in the balance sheets in respect of these defined benefit plans were as follows:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligations	$ 30,803	$ 37,640
Fair value of plan assets	(13,622)	(4,697)
Plan deficits	17,181	32,943
Unrecognized actuarial gain, net	–	–
Net defined benefit liability	$ 17,181	$ 32,943

(b) Movements in net defined benefit liabilities were as follows:

	2022		
	Present value of defined benefit obligations	Fair value of plan asset	Net defined benefit liability
Balance at January 1	$ 37,640	$ (4,697)	$ 32,943
Service cost:			
Current service cost	–	–	–
Past service cost	–	–	–
Interest expense (revenue)	241	(28)	213
Amounts recognized in profit or loss	241	(28)	213

Remeasurements:			
Return on plan asset	–	(504)	(504)
Actuarial (gains) losses —			
Effect of change in demographic assumptions	–	–	–
Effect of change in financial assumptions	(1,192)	–	(1,192)
Experience adjustments	(5,886)	–	(5,886)
Amounts recognized in other comprehensive income	(7,078)	(504)	(7,582)
Pension fund contribution	–	(8,393)	(8,393)
Paid Pension	–	–	–
Balance at December 31	$ 30,803	$ (13,622)	$ 17,181

	2021		
	Present value of defined benefit obligations	Fair value of plan asset	Net defined benefit liability
Balance at January 1	$ 37,999	$ (7,322)	$ 30,677
Service cost:			
Current service cost	–	–	–
Past service cost	–	–	–
Interest expense (revenue)	113	(21)	92
Amounts recognized in profit or loss	113	(21)	92
Remeasurements:			
Return on plan asset	–	(102)	(102)
Actuarial (gains) losses —			
Effect of change in demographic assumptions	36	–	36
Effect of change in financial assumptions	(915)	–	(915)
Experience adjustments	3,167	–	3,167
Amounts recognized in other comprehensive income	2,288	(102)	2,186
Pension fund contribution	–	(12)	(12)
Paid Pension	(2,760)	2,760	–
Balance at December 31	$ 37,640	(4,697)	32,943

(c) Amounts recognized in profit or loss in respect of defined benefit plans for the years ended December 31, 2022 and 2021 were summarized by function as follows:

	2022	2021
Cost of goods sold	$ –	$ –
Marketing expenses	$ 109	$ 46
Administrative expenses	$ 104	$ 46

(d)Because of the defined benefit plans under the Labor Standards Law, the Company is exposed to the following risks:

(i)Investment risk: The pension funds are invested in equity and debt securities, bank deposits, etc. at the discretion of the Bureau of Labor Funds of Ministry of Labor, or under the mandated management. However, under the Labor Standards Law, the rate of return on plan assets shall not be less than the average interest rate on a two-year time deposit published by the local banks.

(ii)Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the debt investments of the plan assets.

(iii)Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

(e)The actuarial valuations of the most recent plan assets and defined benefit obligation were carried out by Mr. Chen WenXian who is a member of the domestic actuarial institute. The present value of defined benefit obligation and the relevant current and past service costs are estimated by using the projected unit credit method.

The principal assumptions of the actuarial valuation were as follows:

	December 31, 2022	December 31, 2021
Discount rate	1.20%	0.65%
Future salary increase rate	2.00%	2.00%

Reasonably possible changes to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	December 31, 2022
Discount rate 1.20%	
Increase 0.25%	$ (516)
Decrease 0.25%	532
Future salary increase rate 2.00%	
Increase 0.25%	526
Decrease 0.25%	(513)
Turnover rate0.27%	
110% of the presumed turnover rate	–
90% of the presumed turnover rate	–

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

(f) The Group expects to make contributions of NT$355 thousand to the defined benefit pension plans in the next year starting from December 31, 2022. The weighted average duration of the defined benefit obligation is 6 years.

6.18 Equity

(1) Capital stock

	December 31, 2022	December 31, 2021
Authorized shares (in thousands)	63,900	63,900
Authorized capital	$ 639,000	$ 639,000
Issued and paid shares (in thousands)	63,234	63,234
Issued capital	$ 632,339	$ 632,339

A holder of issued common shares with par value of NT$10 per share is entitled to vote and to receive dividends.

The authorized shares include 6,390 thousand shares allocated for the exercise of employee stock options.

(2) Capital surplus

	December 31, 2022	December 31, 2021
Share premium	$ 232,991	$ 232,991
Employee share options	1,645	1,645
Donations from shareholders	21	21
	$ 234,657	$ 234,657

Pursuant to the Company act, the capital surplus shall not be used except for making good the deficit (or loss) of the Company. Capital surplus arising from the excess of the issuance price over the par value of share capital (including the surplus arising from the excess of par value on issuance of common shares, shares issued for mergers, convertible bonds and treasury shares transactions) and donations can be used to issue new stocks to shareholders, it is limited to a certain percentage of the Company's paid-in capital each year. Capital surplus arising from the investments accounted for using the equity method, employee share options and share options shall not be used. when the Company incurs no loss, it may distribute its aforementioned capital surplus arising from the excess of the issuance price over the par value of share capital and donations by cash dividend to shareholders in proportion to their share ownership.

(3) Legal reserve

Pursuant to the Company act, Company shall estimate the losses to be covered and set aside the legal reserve at 10% of the remaining earnings until the accumulated legal capital reserve equals the Company's paid-in capital. Where legal reserve is distributed by issuing new shares or by cash, only the portion of legal reserve which exceeds 25 percent of the paid-in capital may be distributed.

(4) Special reserve

The Company is required to set aside additional special reserve in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, Jin-Guan-Zheng-Fa-Zi Letter No.

1030006415, Jin-Guan-Zheng-Fa-Zi Letter No. 1090150022, Jin-Guan-Zheng-Fa-Zi Letter No. 10901500221 issued by the FSC and "After the adoption of International Financial Reporting Standards (IFRSs), questions and answers for application of appropriation of special reserve". When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

(5) Retained earnings and dividend policy

(a) Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. The remainder including the accumulated undistributed earnings of prior period, if any, to be retained or to be appropriated shall be resolved by the stockholders at the stockholders' meeting. Of the amount to be distributed by the Company, the cash dividend shall not be lower than 10% of the total shareholder dividend, but if the cash dividend is less than NT$ 0.1 per share, it will not be paid, and it will be paid as a stock dividend instead.

(b) Details of the 2022 and 2021 earnings distributions and dividends per share as resolved by general shareholders' meeting June 15, 2022 and July 22, 2021, respectively, are as follows:

Unit: NT$ thousand/NT$ per share

	Appropriation of Earnings		Dividends per share(NT$)	
	2021(note)	2020(note)	2021	2020
Legal reserve	$ 26,151	$ 34,811		
Special reserve	29,779	8,926		
Cash dividend	189,702	244,083	$ 3.00	$ 3.86
	$ 245,632	$ 287,820		

Note: There is no difference between the aforementioned appropriation of earnings resolved by the general shareholders' meeting and the resolutions of the board of directors on February 25, 2022 and February 26 2021, respectively.

The appropriations of earnings for 2022 had been approved in the meeting of the Board of Directors on February 24, 2023, and the appropriations and dividends per share were as follows:

	Appropriation of Earnings	Dividends per share(NT$)
Legal reserve	$ 26,099	
Special reserve	–	
Cash dividend	189,702	$ 3.00
	$ 215,801	

The appropriations of earnings for 2022 are to be presented for approval in the shareholders' meeting which is to be held on June 16, 2023.

Information on the resolution of the Board of Directors' and shareholders' meetings regarding the appropriation of earnings is available from the Market Observation Post System on the website of the TWSE.

6.19 Revenue

	2022	2021
Revenue from sale of goods	$ 3,117,661	$ 3,453,579
Less: Sales returns and discounts	(333,046)	(314,788)
	$ 2,784,615	$ 3,138,791

According to commercial practice, the Group accepts the return of kitchenware products after the end of the project activities and gives a full refund. Taking into account the accumulated experience in the past, the Group estimates the return rate with the most possible amount, and recognizes the refund liability and asset for right to recover product to be returned, presented as "Other current liabilities" and "Other current assets", respectively.

6.20 Additional information of expenses by nature

	2022	2021
Depreciation and amortization		
Depreciation of property, plant and equipment	$ 31,669	$ 32,950
Depreciation of right-of-use assets	5,692	5,966
Amortization of intangible assets	19,162	20,773
	$ 56,523	$ 59,689
By function		
Cost of goods sold	$ 27,680	$ 27,857
Operating expenses	28,843	31,832
	$ 56,523	$ 59,689
Employee benefits expenses		
Post-employment benefits		
Defined contribution plans	$ 25,786	$ 23,979
Defined benefit plans	213	92
Salaries and bonuses	319,160	341,919
	$ 345,159	$ 365,990
By function		
Cost of goods sold	$ 74,426	$ 74,161
Operating expenses	270,733	291,829
	$ 345,159	$ 365,990

(1) The Company shall allocate, in accordance with the Company’s Articles of Incorporation, 5% to 10% and not higher than 2% of annual income before income tax during the period to employees’ compensation and directors’ and supervisors’ remuneration, respectively. The estimated employees’ compensation and the estimated directors’ and supervisors’ remuneration for 2022 and 2021 are as follows:

2022		2021	
Employees' compensation	directors' and supervisors' remuneration	Employees' compensation	directors' and supervisors' remuneration
$ 15,352	$ 1,317	$ 16,600	$ 1,400

If there is a change in the proposed amount after the annual financial statement are authorized for issue, the difference is recorded as a change in accounting estimate.

(2) The employees' compensation and directors' and supervisors' remuneration for 2021 and 2020 were resolved by general shareholders' meeting on June 15, 2022 and July 22, 2021, respectively. The amounts recognized in the financial reports were as follows:

	2021		2020	
	Employees' compensation	directors' and supervisors' remuneration	Employees' compensation	directors' and supervisors' remuneration
Amount resolved to be distributed	$ 16,600	$ 1,400	$ 22,700	$ 1,948
Amount recognized in financial reports	16,600	1,400	22,700	1,948
Difference	$ –	$ –	$ –	$ –

(a)The employees' compensation aforementioned is distributed in cash.

(b)There is no difference between the aforementioned employees' compensation and directors' and supervisors' remuneration resolved by the general shareholders' meeting and the resolutions of the board of directors on February 25, 2022 and February 26 2021, respectively.

(3) Information on employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the meeting of Board of Directors is available from the Market Observation Post System on the website of the TWSE.

6.21 Income tax

(1) Income tax expense recognized in profit or loss

Income tax expense consisted of the following:

	2022	2021
Current income tax expense		
Generated in the current year	$ 66,291	$ 80,039
Adjustments for prior periods	(309)	(2,284)
	65,982	77,755
Deferred tax		
Generated in the current year	–	–
Income tax expense recognized in profit or loss	$ 65,982	$ 77,755

(2) A reconciliation of income before income tax and income tax expense recognized in profit or loss was as follow:

	2022	2021
Income tax expense at the statutory rate	$ 86,969	$ 91,343
Effect from items disallowed by tax regulation	(21,388)	(13,800)
Over provision of prior year's income tax	(309)	(2,284)
Tax on undistributed earnings	710	2,496
Income tax expense	$ 65,982	$ 77,755

(3) Current tax assets and liabilities

	December 31, 2022	December 31, 2021
Current tax assets		
Income tax refund receivable	$ 671	$ 1,407
Prepaid income tax	8	325
	679	1,732
Current tax liabilities		
Income tax payable	$ 26,401	$ 26,566

(4) Deferred tax liabilities

	December 31, 2022	December 31, 2021
Deferred tax liabilities -noncurrent		
Property, plant and equipment	$ 182	$ 173

(5) The Company's income tax returns through 2020 have been assessed and approved by the Tax Authority as of December 31, 2022.

6.22 Earnings per share

	2022	2021
Basic earnings per share:		
Net income attributable to shareholders of the parent	$ 253,404	$ 261,507
Less：dividends on preferred stock	–	–
Net income attributable to ordinary shareholders of the parent	$ 253,404	$ 261,507
Weighted average number of shares outstanding for the period (in thousands)	63,234	63,234
Basic earnings per share, after tax (in dollars)	$ 4.01	$ 4.14

7. Related Party Transactions

Intercompany balances and transactions between the Group and its subsidiaries, which are related parties of the Group, have been eliminated upon consolidation; therefore, those items are not disclosed in this note. The following is a summary of significant transactions between the Group and other related parties:

7.1 Names of related parties and relationship categories

Names of related parties	Related Party Categories
Farcent Enterprise (Thailand) Ltd. (Hereinafter referred to Farcent-Thailand)	Associates
Farcent Education Foundation (Hereinafter referred to as Farcent Foundation)	Other related parties
Yi Te Industrial Co., Ltd. (Hereinafter referred to a Yi Te)	Related party in substance
All directors, general manager and deputy general manager	Key management personnel

7.2 Operating transaction

(1) Sales

	Years Ended December 31	
	2022	2021
Associates	$ 126,190	$ 104,072

There is no significant difference between the Group's sales conditions to related parties and general customers.

(2) Processing fee

	Years Ended December 31	
	2022	2021
Related party in substance		
Yi Te	$ 59,379	$ 56,903

The Group entrusts Yi Te to engage in product OEM matters. The OEM price and payment terms are negotiated, and there is no significant difference from ordinary manufacturers.

(3) Accounts receivable

	December 31, 2022	December 31,2021
Associates	$ 33,102	$ 25,226

(4) Accounts payable

	December 31, 2022	December 31, 2021
Related party in substance	$ 7,512	$ 6,395

(5) Rental income

	Years Ended December 31	
	2022	2021
Related party in substance	$ 1,057	$ 1,573

As of December 31, 2022 and 2021, Rental income receivables were NT$70 thousand and NT$120 thousand, respectively, which was presented as Other receivables

(6) Donations expenses

	Years Ended December 31	
	2022	2021
Other related parties	$ 1,536	$ 1,836

As of December 31, 2022 and 2021, the Group has paid all the above payments in full.

7.3 Key management compensation

The compensation to directors and other key management personnel were as follows:

	Years Ended December 31	
	2022	2021
short-term employee benefits	$ 39,958	$ 43,431
Post-employment benefits	21	9
Other long-term benefits	–	–
Share-based payments	–	–

The compensation to directors and other key management personnel were determined by the Compensation Committee of the Company in accordance with the individual performance and the market trends.

8. Pledged Assets

As of December 31, 2022 and 2021, the Group provides assets as collaterals, and the book value and usage details are as follows:

	December 31, 2022	December 31, 2021	purpose
Other financial assets -noncurrent	$ 1,500	$ 1,500	Import duty bond and performance bond, etc.
Property, plant and equipment, net	264,534	290,567	Bank Loan Guarantee
	$ 266,034	$ 292,067	

The above-mentioned other financial assets-noncurrent which was presented as Other noncurrent assets.

9. Significant Contingent Liabilities and Unrecognized Contract Commitments：

The unused letters of credit as of December 31, 2022 and 2021 are as follows:

	December 31, 2022	December 31, 2021
Letter of credit	$ –	$ 67,777

10. Significant Disaster Losses: None

11. Significant Subsequent Events: None

12. Others

12.1 Financial instruments

(1) Categories of financial instruments

	December 31, 2022	December 31, 2021
Financial Assets		
FVTPL：		
Financial assets at amortized cost (Note 1)	$ 1,347,319	$ 1,346,762
Financial liabilities		
FVTPL：		
Financial liabilities at fair value through profit or loss– current	27	7
Financial liabilities at amortized cost (Note 2)	615,348	765,014

Note 1：Including cash and cash equivalents, financial assets at amortized cost - current, notes and accounts receivable, other receivables, other financial assets and refundable deposits.

Note 2：Including accounts payable, other payables, lease liabilities, Long-term Loans and guarantee deposits.

(2) Fair value of financial and non-financial instruments

(a)Financial instruments that are not measured at fair value

The management of the Group believes that the carrying amounts of financial assets and financial liabilities that are not measured at fair value in consolidated financial statements approach their fair values.

(b)Financial instruments measured at fair value

The evaluation techniques and assumptions used to measure the fair value of financial assets and financial liabilities are determined in the following ways:

(i)The fair values of financial assets and financial liabilities that have standard terms and conditions and are traded in active markets are determined with reference to market quotations, including listed stocks.

(ii)The fair value of capital-guaranteed structured commodities is determined in accordance with the generally accepted pricing model based on discounted cash flow analysis.

(iii)The fair value of the forward foreign exchange contract is measured by the forward exchange rate quoted by the financial institution and the corresponding discount rate.

(iv)The fair value of the domestic and foreign non-publicly traded equity investments are determined by using the market approach, which takes into account the relevant information of similar comparable companies as the index to measure the value, and calculates the present value of the expected gain on the investments based on the multiple of this value.

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Liabilities:				
Recurring fair value measurements				
Financial liabilities at FVTPL - current				
Forward exchange	$ –	$ 27	$ –	$ 27

	December 31, 2021			
	Level 1	Level 2	Level 3	Total
Liabilities:				
Recurring fair value measurements				
Financial liabilities at FVTPL - current				
Forward exchange	$ –	$ 7	$ –	$ 7

The Group's financial assets and liabilities measured at fair value on a recurring basis have no transfer between the Level 1 and Level 2 fair value measurements from January 1 to December 31, 2022 and 2021.

(3) Financial risk management objectives and policies

The Group's financial risk management objective is to manage foreign exchange risk, interest rate risk, credit risk and liquidity risk related to operating activities. In order to reduce related financial risks, the Group is committed to identifying, assessing and avoiding market uncertainties, so as to reduce the potential adverse impact of market changes on the Group's financial performance.

The Group’s material financial activities are approved by the Board of Directors (and Audit Committee) in accordance with relevant requirements and internal control mechanism, which requires the Group to comply with its financial operating policies and procedures that provide guiding principles for the overall financial risk management and accountability and separation of duties.

(4) Market Risk

(a)Foreign exchange risk

The business of the Group involves certain non-functional currencies, so it is affected by exchange rate fluctuations and mainly bears foreign currency exchange rate risks of US dollars and RMB. Information on financial assets and liabilities with significant exchange rate fluctuations is as follows, and there is little difference between the spot exchange rate used in the end-of-period evaluation and the final listed exchange rate of the transaction bank. Foreign currency assets and liabilities with significant impact are as follows:

December 31,2022					
	Foreign Currency	Exchange Rate		Book Value	
Foreign currency assets					
Monetary items					
USD	$ 4,391	30.7080	(USD：NTD)	$	134,828
USD	327	6.9514	(USD：RMB)		10,034
USD	1,036	34.54	(USD：THB)		31,824
RMB	1,807	4.4175	(RMB：NTD)		7,981
Non-Monetary items					
Investments in associates and joint ventures					
USD	17,006	30.7080	(USD：NTD)		522,223
THB	184,100	0.8891	(THB：NTD)		163,683
THB	44,842	0.2013	(THB：RMB)		39,876
VND	5,691,525	0.0013	(VND：NTD)		7,399
MYR	5,666	6.9704	(MYR：NTD)		39,497
Foreign currency liabilities					
Monetary items					
USD	1,013	30.7080	(USD：NTD)		31,117
USD	81	23,575	(USD：VND)		2,480
USD	860	4.4055	(USD：MYR)		26,414
RMB	14,673	4.4175	(RMB：NTD)		64,817

December 31,2021					
	Foreign Currency	Exchange Rate		Book Value	
Foreign currency assets					
Monetary items					
USD	$ 2,783	27.69	(USD：NTD)	$	77,055
USD	372	6.3793	(USD：RMB)		10,313
USD	1,031	33.36	(USD：THB)		28,551
RMB	1,937	4.3406	(RMB：NTD)		8,408
Non-Monetary items					
Investments in associates and joint ventures					
USD	18,316	27.69	(USD：NTD)		507,158
THB	179,447	0.83	(THB：NTD)		148,941
THB	44,707	0.1912	(THB：RMB)		37,104
VND	5,024,371	0.0012	(VND：NTD)		6,029

MYR	7,225	6.6292	(MYR：NTD)	47,895
Foreign currency liabilities				
Monetary items				
USD	864	27.69	(USD：NTD)	23,928
USD	55	22,800	(USD：VND)	1,511
USD	565	4.177	(USD：MYR)	15,646
RMB	17,263	4.3406	(RMB：NTD)	74,930

The following information is expressed in terms of the functional currencies of individuals holding foreign currencies, and the disclosed exchange rates refer to the exchange rates converted from these functional currencies to the expression currency. Foreign currency exchange gains and losses with significant impact (including realized and unrealized) are as follows:

	Years Ended December 31			
	2022		2021	
Functional Currency	Functional Currency vs Expression Currency	Net exchange gain or loss NTD	Functional Currency vs Expression Currency	Net exchange gain or loss NTD
NTD	1：1	$ (1,179)	1：1	$ 268
RMB	1：4.4277	635	1：4.3433	(206)
THB	1：0.8503	962	1：0.8742	3,326
VND	1：0.0013	(209)	1：0.0012	3
MYR	1：6.7755	(1,516)	1：6.7549	(419)
USD	1：29.8517	1	1：28.0127	–

Sensitivity analysis

The Group is mainly affected by fluctuations in the exchange rates of the USD, RMB, EUR, THB, VND and MYR.

The Group's exchange rate risk mainly comes from monetary assets and liabilities denominated in foreign currencies, and foreign currency exchange gains and losses are generated during translation. If the NTD changes by 1% relative to the relevant currency on the balance sheet date, the profit and loss will be affected as follows:

	December 31,2022	December 31,2021
The impact of a 1% change on profit and loss	$ 598	$ 83

The investment in equity financial commodities engaged in by the Group is affected by changes in market prices, but the Group has set a stop loss point, so it is expected that no significant market risk will occur.

(b)Interest rate risk

The long-term and short-term loans, Short-term notes and bills payable, and bonds payable that the Group engages in are not floating-rate commodities, so there is no cash flow risk of interest rate changes.

(5) Credit risk

The Group's investment in equity financial commodities is conducted through centralized trading markets and Taipei Exchange, and it deals with counterparties with good credit. It is expected that the counterparties will not default, so the possibility of credit risk is extremely high Low.

The Group's credit risk amount on December 31, 2022 and 2021 is evaluated based on the contract whose fair value is a positive number on the balance sheet date; the maximum exposure amount of various financial products held by the Group is the same as its book value.

The Group does not significantly focus on transactions with a single customer or a single counterparty, but there are similar industrial types and local regions. In order to reduce the credit risk of accounts receivable, the Group continuously evaluates the financial status of customers, and when necessary, requires the other party to provide a collaterals or guarantee.

(6) Liquidity risk

The Group's working capital is sufficient, so there is no liquidity risk due to inability to raise funds to fulfill contractual obligations.

The financial assets that the Group invests in at fair value through profit or loss have active markets and it is expected that the financial assets can be easily and quickly sold in the market at prices close to their fair values.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

	December 31,2022				
	Less Than 1 Year	2-3 Years	4-5 Years	More Than 5 Years	Total
Non-derivative financial liabilities					
Accounts payable	$ 196,226	$ –	$ –	$ –	$ 196,226
Other payable	298,160	–	–	–	298,160
Long-term loans	18,620	88,547	–	–	107,167
Lease liabilities	5,400	5,628	–	–	11,028
	$ 518,406	$ 94,175	$ –	$ –	$ 612,581

	December 31,2021				
	Less Than 1 Year	2-3 Years	4-5 Years	More Than 5 Years	Total
Non-derivative financial liabilities					
Accounts payable	$ 224,741	$ –	$ –	$ –	$ 224,741
Other payable	354,723	–	–	–	354,723
Long-term loans	19,530	156,894	–	–	176,424
Lease liabilities	2,685	3,219	286	–	6,190
	$ 601,679	$ 160,113	$ 286	$ –	$ 762,078

(7) Risk Control and Hedging Strategies

The management of the Group regularly evaluates the risks arising from the operation of financial products and foreign currency-denominated assets or liabilities due to exchange rate fluctuations in order to maintain appropriate liquidity positions and control market risk, credit risk, liquidity risk and cash flow risk .

(8) Capital risk management

The Group conducts capital management to ensure that each entity in the Group can continue to operate, by optimizing the balance of debt and equity, so as to maximize shareholder returns. The Group's capital management is to ensure that the Group has sufficient and necessary financial resources to meet working capital needs, capital expenditures, research and development activities, dividend payments, debt repayments and other business needs within the next twelve months.

The Group is not subject to other external capital requirements.

13. Supplementary Disclosures

When preparing the consolidated financial report, all major transactions and balances between the parent company and the subsidiary have been eliminated.

13.1Significant transactions information

(1) Loans to others: Please see Table 1 attached;

(2) Endorsements and guarantees provided to others: None;

(3) Marketable securities held (excluding investments in subsidiaries and associates) at the end of the period: None;

(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: Please see Table 4 attached;

(8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None;

(9) Information about the derivative financial instruments transaction: Please see Note 6.2;

(10) The business relationship between the parent and the subsidiaries and significant transactions between them: Please see Table 5 attached;

13.2Information on investees:

The name, location, the main businesses, original investment amounts, shareholding status at the end of the period, income(losses) and share of profits(losses) of the investees (excluding investees in Mainland China) over which the Group exercises significant influence, control or joint control: Please see Table 2 attached.

13.3Information on investment in mainland China: Please see Table 11 attached.

(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: Please see Table 3 attached.

(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: Please see Table 5 attached.

13.4 Information on 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: Please see Table 6 attached.

14. Segment Information

14.1 The products and services that derived revenue from the reportable segment

Information provided to the chief operating decision maker for allocating resources and evaluating departmental performance, focusing on each type of product or service delivered or provided. According to the provisions of IFRS 8 Operating Segments, the reportable segment of the Group are the daily necessities department, agency department and other department. Daily necessities department engaged in manufacturing various air fresheners, deodorizers, dehumidifiers and household detergents and selling to various channel retailers. The agency department is an agent of various household daily necessities and sells them to various channel retailers. The reportable segments of the Group are strategic business units that provide different products or services. Since each strategic business unit requires different technologies and marketing strategies, it must be managed separately.

The accounting policies of each operating department of the Group are the same as the description for summary of significant accounting policies stated in Note 4.

14.2 Segment revenue and operating results

The income and operating results of the continuing operating unit of the Group are analyzed according to the reportable segment as follows:

	Years Ended December 31			
	2022			
	Daily necessities and other departments	agency department	Elimination	Total
Sales from external customers	$ 2,578,662	$ 205,953	$ –	$ 2,784,615
interest income	4,347	–	–	4,347
Total sales	$ 2,583,009	$ 205,953	$ –	$ 2,788,962
Interest expense	$ 2,066	$ –	$ –	$ 2,066
Depreciation and Amortization	$ 56,223	$ 300	$ –	$ 56,523
Operating profit	$ 270,349	$ 7,217	$ –	$ 277,566

	Years Ended December 31			
	2021			
	Daily necessities and other departments	agency department	Elimination	Total
Sales from external customers	$ 2,990,206	$ 148,585	$ –	$ 3,138,791
interest income	3,526	–	–	3,526
Total sales	$ 2,993,732	$ 148,585	$ –	$ 3,142,317
Interest expense	$ 1,464	$ –	$ –	$ 1,464
Depreciation and Amortization	$ 58,518	$ 1,171	$ –	$ 59,689
Operating profit	$ 290,463	$ (1,432)	$ –	$ 289,031

The revenue reported above was generated from transactions with external clients. As of December 31, 2022 and 2021, the Group does not have any intersegment sales.

The accounting policies of the reportable departments are consistent with the accounting policies of the Group disclosed in Note 4. Departmental profit and loss refers to the profit earned by each department, excluding the apportioned headquarters management costs and director's remuneration, the share of the net profit of the affiliated enterprise, the disposal of the original affiliated enterprise's equity interests, investment income, other interests and losses, financial costs, and Income tax expense. This measure is provided to the chief operating decision maker to allocate resources to departments and measure their performance.

14.3Geographical information:

The Group's revenue from external customers by location of operations and the Group’s noncurrent assets by location of the assets are detailed below. When the income is attributed to the region, it is calculated on the basis of the region where the enterprise receives the cash. Non-current assets include property, plant and equipment, investment properties, intangible assets and other assets, excluding financial instruments and deferred tax assets.

(1) Income from external customers

	Years Ended December 31			
	2022		2021	
Areas	Amount	%	Amount	%
Taiwan	$ 2,242,927	81	$ 2,575,994	84
China	252,566	9	295,278	9
Thailand	126,190	4	104,072	3
Malaysia	48,610	2	43,192	1
Japan	31,309	1	30,024	1
Hong Kong	24,915	1	46,111	1
Others	58,098	2	44,120	1
	$ 2,784,615	100	$ 3,138,791	100

Revenues listed above are classified by country where customers located.

(2) Non-current assets

Areas	December 31,2022 Amount		%	December 31,2021 Amount		%
Taiwan	$	424,412	68	$	441,987	68
China		166,581	27		179,125	27
Malaysia		37,416	5		36,135	5
Vietnam		15	–		26	–
	$	628,424	100	$	657,273	100

14.4Main customer information

The customers whose sales revenue accounted for more than 10% of the revenue on the consolidated income statement in 2022 and 2021 of the Group are as follows:

Customer	Years Ended December 31 2022 金	額	%	2021 金	額	%
Customer A	$	399,000	14	$	822,385	26

15. Other Events

The Group is assessing the economic impact of COVID-19, but as of the date that the consolidated financial statements were approved and authorized for issued, it has not had a significant impact on the Group. The Group will continue to observe the relevant epidemic situation and assess its impact.

TABLE 1

Farcent Enterprise Co., Ltd
Loans to Others
For the Year Ended December 31, 2022

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

No (Note 1)	Creditor	Borrower	General ledger account	Related party	Maximum outstanding balance for the period	Ending balance	Amount actually drawn	Interest rate	Nature of loan	Trans-action Amou-nt	Reason for short-term financing	Recog-nized loss allow-ance	Collateral		Limit on loans granted to a single party (Note3)	Ceiling on total loans granted (Note3)
													Item	Value		
0	Farcent Enterprise Co., Ltd.	Farcent Malaysia Sdn Bhd	Other receivables	Yes	$ 30,708 (USD1,000)	$ 30,708 (USD1,000)	$ 20,665 (USD 673)	5%	(Note2)	–	Operating capital	–	–	–	$ 722,510 (USD23,528)	$ 903,137 (USD 29,410)
1	Farcent International (Samoa) Co., Ltd.	Farcent Enterprise Co., Ltd	Other receivables	Yes	$ 27,637 (USD 900)	$ 15,354 (USD 500)	$ 15,354 (USD 500)	1.129% ~5%	(Note2)	–	Operating capital	–	–	–	$ 70,864 (USD 2,308)	$ 88,580 (USD 2,885)
2	Farcent (xiamen) chemical products for daily use co., Ltd.	Yang Lun(Shang hai) Trading Co., Ltd.	Other receivables	Yes	$ 15,461 (RMB 3,500)	$ 15,461 (RMB 3,500)	$ 15,461 (RMB3,500)	3.70%	(Note2)	–	Operating capital	–	–	–	$ 57,553 (RMB 13,028)	$ 71,942 (RMB 16,286)

Note1: The description of the column number is as follows:

(1) Issuer fill in 0.

(2) Investee are numbered in order from number 1.

Note2: Necessary short-term financing facility.

Note3: The amount that can be financing limits for each borrowing company is 40% of the lender’s net worth and the total amount that can be financing shall not exceed 50% of the lender’s net worth.

TABLE 2

Farcent Enterprise Co., Ltd
Information on Investees
For the Year Ended December 31, 2022
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as the year-end			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Footnote
				December 31, 2022	December 31, 2021	Number of Shares	Percentage of Ownership	Carrying Value			
Farcent Enterprise Co., Ltd.	Farcent International (Samoa)Co., Ltd.	Samoa	Investment activities	$ 135,974 (USD 4,078)	$ 135,974 (USD 4,078)	4,077,882	100%	$ 177,069	$ 3,667	$ 3,576	Subsidiary
Farcent Enterprise Co., Ltd.	Eutech International Co., Ltd.	Seychelles	Investment activities	$ 260,314 (USD 8,538)	$ 260,314 (USD 8,538)	854	100%	308,760	6,016	5,549	Subsidiary
Farcent Enterprise Co., Ltd.	Farcent Biotechnology International Enterprise Co., Ltd.	Taiwan	Manufacturing, Wholesale and Retail	$ 5,000	$ 5,000	500,000	100%	4,416	(38)	(38)	Subsidiary
Farcent Enterprise Co., Ltd.	Dikai International Enterprise Co., Ltd	Taiwan	Manufacturing, Wholesale and Retail	$ 307,173	$ 307,173	8,112,852	75.119%	364,108	112,008	70,956	Subsidiary
Farcent Enterprise Co., Ltd.	Farcent Enterprise (Thailand) Ltd.	Thailand	Purchase and sale dehumidifier、air freshener、deodorizer、Daily cleansing products and other plastic products	$ 33,476 (THB36,978)	$ 33,476 (THB36,978)	217,280	40%	101,955	20,703	8,281	Associate

(Continued)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as the year-end			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Footnote
				December 31, 2022	December 31, 2021	Number of Shares	Percentage of Ownership	Carrying Value			
Farcent Enterprise Co., Ltd.	Farcent Vina Co., Ltd.	Vietnam	Purchase and sale Daily cleansing products , etc.	$ 5,850 (USD 195)	$ 5,850 (USD 195)	Note3	65%	$ 7,399	$ 1,334	$ 867	Subsidiary
Farcent Enterprise Co., Ltd.	Farcent Malaysia SDN BHD	Malaysia	Purchase and sale Daily cleansing products , etc.	$ 71,305 (MYR 9,397)	$ 71,305 (MYR 9,397)	2,000,000	100%	39,497	(10,211)	(10,560)	Subsidiary
Farcent Enterprise Co., Ltd.	Farcent International (Asia) Co., Ltd.	Thailand	processing and manufacturing	$ 55,050 (THB 60,148)	$ 55,050 (THB 60,148)	601,480	60.148%	61,728	330	199	Subsidiary
Farcent (Suzhou) Environmental Technology Co., Ltd.	Farcent International (Asia) Co., Ltd.	Thailand	processing and manufacturing	RMB 7,896 (THB 38,856)	RMB 7,896 (THB 38,856)	388,557	38.8557%	39,876	330	128	Subsidiary
Farcent International (Samoa)Co., Ltd.	Farcent International (Asia) Co., Ltd.	Thailand	processing and manufacturing	USD 30 (THB 996)	USD 30 (THB 996)	9,963	0.9963%	1,022	330	3	Subsidiary
Farcent International (Samoa) Co., Ltd.	Farcent Group (Mauritius) Co., Ltd.	Mauritius	Investment activities	USD 3,193	USD 3,193	3,193,382	100%	146,102	4,197	Note2	Sub-subsidiary

(Continued)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as the year-end			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Footnote
				December 31, 2022	December 31, 2022	Number of Shares	Percentage of Ownership	Carrying Value			
Dikai International Enterprise Co., Ltd.	Dikai Holding Corp.	Samoa	Investment activities	$ 31,225 (USD 1,000)	$ 31,225 (USD 1,000)	1,000,000	100%	$ 36,394	$ 5,006	Note2	Sub-subsidiary

(Concluded)

Note1: Relevant information on investments in Mainland China, Please refer to Table 3.

Note2: The share of profits/losses of the investee company is not reflected herein as such amount is already included in the share of profits/losses of the investor company.

Note3: It is a limited company.

TABLE 3

Farcent Enterprise Co., Ltd
Information on Investment in Mainland China
For the Year Ended December 31, 2022

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

Investee in Mainland China	Main business activities	Total Amount of Paid-in Capital	Investment method	Accumulated Outflow of Investment from Taiwan as of January 1, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2022	Net Income (Losses) of the Investee	Ownership held by the Company (direct or indirect) (%)	Share of Profits / Losses	Carrying Amount as of December 31, 2022	Accumulated Inward Remittance of Earnings as of December 31, 2022
					Outflow	Inflow						
Farcent (xiamen) chemical products for daily use co., Ltd.	Processing, manufacturing Indoor and car fragrances, dehumidifier, insect repellant and detergent, etc.	USD 3,300	(Note1)	$ 106,958 (USD 3,193)	$ –	$ –	$ 106,958 (USD 3,193)	$ 4,124	100%	$ 4,124	$ 151,010	$ –
Farcent (Suzhou) Environmental Technology Co., Ltd.	processing , manufacturing dehumidifier, air freshener, deodorizer, Daily cleansing products and other plastic products	USD 11,250	(Note1)	$ 260,081 (USD 8,530)	$ –	$ –	$ 260,081 (USD 8,530)	$ 7,565	100%	$ 7,565	$ 399,073	$ –

(Continued)

Investee in Mainland China	Main business activities	Total Amount of Paid-in Capital	Investment method	Accumulated Outflow of Investment from Taiwan as of January 1, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2022	Net Income (Losses) of the Investee	Ownership held by the Company (direct or indirect) (%)	Share of Profits / Losses	Carrying Amount as of December 31, 2022	Accumulated Inward Remittance of Earnings as of December 31, 2022
					Outflow	Inflow						
Yang Lun(Shanghai) Trading Co., Ltd	Purchase and sale dehumidifier, air freshener, deodorizer, Daily cleansing products and other plastic products	USD 700	(Note1)	$ –	$ –	$ –	$ –	$ (2,193)	100%	$ (2,193)	$ 9,988	$ 36,433 (USD1,170)
Dikai (Taicang) Enterprise Co., Ltd	Processing and manufacturing of plastic box, plastic vessel, plastic parts, daily plastic products	USD 1,000	(Note1)	$ –	$ –	$ –	$ –	$ 5,006	75.119%	$ 3,761	$ 27,487	$ 29,478 (USD1,015)

Note1: Indirect investment in Mainland China through a Subsidiary in a third place.

Note2: Recognized based on the financial statements audited by the auditors of the parent company in Taiwan.

(Continued)

Accumulated Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
$ 367,039 (USD11,723)	$ 401,015 (USD12,893)	$ 1,083,765

TABLE 4

Farcent Enterprise Co., Ltd
Purchases from or Sales to Related Parties of at Least NT$100 Million or 20% of the Paid-in Capital
For the Year Ended December 31, 2022

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

Purchaser/ seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Farcent Enterprise Co., Ltd.	Farcent (Suzhou) Environmental Technology Co., Ltd.	Subsidiary	Purchases	$ 293,181	27%	Closing on the 30th of the current month, 45 days for ticket/remittance	(Note1)	Normal	$ (65,177)	31%	
Farcent Enterprise Co., Ltd.	Farcent Enterprise (Thailand) Ltd.	Associate	Sales	$ 126,190	6%	Closing on the 25th of the current month, 45 days for ticket/remittance	(Note1)	Normal	$ 33,102	9%	
Yang Lun(Shanghai) Trading Co., Ltd.	Farcent (Suzhou) Environmental Technology Co., Ltd.	Other related parties	Purchases	$ 133,705	94%	Closing on the 30th of the current month, 60 days for ticket/remittance	(Note1)	Normal	$ (65,749)	92%	

Note1: The price of purchase or sale is set by using cost-plus pricing.

TABLE 5

Farcent Enterprise Co., Ltd
Intercompany Relationship and Significant Intercompany Transactions
For the Year Ended December 31, 2022
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Number (Note1)	Company name	Counterparty	Relationship (Note2)	Transaction			
				General ledger account	Amount (Note4)	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note3)
0	Farcent Enterprise Co., Ltd.	Farcent (Suzhou) Environmental Technology Co., Ltd	1	Net Purchase	293,181	purchase price according to cost-plus pricing	10.53%
0	Farcent Enterprise Co., Ltd.	Farcent (Suzhou) Environmental Technology Co., Ltd	1	Accounts payable	65,177	Under normal payment terms	2.51%
0	Farcent Enterprise Co., Ltd.	Dikai International Enterprise Co., Ltd.	1	Net Purchase	80,671	purchase price according to cost-plus pricing	2.90%
1	Yang Lun(Shanghai) Trading Co., Ltd	Farcent (Suzhou) Environmental Technology Co., Ltd	3	Net Purchase	133,705	purchase price according to cost-plus pricing	4.80%

(Continued)

Number (Note1)	Company name	Counterparty	Relationship (Note2)	Transaction			
				General ledger account	Amount (Note4)	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note3)
1	Yang Lun(Shanghai) Trading Co., Ltd.	Farcent (Suzhou) Environmental Technology Co., Ltd	3	Accounts payable	65,749	Under normal payment terms	2.53%

(Concluded)

Note1: The information of transactions between the Company and the consolidated subsidiaries should be noted in “Number” column. The number means:

(1) Number 0 represents the Company.

(2) The consolidated subsidiaries are numbered in order from number 1.

Note2: The relationship between transaction company and counterparty is classified into one of the following three categories:

(1) The Company to the consolidated subsidiary.

(2) The consolidated subsidiary to the Company.

(3) The consolidated subsidiary to another consolidated subsidiary

Note3: In calculating the ratio, the transaction amount is divided by consolidated total assets for balance sheet accounts and is divided by consolidated total revenues for income statement accounts.

Note4: Had been eliminated when preparing consolidated financial statements

TABLE 6

Farcent Enterprise Co., Ltd
Information on Major Shareholders
For the Year Ended December 31, 2022

Unit: Shares

Shares / Major shareholders	Numbers of Shares	Percentage of ownership
Wang Tsai,Hsin-Hsin	10,408,322	16.46%
Shi Da Investment Co., Ltd	5,757,495	9.10%
Yu Te Investment Co., Ltd	4,362,955	6.89%
Wang Chia Yu	4,104,016	6.49%
Wang Ying Ting	3,974,623	6.28%

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Independent Auditors' Report

To the Board of Directors and Shareholders of Farcent Enterprise Co., Ltd.

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

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

1.Goodwill impairment test included in investment subsidiaries

Description of key audit matters

As of December 31,2022, the balance of goodwill generated by the merger and acquisition transaction for investments accounted for using the equity method was NT$364,108 thousand, accounting for 16% of the total assets, and it was significant to the financial statements. According to IAS No. 36 "Impairment of Assets", the goodwill impairment assessment test should be conducted annually. When assessing whether the goodwill is impaired or not, the management needs to estimate the cash-generating unit's operating cash flow that may arise in the future and determine the appropriate discount rate to calculate the recoverable amount. Since these key assumptions involve subjective judgment of management and may be affected by future market or economy, there is a high degree of uncertainty over the estimates. Consequently, the goodwill impairment assessment arised from investments in subsidiaries is identified as a key audit matter for our audit.

Refer to Note 4.8 and Note 5 of the parent company only financial statements for detailed accounting policies of investments in subsidiaries; for information regarding investments accounted for using the equity method, please refer to Note 6.6 of the parent company only financial statements.

How our audit addressed the matter

We have performed the following audit procedures in response to the specific aspects described above for the key audit matters:

(1) Evaluate the professional competence, suitability, and objectivity of the independent appraiser appointed by the management to assist in performing impairment testing, and verify the qualifications of the appraiser. Discuss with the management the scope of work of the appraiser and review the appointment conditions to confirm that there are no issues affecting their objectivity or limiting their scope of work. Also, ensure that the methods used by the appraiser are in compliance with International Accounting Standards and industry norms.

(2) Understand the process and basis of the management's estimation of the forecasted sales growth rate and profit margin for future business prospects.

(3) Seek assistance from external appraisal experts to evaluate the reasonableness of major assumptions used in the model, such as expected growth rates and discount rates. The procedures include:

(i) Comparing the expected growth rate used with historical results, economic and industry forecasts, to determine if it is appropriate.

(ii) Comparing the discount rate used with assumptions on the capital cost of cash-generating units and similar asset returns rate to determine if it is appropriate.

(iii) Checking the settings of the appraisal model parameters and calculation formulas for any inconsistencies or errors.

(iv) Evaluating the sensitivity analysis of future cash flows performed by the management using different assumptions of expected growth rates, to confirm whether the management has appropriately addressed the potential impact of estimation uncertainty on impairment testing.

(4) Inquire the management and review the audit evidence obtained from the subsequent events audit procedures to identify any issues related to impairment testing after the reporting date.

2. Recognition of Revenue

Explanation of Key Audit Matters

Refer to Note 4.15to the accounting policy for revenue recognition in the parent company only financial statements; Refer to Note 6.15 to the parent company only financial statements for Revenue related disclosure.

For certain sales of Farcent Enterprise Co., Ltd.'s allowances, returns, or channel fees may need to be provided to customers based on the terms of the sales contract. Considering that the calculation of sales allowances, returns, or channel fees is complex and that the recognition of revenue includes deducting the discounts, returns, and channel fees of the sales customers when measuring revenue, our auditor believes that the recognition of revenue by Farcent Enterprise Co., Ltd is one of the key audit matters for the current year.

How our audit addressed the matter
We have performed the following audit procedures in response to the specific aspects described above for the key audit matters:

(1) Assess the correctness of the accounting policy for revenue recognition (including sales allowances, returns, and channel fees).

(2) Obtain relevant customer sales contract terms, test the channel fees to be paid to customers according to the sales contract provisions, and obtain internal data estimated in the previous year to assess whether the estimated amount calculated by management has significant abnormalities.

(3) Test the internal controls related to the sales and collection cycle and financial reporting, including selecting vouchers before and after the balance sheet date to confirm the appropriate cutoff of recorded sales, sales returns, and allowances.

(4) Perform trend analysis for revenue from the top ten sales customers and each product category, comparing actual figures with relevant changes and differences from the same period last year to assess whether there are significant abnormalities.

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

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

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

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

Auditors' Responsibilities for the Audit of the Parent company only Financial Statements

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements 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 Song Shu Lin and Chin Feng Lin.

Sung Shu Lin   Chin Feng Lin

Crowe (TW) CPAs
Taipei, Taiwan (Republic of China)

February 24, 2023

Notice to Readers

The accompanying parent company only financial statements are intended only to present the parent company only 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 parent company only financial statements are those generally accepted and applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying parent company only 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 parent company only financial statements shall prevail.

Farcent Enterprise Co., Ltd.
Parent Company Only Balance Sheets
December 31, 2022 and 2021
(In Thousands of New Taiwan Dollars)

	December 31, 2022			December 31, 2021		
ASSETS		Amount	%		Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Notes 4, 6 and 12)	$	374,289	16	$	313,602	14
Notes receivable, net (Notes 4, 6 and 12)		4,390	-		2,471	-
Accounts receivable, net (Notes 4, 6, 7 and 12)		386,579	17		480,737	21
Other receivables (Notes 7 and 12)		21,673	1		120	-
Inventories (Notes 4 and 6)		367,036	16		379,759	16
Prepayments		18,193	1		37,886	2
Other current assets (Notes 4, 6 and 12)		1,793	-		11,074	-
Total current assets		1,173,953	51		1,225,649	53
NONCURRENT ASSETS						
Investments accounted for using the equity method (Notes 4, 5 and 6)		1,064,932	46		998,275	44
Property, plant and equipment (Notes 4 and 6)		58,639	3		64,333	3
Right-of-use assets (Notes 4 and 6)		7,447	-		5,530	-
Intangible assets (Notes 4 and 6)		2,675	-		4,374	-
Other noncurrent assets (Notes 4, 6, 8 and 12)		4,868	-		4,470	-
Total noncurrent assets		1,138,561	49		1,076,982	47
TOTAL ASSETS	$	2,312,514	100	$	2,302,631	100

	December 31, 2022			December 31, 2021		
LIABILITIES AND EQUITY		Amount	%		Amount	%
CURRENT LIABILITIES						
Financial liabilities at fair value						
through profit or loss – current (Notes 4, 6 and 12)	$	27	-	$	7	-
Accounts payable (Notes 6, 7 and 12)		211,730	9		236,211	10
Other payables (Notes 6, 7 and 12)		237,680	11		275,998	12
Current tax liabilities (Notes 4 and 6)		10,525	-		16,152	1
Lease liabilities – current (Notes 4, 6 and 12)		4,008	-		2,043	-
Other current liabilities (Note 6)		7,751	-		14,031	1
Total current liabilities		471,721	20		544,442	24
NONCURRENT LIABILITIES						
Lease liabilities – noncurrent (Notes 4, 6 and 12)		3,497	-		3,505	-
Net defined benefit liabilities – noncurrent (Notes 4 and 6)		17,181	1		32,943	1
Other noncurrent liabilities (Notes 4, 6 and 12)		13,840	1		11,717	1
Total noncurrent liabilities		34,518	2		48,165	2
TOTAL LIABILITIES		506,239	22		592,607	26
EQUITY (Note 6)						
Share capital						
Ordinary shares		632,339	27		632,339	27
Capital surplus		234,657	10		234,657	10
Retained earnings						
Legal reserve		289,122	13		262,971	11
Special reserve		68,062	2		38,283	2
Unappropriated retained earnings		625,188	27		609,835	27
		982,372	42		911,089	40
Other equity						
Exchange differences on translation of foreign financial statements		(43,093)	(1)		(68,061)	(3)
		(43,093)	(1)		(68,061)	(3)
TOTAL EQUITY		1,806,275	78		1,710,024	74
TOTAL LIABILITIES AND EQUITY	$	2,312,514	100	$	2,302,631	100

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

Farcent Enterprise Co., Ltd.
Parent Company Only Statements of Comprehensive Income
For the years ended December 31, 2022 and 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
Operating revenue (Notes 4, 6 and 7)	$ 2,163,158	100	$ 2,471,669	100
Operating costs (Notes 4, 6 and 7)	(1,258,487)	(58)	(1,475,457)	(60)
Gross profit from operations	904,671	42	996,212	40
Unrealized gross profit from sale	(13,840)	(1)	(11,718)	-
Realized profit from sale	11,718	1	12,036	-
Gross profit from operations, net	902,549	42	996,530	40
Operating expenses (Notes 4, 6 and 7)				
Marketing expenses	(595,914)	(27)	(661,957)	(26)
General and administrative expenses	(85,419)	(4)	(91,348)	(4)
Research and development expenses	(16,287)	(1)	(16,722)	(1)
Total operating expenses	(697,620)	(32)	(770,027)	(31)
NET OPERATING INCOME	204,929	10	226,503	9
Non-operating income and expenses				
Share of profit of associates and joint ventures accounted for using equity method (Notes 4 and 6)	78,830	4	79,053	4
Interest income (Note 4)	1,438	-	705	-
Other income (Notes 4 and 7)	8,738	-	8,554	-
Foreign exchange gain(loss), net (Notes 4 and 12)	(2,869)	-	598	-
Net loss on financial asset at fair value through profit or loss (Note4)	(20)	-	(330)	-
Finance costs (Notes 4, 6 and 7)	(349)	-	(173)	-
Loss on disposal of Property, plant and equipment (Note 4)	(924)	-	(1)	-
Total non-operating income and expenses	84,844	4	88,406	4
INCOME BEFORE INCOME TAX	289,773	14	314,909	13
INCOME TAX EXPENSE (Notes 4 and 6)	(36,369)	(2)	(53,402)	(2)
NET INCOME	253,404	12	261,507	11
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit obligation (Notes 4 and 6)	7,581	-	(2,186)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences arising from translation of foreign operations (Notes 4 and 6)	24,968	1	(29,779)	(1)
Other comprehensive income for the year, net of income tax	32,549	1	(31,965)	(1)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 285,953	13	$ 229,542	10
Earnings per share (NT$)(Note 6)	Amount		Amount	
Basic earnings per share	$ 4.01		$ 4.14	

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

Farcent Enterprise Co., Ltd.

Parent Company Only Statements of Changes in Equity

For the years ended December 31, 2022 and 2021

(In Thousands of New Taiwan Dollars)

	Capital Stock	Capital surplus	Retained earnings			Other equity	
	Common Stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	differences on translation of foreign financial statements	Total equity
Balance, January 1, 2021	$ 632,339	$ 234,969	$ 228,160	$ 29,357	$ 652,632	$ (38,282)	$ 1,739,175
Appropriations of earnings：							
Legal reserve	-	-	34,811	-	(34,811)	-	-
Special reserve	-	-	-	8,926	(8,926)	-	-
Cash dividends of ordinary share	-	-	-	-	(244,083)	-	(244,083)
Net profit for 2021	-	-	-	-	261,507	-	261,507
Other comprehensive income (loss),net of tax, for 2021	-	-	-	-	(2,186)	(29,779)	(31,965)
Total comprehensive income (loss) for 2021	-	-	-	-	259,321	(29,779)	229,542
Difference between the acquisition price and carrying amount of subsidiaries	-	(312)	-	-	(14,298)	-	(14,610)
Balance, December 31, 2021	632,339	234,657	262,971	38,283	609,835	(68,061)	1,710,024
Appropriations of earnings：							
Legal reserve	-	-	26,151	-	(26,151)	-	-
Special reserve	-	-	-	29,779	(29,779)	-	-
Cash dividends of ordinary share	-	-	-	-	(189,702)	-	(189,702)
Net profit for 2022	-	-	-	-	253,404	-	253,404
Other comprehensive income (loss),net of tax, for 2022	-	-	-	-	7,581	24,968	32,549
Total comprehensive income (loss) for 2022	-	-	-	-	260,985	24,968	285,953
Balance, December 31, 2022	$ 632,339	$ 234,657	$ 289,122	$ 68,062	$ 625,188	$ (43,093)	$ 1,806,275

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

Farcent Enterprise Co., Ltd.
Parent Company Only Statements of Cash Flows
For the years ended December 31, 2022 and 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit from continuing operations before tax	$ 289,773	$ 314,909
Adjustments :		
Depreciation expense	10,129	11,316
Amortization expense	2,822	3,997
Net loss on financial assets and liabilities at fair value through profit of loss	20	330
Finance costs	349	173
Interest income	(1,438)	(705)
Share of profit of associates and joint ventures accounted for using equity method	(78,830)	(79,053)
Loss on disposal of Property, plant and equipment	924	1
Changes in operating assets		
Decrease (increase) in notes receivable	(1,919)	5,671
Decrease in accounts receivable	94,158	13,349
Decrease (increase) in other receivable	(21,553)	1,000
Decrease in inventories	12,723	5,354
Decrease in prepayments	19,693	27,160
Decrease in other current assets	9,281	5,117
Changes in operating liabilities		
Decrease in accounts payable	(24,481)	(7,135)
Increase (decrease) in other payable	(38,408)	19,045
Increase (decrease) in other current liabilities	(6,280)	335
Increase (decrease) in net defined benefit liabilities	(8,181)	80
Increase (decrease) in deferred credits	2,123	(319)
Cash generated from operations	260,905	320,625
Interest received	1,438	705
Dividend received	37,141	27,852
Interest paid	(259)	(170)
Income taxes paid	(41,996)	(80,892)
Net cash flows from operating activities	257,229	268,120
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of financial assets at amortized cost	-	98,000
Proceeds from disposal of financial assets at fair value through profit or loss	-	100,201
Acquisition of property, plant and equipment	(1,320)	(3,786)
Proceeds from disposal of property, plant and equipment	117	-
Increase in refundable deposits	-	(1,135)
Acquisition of intangible assets	(1,123)	(438)
Increase in prepayments for equipment	(568)	(170)
Net cash flows from (used in) investing activities	(2,894)	192,672
CASH FLOWS FROM FINANCING ACTIVITIES		
Guarantee deposits received	-	(38)
Repayment of the principal portion of lease liabilities	(3,946)	(3,287)
Cash dividends paid	(189,702)	(244,083)
Decrease in non-controlling interests	-	(67,140)
Net cash used in financing activities	(193,648)	(314,548)
NET INCREASE IN CASH AND CASH EQUIVALENTS	60,687	146,244
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	313,602	167,358
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 374,289	$ 313,602

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

Farcent Enterprise Co., Ltd.
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
For the Years Ended December 31, 2022 and 2021

(Amounts In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. General Information

Farcent Enterprise Co., Ltd.(the "Company") was founded on May 24, 1983. The Company primarily engages in manufacture and sales of all kinds of aromatic deodorants, dehumidifiers, dishwashing liquid, washing powder and other cleaning agents and various mops, as well as the agency sales of shoe agents and kitchen utensils. The company's stock has been listed and traded on the Taiwan Stock Exchange since September 17, 2001.

The parent company only financial statements are presented in the Company's functional currency, New Taiwan Dollars.

2. The Authorization of Financial Statements

The accompanying parent company only financial statements were approved and authorized for issue by the Board of Directors on February 24, 2023.

3. Application of New Standards, Amendments, and Interpretations

3.1 Initial application of the amendments to 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)

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

New IFRSs	Effective Date Announced by IASB (Note A)
Amendments to IAS 16 "Property, Plant and Equipment: Proceeds before Intended Use"	January 1, 2022 (Note B)
Amendments to IAS 37 "Onerous Contracts—Cost of Fulfilling a Contract"	January 1, 2022 (Note C)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note D)
Annual Improvements to IFRS Standards 2018–2020	January 1, 2022 (Note E)

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

Note B : An entity shall apply these amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

Note C : An entity shall apply these amendments to contracts for which it has not yet fulfilled all its obligations on January 1, 2022.

Note D : These amendments apply to business combinations whose acquisition date occur during the annual reporting periods beginning on or after January 1, 2022.

Note E : An entity shall apply the Amendment to IFRS 9 to financial liabilities that are modified or exchanged during the annual reporting periods beginning on or after January 1, 2022. An entity shall apply the Amendment to IAS 41 to fair value measurements for annual reporting periods beginning on or after January 1, 2022. An entity shall apply the Amendment to IFRS 1 for annual reporting periods beginning on or after January 1, 2022.

(1) Amendments to IAS 16 “Property, Plant and Equipment: Proceeds before Intended Use”

The amendments set out that proceeds from selling items produced while bringing an item of property, plant and equipment to the location and condition necessary for them to be capable of operating in the manner intended by management shall not be recognized as a deduction of the asset. Instead, the proceeds from selling such items and the costs of those items, measured in accordance with IAS 2, shall be recognized in profit or loss in accordance with applicable IFRS Standards. Additionally, the amendments clarify that costs of testing whether the asset is functioning properly is the costs of assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

The Company shall apply these amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which The Company first applies the amendments. The cumulative effects of initially applying the amendments shall be recognize as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented with comparative information restated.

(2) Amendments to IAS 37 “Onerous Contracts ─ Cost of Fulfilling a Contract”

The amendments set out that, when determining whether a contract is onerous, the cost of fulfilling a contract comprises (a) the incremental costs of fulfilling that contract—for example, direct labor and materials; and (b) an allocation of other costs that relate directly to fulfilling contracts—for example, an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling that contract among others.

(3) Amendments to IFRS 3 “Reference to the Conceptual Framework”

The amendments update a reference to the Framework in IFRS 3 and require the acquirer shall apply IFRIC 21 for a levy that would be within the scope of IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

(4) Annual Improvement to IFRS Standards 2018-2020

The annual improvement amends several Standards. Among which, the Amendment to IFRS 9 clarifies that, in determining whether an exchange or modification of the terms of a financial liability is substantially different from those of the original liability, only fees paid net of fees received between the Company (the borrower) and the lender for the new or modified contract, including fees paid or received by either the Company or the lender on the other’s behalf, shall be included in the ‘10 per cent’ test of the discounted present value of the cash flows under the new terms.

Based on the Company’s assessment, the New IFRSs above have no significant effect on the Company’s financial position and financial performance.

3.2 The IFRSs issued by International Accounting Standards Board (IASB) and endorsed by FSC with effective date starting 2023

New standards, interpretations and amendments endorsed by the FSC and effective from 2023 are as follows:

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 “Disclosures of Accounting Policies”	January 1, 2023 **(Note A)**
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 **(Note B)**
Amendments to IAS 12 “Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction”	January 1, 2023 **(Note C)**

Note A : An entity shall apply these amendments for annual reporting periods beginning on or after January 1, 2023.

Note B : These amendments apply to changes in accounting estimates and changes in accounting policies that occur during annual reporting periods beginning on or after January 1, 2023.

Note C : An entity shall apply the amendments to transactions that occur on or after the beginning of the earliest comparative period presented. It also, at the beginning of the earliest comparative period presented, recognizes deferred taxes for all temporary differences related to leases and decommissioning obligations and recognizes the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

(1) Amendments to IAS 1 “Disclosures of Accounting Policies”

The amendments clarify that an entity shall disclose its material significant accounting policy information if the transaction, other event or condition to which the accounting policy information relates is material in size or nature, or a combination of both, and the accounting policy information that relates to a material transaction, other event or condition is also material to the financial statements. On the other hand, if the transaction, other event or condition to which the accounting policy information relates is immaterial in size or nature, an entity needs not to disclosure the accounting policy information that relates to the immaterial transaction, other event or condition. Additionally, Immaterial accounting policy information that relates to material transactions, other events or conditions need not be disclosed, either. However, an entity’s conclusion that accounting policy information is immaterial does not affect the related disclosure requirements set out in other IFRS Standards.

(2) Amendments to IAS 8 “Definition of Accounting Estimates”

The amendments define accounting estimates as monetary amounts in financial statements that are subject to measurement uncertainty and clarify that a change in measurement techniques or inputs used to develop an accounting estimate is a change in accounting estimates unless the change is due to an error from prior periods.

(3) Amendments to IAS 12 “Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction”

The amendments narrow the exemption extent in paragraphs 15 and 24 of IAS 12 for an entity from recognizing a deferred tax asset or liability in particular circumstances. In particular, the exemption does not apply to a transaction that gives rise to equal taxable and deductible difference at the time of the transaction. At the initial application of the amendments, an entity shall, at the beginning of the earliest comparative period presented, recognize deferred taxes for all deductible and taxable temporary differences associated with (i) lease and (ii) decommissioning liabilities and recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date. An entity shall also apply the amendments transactions that occur on or after the beginning of the earliest comparative period presented. When initially applying the amendments, the information for comparable periods shall be restated.

Based on the Company's assessment, the application of the New IFRSs above will not have any significant impact on the Company's financial position and financial performance.

3.3 The IFRSs issued by IASB but not yet endorsed and issued into effect by 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 IRFS 17	January 1, 2023
Amendments to IRFS 17 "Initial Application of IFRS 17 and IFRS 9─Comparative Information"	January 1, 2023
Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"	January 1, 2024
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

As of the date the accompanying parent company only financial statements are authorized for issue, the Company is still evaluating the impact on its financial position and financial performance as a result of the initial adoption of the aforementioned standards or interpretations. The related impact will be disclosed when the Company completes the evaluation.

4. Summary of Significant Accounting Policies

4.1 Statement of Compliance

The accompanying parent company only financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC.

4.2 Basis of Preparation

Except for the financial instruments measured at fair value and net defined benefit liabilities recognized based on the net amount of the present value of defined benefit obligation less fair value of plan assets, the parent company only financial statements have been prepared under the historical cost convention.

Fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

(1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

(2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

(3) Level 3 inputs are unobservable inputs for the asset or liability.

When preparing the parent company only financial statements, the Company account for subsidiaries and associates by using the equity method. In order to agree with the amount of net income, other comprehensive income and equity attributable to shareholders of the parent in the consolidated financial statements, the differences of the accounting treatment between the parent company only basis and the consolidated basis are adjusted under the heading of investments accounted for using equity method, share of profits of subsidiaries and associates and share of other comprehensive income of subsidiaries and associates in the parent company only financial statements.

4.3 Classification of Current and Noncurrent Assets and Liabilities

Current assets include:

(1) Assets held mainly for trading purposes;

(2) Assets expected to be realized within 12 months after the balance sheet date; or

(3) 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.

Current liabilities include：

(1) Liabilities arising mainly from trading activities;

(2) Liabilities that are to be settled within twelve months from the balance sheet date, even if an agreement to refinance, or to reschedule payments on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and

(3) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date.

Assets and liabilities that are not classified as current are noncurrent assets and liabilities, respectively.

4.4 Foreign Currencies

In preparing the parent company only financial statements, transactions in currencies other than the entity’s functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Such exchange differences are recognized in profit or loss in the year in which they arise. Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the year except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income. Non-monetary items that are measured in terms of historical cost in foreign currencies are not retranslated.

Except for the following items, exchange differences arising from delivery of monetary items or conversion of monetary items are recognized in profit or loss in the period in which they occur.

(1) For foreign currency loans related to assets under construction for future production, the exchange difference arising therefrom shall be included in the cost of such assets if it belongs to the adjustment of the interest cost of foreign currency loans.

(2) The exchange difference arising from hedging transactions to avoid part of the exchange rate risk; and

(3) A monetary item receivable from or payable to a foreign operating institution, the settlement of which is neither currently planned nor likely to occur in the foreseeable

future (thus forming part of the net investment in the foreign operating institution), the exchange difference The original series is recognized in other comprehensive profit or loss and reclassified from equity to profit or loss when the net investment is disposed of.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the year except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

For the purposes of presenting the parent company only financial statements, the assets and liabilities of the Company's foreign operations are translated into NT$ using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity.

On the partial disposal of foreign operations that result in a loss of control, loss of significant influence or joint control but retain partial equity is considered a disposal.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is adjusted in "investments accounted for using the equity method". In partial disposal of an associate or jointly controlled entity that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

4.5 Cash equivalents

Cash equivalents, for the purpose of meeting short-term cash commitments, consist of highly liquid time deposits and investments (including the original maturity of the time deposits within three months.) that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

4.6 Financial instruments

Financial assets and liabilities shall be recognized when the Company becomes a party to the contractual provisions of the instruments.

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

(1) Financial Assets

All regular way purchases or sales of financial assets are recognized and derecognized using trade date accounting.

(a) Measurement categories

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

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

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

Financial assets at FVTPL are initially and subsequently measured at fair value, with dividends, interest earned, and gains or losses arising from remeasurement recognized in other gains or losses. Fair value is determined in the manner described in Note 12.1

(ii) Financial assets at amortized cost

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

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- 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 are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

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

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

(b) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses on financial assets at amortized cost (including accounts receivable).

The Company recognizes loss allowances at an amount equal to lifetime expected credit losses for accounts receivable, contract assets, and lease receivables. For all other financial instruments, the Company recognizes lifetime ECLs for which there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

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

The Company recognizes impairment losses in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

(c) Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulate gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI in its entirety, the cumulative gain or loss that had been recognized in other comprehensive incomes transferred directly to retained earnings, without reclassifying to profit or loss.

(2) Financial liabilities

(a) Subsequent measurement

Except for the following situations, all financial liabilities are measured at amortized cost using the effective interest method:

(i) Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or is designated as at fair value through profit or loss.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss (excluding any dividends or interest paid on the financial liability). Fair value is determined in the manner described in Note 12.1.

(b) Derecognition of financial liabilities

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

(3) Equity instruments

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

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

If the Company reacquires its own equity instruments, those instruments shall be deducted from equity. No gain or loss shall be recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

(4) Derivative Financial Instruments

The derivatives signed by the Company are forward foreign exchange contracts to manage the Company's exchange rate risk.

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

4.7 Inventories

Inventories consist of raw materials, supplies, work in process, finished goods and merchandise. Cost of inventories is determined using the weighted average method. Inventories are measured at the lower of cost and net realizable value. The item-by-item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses. Appropriate allowances have been made for sluggish and non-performing inventories, and sluggish and depreciation losses are recognized as operating costs for the current period.

4.8 Investments accounted for using the equity method

The Company accounts for its investments in subsidiaries and associates using the equity method.

(1) Investment in subsidiaries

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the subsidiary as well as the distribution received. The Company also recognized its share in the changes in the equity of subsidiaries.

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. Any difference between the carrying amount of the subsidiary and the fair value of the consideration paid or received is recognized directly in equity.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary is recognized as goodwill at the date of acquisition, which is included within the carrying amount of the investment and cannot be amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities of an associate over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Company loses control of a subsidiary, any retained investment of the former subsidiary is measured at the fair value at that date. A gain or loss is recognized in profit or loss and calculated as the difference between (a) the aggregate of the fair value of consideration received and the fair value of any retained interest at the date when control is lost; and (b) the previous carrying amount of the investments in such subsidiary. In addition, the Company shall account for all amounts previously recognized in other comprehensive income in relation to the subsidiary on the same basis as would be required if the subsidiary had directly disposed of the related assets and liabilities.

When the Company transacts with its subsidiaries, profits and losses resulting from the transactions with the subsidiaries are recognized in the Company's parent company only financial statements only to the extent of interests in the subsidiaries that are not owned by the Company.

(2) Investment in associates

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The Company accounts for its investments in associates using the equity method. Under the equity method, an investment in an associate is initially recognized in the statement of financial position at cost and adjusted thereafter to recognize the

Company's share of profit or loss and other comprehensive income of the associate as well as the distribution received. The Company also recognizes its share in the changes in the equities of associates.

In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for using the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

Unrealized gains and losses resulting from transactions between the Company and its associates are eliminated to the extent of the interest in the associate.

4.9 Property, Plant and Equipment

Property, plant and equipment are tangible items held for the production or provision of goods or services, leased to others, or for management purposes and are expected to be used for more than one period. When the condition of reliable measurement is recognized, it shall be measured and recognized at cost, and property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets commences when the assets are ready for their intended use.

Depreciation is recognized so as to write off the cost of the assets less their residual values over their useful lives, and it is computed using the straight-line method over the estimated useful lives. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, any change is accounted for as a change in accounting estimate.

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

4.10 Leases

<u>The Company as lessee</u>

Except for payments for low-value asset leases and short-term leases which are recognized as expenses on a straight-line basis, the Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of the lease.

Right-of-use assets

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

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms. However, if the ownership of the underlying assets is transferred to the Company by the end of the lease terms or if the costs of right-of-use assets reflect that the Company will exercise a purchase option, the Company depreciates the right-of-use assets from the commencement dates to the end of the useful lives of the underlying assets.

Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments that depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee’s incremental borrowing rate.

When there is a change in a lease term, a change in the assessment of an option to purchase an underlying asset, a change in the amounts expected to be payable under a residual value guarantee, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented as a separate line item in the consolidated balance sheets.

4.11 Intangible assets

(1) Intangible assets acquired separately

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

(2) Internally-generated intangible assets-research and development expenditure

Research costs are expensed as incurred.

(3) Acquired by business combination

Intangible assets acquired in a business combination are recognized at fair value on the acquisition date and recognized separately from goodwill. Subsequent measurement methods are the same as for intangible assets acquired separately.

(4) Derecognition

Any gain or loss arising from the disposal of the assets is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognized in profit or loss.

4.12 Impairment of Tangible and Intangible Assets (other than goodwill)

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

For intangible assets with indefinite useful lives and not yet available for use, impairment tests shall be conducted at least annually and when there is evidence of impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset or a cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

4.13 Employee benefits

(1) Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

(2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

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, past service cost and settlement profit (loss)) and net interest on the net defined benefit liability (asset) are recognized as employee benefits 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 they occur. 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. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

Pension cost is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations, significant plan revisions, settlements as well as other significant one-time matters after the end of the prior financial year.

4.14 Provision

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When a part or all of the expenses required to pay off the liability provision is expected to be repaid from the other party, when the receivable is almost certain and the amount can be measured reliably, the receivable shall be recognized as an asset.

(1) Onerous contracts

When the Company expects that the inevitable cost of fulfilling the contractual obligations exceeds the expected economic benefits obtained from the contract, it recognizes the current obligations arising from onerous contracts as liability reserves.

(2) Warranty

The warranty obligation to ensure that the product conforms to the agreed specifications is based on the management's best estimate of the expenditure required to pay off the Company's obligations, and is recognized at the same time as the date when the revenue is recognized for the relevant product.

4.15 Revenue Recognition

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

<u>Sale of goods</u>

The Company recognizes revenue and accounts receivable at the time when the customer has the right to set the price and use of the product and bears the primary responsibility for reselling the product, and bears the risk of obsolescence of the product.

The Company does not recognize sale on transactions involving the delivery of materials to subcontractors since there is no transfer to subcontractors of the rights to these materials.

4.16 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets (one that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalized as part of the cost of those assets until substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Investment income earned on the temporary investment of specific borrowings prior to the occurrence of eligible capital expenditures is deducted from the borrowing costs eligible for capitalization.

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

4.17 Taxation

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

(1) Current tax

The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company operate and generate taxable income.

Income tax on unappropriated earnings is expensed in the year of shareholder approval which is the year subsequent to the year the earnings are generated.

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

(2) Deferred tax

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

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

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. The deferred tax assets which originally not recognized is also reviewed at the end of each reporting period and increased to the extent that it is probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

(3) Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively. If the current income tax or deferred income tax is generated from the business combination, the income tax impact will be included in the accounting treatment of the business combination.

5. Critical Accounting Judgments and Key Sources of Estimation and Uncertainty

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period, or in the period of the revision and future periods if the revisions affect both current and future periods.

The main sources of significant accounting judgments, estimates and assumptions are as follows, these assumptions and uncertainties have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment assessment of investments accounted for using the equity method (including goodwill)

The management of the Company evaluates the impairment based on the future cash flows forecast of the invested company. Including the sales growth rate and production capacity utilization rate estimated by the internal management of the invested company, and determines the appropriate discount rate for calculating the present value. The Company also considers the relevant market and industry profiles to determine the rationality of its relevant assumptions.

6. Description of Significant Accounts

6.1 Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand	$ 150	$ 150
Checking deposits	450	659
Demand deposits	203,897	192,896
Repurchase agreements	169,792	119,897
	$ 374,289	$ 313,602

(1) The Company has no cash and cash equivalents pledged as collaterals.

(2) The interest rates for repurchase agreements as of December 31, 2022 and 2021 is as follows:

	December 31, 2022	December 31, 2021
Repurchase agreements	0.70%~0.75%	0.25%

6.2 Financial instruments at fair value through profit or loss

	December 31, 2022	December 31, 2021
Financial liabilities - current		
Financial liabilities held for trading		
Foreign exchange forward contracts	$ 27	$ 7

(1) The Company has no financial assets at fair value through profit or loss pledged as collaterals.

(2) In 2022, the Company entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. These foreign exchange forward contracts did not meet the criteria for hedge accounting. Therefore, the Company did not apply hedge accounting treatment for these foreign exchange forward contracts. At the end of the reporting period, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

December 31, 2022

Company Name	Derivative Name	Contract amount (Nominal Principal in thousands)		Contract period
Farcent Enterprise Co., Ltd.	foreign exchange forward contracts – NTD to RMB	RMB	6,000	2022.12.09~2023.01.30

6.3 Notes receivable, Net

	December 31, 2022	December 31, 2021
Arising from operating activities	$ 4,390	$ 2,471
Less: Loss allowance	–	–
Notes receivable, net	$ 4,390	$ 2,471

The Company has no notes receivable pledged as collaterals.

6.4 Accounts receivable, Net

	December 31, 2022	December 31, 2021
Amortized at cost		
Gross carrying amount-Non related parties	$ 340,294	$ 425,210
Gross carrying amount from related parties	48,807	58,049
Less: loss allowance	(2,522)	(2,522)
Accounts receivable, net	$ 386,579	$ 480,737

Overdue receivable (presented as Other noncurrent assets)

	December 31, 2022	December 31, 2021
Amortized at cost		
Gross carrying amount	$ 2,069	$ 2,069
Less: loss allowance	(2,069)	(2,069)
Overdue receivable, net	$ –	$ –

(1) The Company has no accounts receivable and overdue receivable pledged as collaterals.

(2) In principle, the credit period of sales of goods granted to customers ranges from 30 to 90 days. The Company using the simplified approach to recognize the loss allowance at an amount equal to lifetime expected credit losses. The expected credit losses are calculated based on loss rates estimated by reference to past default experience and the current financial position of the debtor, adjusted for current and forecast economic conditions of the industry. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision matrix for loss allowance based on past due status is not further distinguished according to the Company's different customer base, and only determined expected credit loss rate based on the days past due.

(3) The loss allowances of notes receivable, accounts receivable and overdue receivable are measured using a provision matrix as follow:

December 31, 2022	Expected credit loss rate	Gross carrying amount	Loss allowance (Lifetime ECL)	Amortized cost
Not past due	0%~0.5%	$ 369,804	$ (393)	$ 369,411
1 – 30 days	5%	19,877	(742)	19,135
31 – 60 days	10%	1,296	(130)	1,166
Over 60 days	50%	2,514	(1,257)	1,257
Overdue receivable	100%	2,069	(2,069)	–
		$ 395,560	$ (4,591)	$ 390,969

December 31, 2021	Expected credit loss rate	Gross carrying amount	Loss allowance (Lifetime ECL)	Amortized cost
Not past due	0%~0.5%	$ 465,282	$ (1,853)	$ 463,429
1 – 30 days	5%	4,290	(22)	4,268
31 – 60 days	10%	2,025	(203)	1,822
Over 60 days	50%	14,133	(444)	13,689
Overdue receivable	100%	2,069	(2,069)	–
		$ 487,799	$ (4,591)	$ 483,208

(4) The movements of the loss allowances of notes receivable, accounts receivable and overdue receivable were as follows:

	2022		2021	
Balance at January 1	$	4,591	$	4,591
Add: Recognition of impairment losses		–		–
Less: Reversal of impairment losses		–		–
Balance at December 31	$	4,591	$	4,591

6.5 Inventories

	December 31, 2022		December 31, 2021	
Merchandise	$	139,093	$	182,688
Raw materials		15,681		19,326
Supplies		21,671		26,163
Semi-finished goods		2,440		2,400
Finished goods		188,151		149,182
	$	367,036	$	379,759

(1) The Company has no inventories pledged as collaterals.

(2) The cost of inventories recognized as expense for 2022 and 2021:

	2022		2021	
Cost of goods sold	$	1,277,084	$	1,466,871
Loss on decline (gain on reversal) in market value of inventories		(22,271)		6,188
Loss on inventory given up		5,197		4,024
Gain on physical inventory		(1,523)		(1,626)
	$	1,258,487	$	1,475,457

6.6 Investments accounted for using the equity method

	December 31, 2022		December 31, 2021	
Subsidiaries	$	962,977	$	906,766
Associates		101,955		91,509
	$	1,064,932	$	998,275

(1) The Company has no Investments accounted for using the equity method pledged as collaterals.

(2) Investments in subsidiaries:

Subsidiaries consisted of the following:

Subsidiaries	December 31, 2022 Carrying Amount	December 31, 2022 Percentage of Ownership	December 31, 2021 Carrying Amount	December 31, 2021 Percentage of Ownership
Eutech International Co., Ltd.	$ 308,760	100.00%	$ 296,205	100.00%
Dikai International Enterprise Co., Ltd	364,108	75.119%	326,424	75.119%
Farcent International (Samoa) Co., Ltd.	177,069	100.00%	168,327	100.00%
Farcent International (Asia)Co., Ltd.	61,728	60.148%	57,432	60.148%
Farcent Vina Co., Ltd.	7,399	65.00%	6,029	65.00%
Farcent Malaysia SDN BHD	39,497	100.00%	47,895	100.00%
Farcent Biotechnology International Enterprise Co., Ltd	4,416	100.00%	4,454	100.00%
	$ 962,977		$ 906,766	

(a) Investments in subsidiaries accounted for using the equity method and the Company’s share of profit or loss and other comprehensive income for 2022 and 2021 in these investments are calculated based on the financial statements audited by accountant. 。

(b) On June 4, 2021, the boards of directors of the Company resolved to acquire 14.92% interest in Dikai International Enterprise Co., Ltd for a consideration of NT$ 67,140 thousand (equal to 89,520 shares). On June 7, 2021, the relevant registration had been completed and the aforementioned investment had been fully paid. The Company’s cumulative shareholding in Dikai International Enterprise Co., Ltd was equal to 75.119%. The aforementioned transaction were accounted for as an equity transaction since the transaction did not change the Company’s control over Dikai International Enterprise Co., Ltd and a decrease of NT$ 312 thousand in capital surplus and a decrease of NT$ 14,298 thousand in retained earnings was recognized.

(3) Investments in associates:

Associates consisted of the following:

	December 31, 2022	December 31, 2021
Farcent Enterprise (Thailand) Ltd.	$ 101,955	$ 91,509

(a) The Ownership and voting rights held by the Company at the balance sheet date is as follows:

	December 31, 2022	December 31, 2021
Farcent Enterprise (Thailand) Ltd.	40%	40%

Please refer to Tables 2 for the nature of businesses, operating location, and registration information of the aforementioned associates.

(b) The market prices information of the associates' ownership held by the Company in publicly traded stocks calculated by the closing price at the end of the reporting period: None;

(c) The aggregated financial information of the associates that are material to the Company: None;

(d) The aggregated information of the associates that are individually immaterial to the Company is as follows:

	2022	2021
The Company's share		
Profit from continuing operations	$ 8,281	$ 12,905
Other comprehensive income, net of tax	5,503	(9,749)
Total comprehensive income	$ 13,784	$ 3,156

Investments accounted for using the equity method and the Company's share of profit or loss and other comprehensive income in these investments are calculated based on the financial statements audited by accountant.

6.7 Property, plant and equipment

	2022				
	Balance at January 1	Additions	Disposals	Reclassification	Balance at December 31
Cost					
Land	$ 40,367	$ –	$ –	$ –	$ 40,367
Buildings	29,156	–	–	–	29,156
Office equipments	8,518	606	(1,057)	–	8,067
Leased assets	376	–	–	–	376
Assets leased to others	13,219	–	–	–	13,219
Other equipments	25,447	714	(7,948)	170	18,383
Subtotal	117,083	1,320	(9,005)	170	109,568
Accumulated impairment	(2,639)	–	–	–	(2,639)
Accumulated depreciation					
Buildings	(13,176)	(519)	–	–	(13,695)
Office equipments	(7,476)	(689)	935	–	(7,230)
Leased assets	(376)	–	–	–	(376)
Assets leased to others	(10,593)	(1,125)	–	–	(11,718)
Other equipments	(18,490)	(3,810)	7,029	–	(15,271)
Subtotal	(50,111)	(6,143)	7,964	–	(48,290)
Carrying amounts	$ 64,333	$ (4,823)	$ (1,041)	$ 170	$ 58,639

	2021				
	Balance at January 1	Additions	Disposals	Reclassification	Balance at December 31
Cost					
Land	$ 40,367	$ –	$ –	$ –	$ 40,367
Buildings	29,156	–	–	–	29,156
Office equipments	8,660	636	(778)	–	8,518
Leased assets	376	–	–	–	376
Assets leased to others	13,219	–	–	–	13,219
Other equipments	22,427	3,150	(130)	–	25,447
Subtotal	114,205	3,786	(908)	–	117,083
Accumulated impairment	(2,639)	–	–	–	(2,639)
Accumulated depreciation					
Buildings	(12,629)	(547)	–	–	(13,176)
Office equipments	(7,094)	(1,159)	777	–	(7,476)
Leased assets	(376)	–	–	–	(376)
Assets leased to others	(8,983)	(1,610)	–	–	(10,593)
Other equipments	(13,893)	(4,727)	130	–	(18,490)
Subtotal	(42,975)	(8,043)	907	–	(50,111)
Carrying amounts	$ 68,591	$ (4,257)	$ (1)	$ –	$ 64,333

(1) Depreciation of the Company’s property, plant and equipments is computed using straight-line method over the following estimated useful lives:

Buildings	16 to 56 years
Office equipments	2 to 6 years
Leased assets	3 to 5 years
Assets leased to others	1 to 5 years
Other equipments	1 to 6 years

(2) The Company has no property, plant and equipments pledged as collaterals.

(3) As there was no indication of impairment in 2022 and 2021, no impairment loss was recognized for the year.

6.8 Lease agreements

(1) Right-of-use assets

	2022				
	Balance at January 1	Additions	Disposals	Reclassification	Balance at December 31
Cost					
Buildings	$ 6,847	$ 5,903	$ (5,543)	$ –	$ 7,297
Transportation equipments	5,263	–	–	–	5,263
Subtotal	12,110	5,903	(5,453)	–	12,560
Accumulated depreciation					
Buildings	(5,703)	(2,232)	5,453	–	(2,482)
Transportation equipments	(877)	(1,754)	–	–	(2,631)
Subtotal	(6,580)	(3,986)	5,453	–	(5,113)
Carrying amounts	$ 5,530	$ 1,917	$ –	$ –	$ 7,447

	2021				
	Balance at January 1	Additions	Disposals	Reclassification	Balance at December 31
Cost					
Buildings	$ 6,020	$ 1,394	$ (567)	$ –	$ 6,847
Transportation equipments	2,165	5,263	(2,165)	–	5,263
Subtotal	8,185	6,657	(2,732)	–	12,110
Accumulated depreciation					
Buildings	(4,183)	(2,087)	567	–	(5,703)
Transportation equipments	(1,856)	(1,186)	2,165	–	(877)
Subtotal	(6,039)	(3,273)	2,732	–	(6,580)
Carrying amounts	$ 2,146	$ 3,384	$ –	$ –	$ 5,530

As there was no indication of impairment in 2022 and 2021, no impairment loss was recognized for the year.

(2) Lease liabilities

	December 31, 2022	December 31, 2021
Carrying amount of lease liabilities		
Current	$ 4,008	$ 2,043
Noncurrent	$ 3,497	$ 3,505

The ranges of discount rates for the lease liabilities:

	December 31, 2022	December 31, 2021
Buildings	1.359%~1.851%	1.362%~1.49%
Transportation equipments	1.587%	1.587%

(3) Other lease information

	2022	2021
Expenses relating to short-term leases	$ 676	$ 245
Expenses relating to low-value asset leases	$ 114	$ 113
Total cash outflow for leases	$ 4,863	$ 3,707

6.9 Intangible assets

	2022			
	Balance at January 1	Additions	Retirements	Balance at December 31
Cost				
Trademark	$ 5,000	$ –	$ –	$ 5,000
Computer software	12,809	1,123	(4,977)	8,955
Subtotal	17,809	1,123	(4,977)	13,955
Accumulated Amortization				
Trademark	(3,735)	(530)	–	(4,265)
Computer software	(9,700)	(2,292)	4,977	(7,015)
Subtotal	(13,435)	(2,822)	4,977	(11,280)
Carrying amounts	$ 4,374	$ (1,699)	$ –	$ 2,675

	2021			
	Balance at January 1	Additions	Retirements	Balance at December 31
Cost				
Trademark	$ 5,000	$ –	$ –	$ 5,000
Computer software	12,656	438	(285)	12,809
Subtotal	17,656	438	(285)	17,809
Accumulated Amortization				
Trademark	(3,098)	(637)	–	(3,735)
Computer software	(6,625)	(3,360)	285	(9,700)
Subtotal	(9,723)	(3,997)	285	(13,435)
Carrying amounts	$ 7,933	$ (3,559)	$ –	$ 4,374

(1) Amortization of the Company's intangible assets is computed using straight-line method over the following estimated useful lives:

Trademark	1 to 9 years
Computer software	2 to 5 years

(2) The Company has no intangible assets pledged as collaterals.

6.10 Other assets

	December 31, 2022	December 31, 2021
Current		
Other financial assets	$ 76	$ 74
Asset for right to recover product to be returned	–	7,508
Temporary payments	1,242	2,375
Payment on behalf of others	475	1,117
	$ 1,793	$ 11,074
Non-current		
Prepayments for equipment	$ 568	$ 170
Refundable deposits	2,800	2,800
Other financial assets	1,500	1,500
	$ 4,868	$ 4,470

The Company pledged some of its other financial assets-noncurrent as collaterals. Please refer to Note 8 for more information.

6.11 Accounts payable

	December 31, 2022	December 31, 2021
Accounts payable-non-related parties	$ 116,391	$ 135,127
Accounts payable- related parties	95,339	101,084
	$ 211,730	$ 236,211

6.12 Other liabilities

	December 31, 2022	December 31, 2021
Current		
Other payables		
-accrued expenses	$ 168,899	$ 202,739
-Salary payable	52,382	59,503
-Loans	15,463	11,094
-Others	936	2,662
Refund liabilities	–	11,412

Contract liabilities		930		367
Unearned receipts		144		89
Temporary receipts		4,762		206
Receipts under custody		1,915		1,957
	$	245,431	$	290,029
Non-current				
Deferred Credits-Gains on Inter-Affiliate Accounts	$	13,840	$	11,717
Guarantee deposits		–		–
	$	13,840	$	11,717

Please refer to Note 7.2 for information on the Company's loans from related parties as of December 31, 2022 and 2021.

6.13 Retirement benefit plans

(1) Defined contribution plans

The employee pension plan under the Labor Pension Act of the R.O.C. (the Act) is a defined contribution plan. Pursuant to the plan, the Company makes monthly contributions of 6% of each individual employee's salary or wage to employees' pension accounts.

Accordingly, the Company recognized expenses of NT$ 7,093 thousand and NT$ 7,796 thousand in the statements of comprehensive income for the year ended December 31, 2022 and 2021, respectively. As of December 31, 2022 and 2021, the Company's due contribution amounts that has not yet been paid to the plan amounted to NT$ 1,754 thousand and NT$ 1,931 thousand, respectively. The aforementioned amounts have been paid after balance sheet date.

(2) Defined benefit plans

The Company has defined benefit plans under the R.O.C. Labor Standards Law that provide benefits based on an employee's length of service and average monthly salary for the six-month period prior to retirement. The Company contributes an amount equal to 2% of salaries paid each month to their respective pension funds, which are administered by the Labor Pension Fund Supervisory Committee and deposited in the Committee's name in the Bank of Taiwan.

(a) Amounts recognized in the parent company only balance sheets in respect of these defined benefit plans were as follows:

	December 31, 2022		December 31, 2021	
Present value of defined benefit obligations	$	30,803	$	37,640
Fair value of plan assets		(13,622)		(4,697)
Plan deficits		17,181		32,943
Unrecognized actuarial gain, net		–		–
Net defined benefit liability	$	17,181	$	32,943

(b) Movements in net defined benefit liabilities were as follows:

	2022		
	Present value of defined benefit obligations	Fair value of plan asset	Net defined benefit liability
Balance at January 1	$ 37,640	(4,697)	32,943
Service cost:			
Current service cost	–	–	–
Past service cost	–	–	–
Interest expense (revenue)	241	(28)	213
Amounts recognized in profit or loss	241	(28)	213
Remeasurements:			
Return on plan asset	–	(504)	(504)
Actuarial (gains) losses —			
Effect of change in demographic assumptions	–	–	–
Effect of change in financial assumptions	(1,192)	–	(1,192)
Experience adjustments	(5,886)	–	(5,886)
Amounts recognized in other comprehensive income	(7,078)	(504)	(7,582)
Pension fund contribution	–	(8,393)	(8,393)
Paid Pension	–	–	–
Balance at December 31	$ 30,803	(13,622)	17,181

	2021		
	Present value of defined benefit obligations	Fair value of plan asset	Net defined benefit liability
Balance at January 1	$ 37,999	$ (7,322)	$ 30,677
Service cost:			
Current service cost	–	–	–
Past service cost	–	–	–
Interest expense (revenue)	113	(21)	92
Amounts recognized in profit or loss	113	(21)	92

Remeasurements:			
Return on plan asset	–	(102)	(102)
Actuarial (gains) losses —			
Effect of change in demographic assumptions	36	–	36
Effect of change in financial assumptions	(915)	–	(915)
Experience adjustments	3,167	–	3,167
Amounts recognized in other comprehensive income	2,288	(102)	2,186
Pension fund contribution	–	(12)	(12)
Paid Pension	(2,760)	2,760	–
Balance at December 31	$ 37,640	(4,697)	32,943

(c) Amounts recognized in profit or loss in respect of defined benefit plans for the years ended December 31, 2022 and 2021 were summarized by function as follows:

	2022	2021
Cost of goods sold	$ –	$ –
Marketing expenses	$ 109	$ 46
Administrative expenses	$ 104	$ 46

(d) Because of the defined benefit plans under the Labor Standards Law, the Company is exposed to the following risks:

(i) Investment risk: The pension funds are invested in equity and debt securities, bank deposits, etc. at the discretion of the Bureau of Labor Funds of Ministry of Labor, or under the mandated management. However, under the Labor Standards Law, the rate of return on plan assets shall not be less than the average interest rate on a two-year time deposit published by the local banks.

(ii) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the debt investments of the plan assets.

(iii) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

(e) The actuarial valuations of the most recent plan assets and defined benefit obligation were carried out by Mr. Chen WenXian who is a member of the domestic actuarial institute. The present value of defined benefit obligation and the relevant current and past service costs are estimated by using the projected unit credit method.

The principal assumptions of the actuarial valuation were as follows:

	December 31, 2022	December 31, 2021
Discount rate	1.20%	0.65%
Future salary increase rate	2.00%	2.00%

Reasonably possible changes to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	December 31, 2022
Discount rate 1.20%	
Increase 0.25%	$ (516)
Decrease 0.25%	532
Future salary increase rate 2.00%	
Increase 0.25%	526
Decrease 0.25%	(513)
Turnover rate 0.27%	
110% of the presumed turnover rate	–
90% of the presumed turnover rate	–

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

(f) The Company expects to make contributions of NT$355 thousand to the defined benefit pension plans in the next year starting from December 31, 2022. The weighted average duration of the defined benefit obligation is 6 years.

6.14 Equity

(1) Capital stock

	December 31, 2022	December 31, 2021
Authorized shares (in thousands)	63,900	63,900
Authorized capital	$ 639,000	$ 639,000
Issued and paid shares (in thousands)	63,234	63,234
Issued capital	$ 632,339	$ 632,339

A holder of issued common shares with par value of NT$10 per share is entitled to vote and to receive dividends.

The authorized shares include 6,390 thousand shares allocated for the exercise of employee stock options.

(2) Capital surplus

	December 31, 2022	December 31, 2021
Share premium	$ 232,991	$ 232,991
Employee share options	1,645	1,645
Donations from shareholders	21	21
	$ 234,657	$ 234,657

Pursuant to the Company act, the capital surplus shall not be used except for making good the deficit (or loss) of the company. Capital surplus arising from the excess of the issuance price over the par value of share capital (including the surplus arising from the excess of par value on issuance of common shares, shares issued for mergers, convertible bonds and treasury shares transactions) and donations can be used to issue new stocks to shareholders, it is limited to a certain percentage of the Company's paid-in capital each year. Capital surplus arising from the investments accounted for using the equity method, employee share options and share options shall not be used. When the Company incurs no loss, it may distribute its aforementioned capital surplus arising from the excess of the issuance price over the par value of share capital and donations by cash dividend to shareholders in proportion to their share ownership.

(3) Legal reserve

Pursuant to the Company act, Company shall estimate the losses to be covered and set aside the legal reserve at 10% of the remaining earnings until the accumulated legal capital reserve equals the Company's paid-in capital. Where legal reserve is distributed by issuing new shares or by cash, only the portion of legal reserve which exceeds 25 percent of the paid-in capital may be distributed.

(4) Special reserve

The Company is required to set aside additional special reserve in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, Jin-Guan-Zheng-Fa-Zi Letter No. 1030006415, Jin-Guan-Zheng-Fa-Zi Letter No. 1090150022, Jin-Guan-Zheng-Fa-Zi Letter No. 10901500221 issued by the FSC and "After the adoption of International Financial Reporting Standards (IFRSs), questions and answers for application of appropriation of special reserve". When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

(5) Retained earnings and dividend policy

(a) Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. The remainder including the accumulated undistributed earnings of prior period, if any, to be retained or to be appropriated shall be resolved by the stockholders at the stockholders' meeting. Of the amount to be distributed by the Company, the cash dividend shall not be lower than 10% of the total shareholder dividend, but if the cash dividend is less than NT$ 0.1 per share, it will not be paid, and it will be paid as a stock dividend instead.

(b) Details of the 2022 and 2021 earnings distributions and dividends per share as resolved by general shareholders' meeting June 15, 2022 and July 22, 2021, respectively, are as follows:

Unit: NT$ thousand/NT$ per share

	Appropriation of Earnings		Dividends per share(NT$)	
	2021(note)	2020(note)	2021	2020
Legal reserve	$ 26,151	$ 34,811		
Special reserve	29,779	8,926		
Cash dividend	189,702	244,083	$ 3.00	$ 3.86
	$ 245,632	$ 287,820		

Note: There is no difference between the aforementioned appropriation of earnings resolved by the general shareholders' meeting and the resolutions of the board of directors on February 25, 2022 and February 26 2021, respectively.

The appropriations of earnings for 2022 had been approved in the meeting of the Board of Directors on February 24, 2023, and the appropriations and dividends per share were as follows:

	Appropriation of Earnings	Dividends per share(NT$)
Legal reserve	$ 26,099	
Special reserve	–	
Cash dividend	189,702	$ 3.00
	$ 215,801	

The appropriations of earnings for 2022 are to be presented for approval in the shareholders' meeting which is to be held on June 16, 2023.

Information on the resolution of the Board of Directors' and shareholders' meetings regarding the appropriation of earnings is available from the Market Observation Post System on the website of the TWSE.

6.15 Revenue

	2022	2021
Revenue from sale of goods	$ 2,475,472	$ 2,766,046
Less: Sales returns and discounts	(312,314)	(294,377)
	$ 2,163,158	$ 2,471,669

According to commercial practice, the Company accepts the return of kitchenware products after the end of the project activities and gives a full refund. Taking into account the accumulated experience in the past, the Company estimates the return rate with the most possible amount, and recognizes the refund liability and asset for right to recover product to be returned, presented as "Other current liabilities" and "Other current assets", respectively.

6.16 Additional information of expenses by nature

	2022	2021
Depreciation and amortization		
Depreciation of property, plant and equipment	$ 10,129	$ 11,316
Amortization of intangible assets	2,822	3,997
	$ 12,951	$ 15,313
By function		
Cost of goods sold	$ 3,500	$ 3,405
Operating expenses	9,451	11,908
	$ 12,951	$ 15,313
Employee benefits expenses		
Post-employment benefits		
Defined contribution plans	$ 7,093	$ 7,796
Defined benefit plans	213	92
Salaries and bonuses	176,848	193,800
	$ 184,154	$ 201,688
By function		
Cost of goods sold	$ –	$ –
Operating expenses	184,154	201,688
	$ 184,154	$ 201,688

(1) The Company shall allocate, in accordance with the Company's Articles of Incorporation, 5% to 10% and not higher than 2% of annual income before income tax during the period to employees' compensation and directors' and supervisors' remuneration, respectively. The estimated employees' compensation and the estimated directors' and supervisors' remuneration for 2022 and 2021 are as follows:

2022		2021	
Employees' compensation	directors' and supervisors' remuneration	Employees' compensation	directors' and supervisors' remuneration
$ 15,352	$ 1,317	$ 16,600	$ 1,400

If there is a change in the proposed amount after the annual financial statement are authorized for issue, the difference is recorded as a change in accounting estimate.

(2) The employees' compensation and directors' and supervisors' remuneration for 2021 and 2020 were resolved by general shareholders' meeting on June 15, 2022 and July 22, 2021, respectively. The amounts recognized in the financial reports were as follows:

	2021		2020	
	Employees' compensation	directors' and supervisors' remuneration	Employees' compensation	directors' and supervisors' remuneration
Amount resolved to be distributed	$ 16,600	$ 1,400	$ 22,700	$ 1,948
Amount recognized in financial reports	16,600	1,400	22,700	1,948
Difference	$ –	$ –	$ –	$ –

(a) The employees' compensation aforementioned is distributed in cash.

(b) There is no difference between the aforementioned employees' compensation and directors' and supervisors' remuneration resolved by the general shareholders' meeting and the resolutions of the board of directors on February 25, 2022 and February 26 2021, respectively.

(3) Information on employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the meeting of Board of Directors is available from the Market Observation Post System on the website of the TWSE.

6.17 Income tax

(1) Income tax expense recognized in profit or loss

Income tax expense consisted of the following:

	2022	2021
Current income tax expense		
Generated in the current year	$ 36,499	$ 53,518
Adjustments for prior periods	(130)	(116)
	36,369	53,402
Deferred tax		
Generated in the current year	–	–
Income tax expense recognized in profit or loss	$ 36,369	$ 53,402

(2) A reconciliation of income before income tax and income tax expense recognized in profit or loss was as follow:

	2022	2021
Income tax expense at the statutory rate	$ 57,955	$ 62,982
Effect from items disallowed by tax regulation	(22,140)	(11,960)
Over provision of prior year's income tax	(130)	(116)
Tax on undistributed earnings	684	2,496
Income tax expense	$ 36,369	$ 53,402

(3) Current tax liabilities

	December 31, 2022	December 31, 2021
Income tax payable	$ 10,525	$ 16,152

(4) The Company's income tax returns through 2020 have been assessed and approved by the Tax Authority as of December 31, 2022.

6.18 Earnings per share

	2022	2021
Basic earnings per share:		
Net income from continuing operations	$ 253,404	$ 261,507
Less：dividends on preferred stock	–	–
Net income attributable to common shareholders	$ 253,404	$ 261,507
Weighted average number of shares outstanding for the period (in thousands)	63,234	63,234
Basic earnings per share, after tax (in dollars)	$ 4.01	$ 4.14

7. Related Party Transactions

7.1 Names of related parties and relationship categories

Names of related parties	Related Party Categories
Farcent Education Foundation (Hereinafter referred to as Farcent Foundation)	The chairman of the company and the representative of the foundation are the same person
Farcent International (Samoa) Co., Ltd. (Hereinafter referred to as Farcent-Samoa)	Subsidiaries
Eutech International Co., Ltd. (Hereinafter referred to as Eutech)	Subsidiaries
Farcent Biotechnology International Enterprise Co., Ltd. (Hereinafter referred to as Farcent Biotechnology)	Subsidiaries
Dikai International Enterprise Co., Ltd. (Hereinafter referred to as Dikai)	Subsidiaries
Farcent International (Asia) Co., Ltd. (Hereinafter referred to as International (Asia))	Subsidiaries
Farcent Vina Co., Ltd. (Hereinafter referred to as Farcent Vina)	Subsidiaries
Farcent Malaysia Sdn. Bhd. (Hereinafter referred to as Farcent- Malaysia)	Subsidiaries
Farcent Group (Mauritius) Co., Ltd. (Hereinafter referred to as Farcent- Mauritius)	second-tier subsidiary
Farcent (Suzhou) Environmental Technolgy Co., Ltd. (Hereinafter referred to as Farcent (Suzhou))	second-tier subsidiary
Yang Lun(Shanghai) Trading Co., Ltd. (Hereinafter referred to as Yang Lun)	second-tier subsidiary
Dikai Holding Corp (Hereinafter referred to as Dikai Holding)	second-tier subsidiary

Farcent (Xiamen) Chemical Products For Daily Use Co., Ltd. (Hereinafter referred to a Farcent (Xiamen))	third-tier subsidiary
Dikai (Taicang) Enterprise Co., Ltd. (Hereinafter referred to a Dikai (Taicang))	third-tier subsidiary
Shi Da Investment Co., Ltd. (Hereinafter referred to a Shi Da)	Related party in substance
Yi Te Industrial Co., Ltd. (Hereinafter referred to a Yi Te)	Related party in substance
Farcent Enterprise (Thailand) Ltd. (Hereinafter referred to Farcent-Thailand)	Associates
All directors, general manager and deputy general manager	Key management personnel

7.2 Operating transaction

(1) Sales

	Years Ended December 31	
	2022	2021
Associates	$ 126,190	$ 104,072
Subsidiaries	62,741	69,518
	$ 188,931	$ 173,590

There is no significant difference between the company's sales conditions to related parties and general customers.

(2) Purchases

	Years Ended December 31	
	2022	2021
Subsidiaries		
Farcent (Suzhou)	$ 293,181	$ 287,132
Other	103,384	83,600
	$ 396,565	$ 370,732

There is no significant difference between the company's purchase conditions from related parties and general suppliers.

(3) Processing fee

	Years Ended December 31	
	2022	2021
Subsidiaries	$ 5,156	$ 1,230
Related party in substance		
Yi Te	59,379	56,903
	$ 64,535	$ 58,133

The Company entrusts related parties to engage in product OEM matters. The OEM price and payment terms are negotiated, and there is no significant difference from ordinary manufacturers.

(4) Accounts receivable

	December 31, 2022	December 31, 2021
Subsidiaries	$ 15,705	$ 32,823
associates	33,102	25,226
	$ 48,807	$ 58,049

(5) Other receivables

	December 31, 2022	December 31, 2021
Related party in substance		
Yi Te	$ 70	$ 120

(6) Accounts payable

	December 31, 2022	December 31, 2021
Subsidiaries		
Farcent (Suzhou)	$ 65,177	$ 75,516
Other	22,634	19,173
Related party in substance	7,512	6,395
Associates	16	–
	$ 95,339	$ 101,084

(7) Loans to related parties

Outstanding balance

	December 31, 2022	December 31, 2021
Subsidiaries		
Farcent-Malaysia	$ 20,665	$ –

(8) Loans from related parties

(a) Outstanding balance

	December 31, 2022	December 31, 2021
Subsidiaries		
Farcent-Samoa	$ 15,354	$ 11,076

(b) Interest expense

	Years Ended December 31	
	2022	2021
Subsidiaries		
Farcent-Samoa	$ 222	$ 111
Interest rate	1.129%~5%	1.129%

The interest rates for loans from related parties are close to market interest rates. As of December 31, 2022 and 2021, the unpaid interest amounts of the Company were NT$109 thousand and NT$18 thousand, respectively, which was presented as Other payables.

(9) Rental income

	Years Ended December 31	
	2022	2021
Related party in substance		
Yi Te	$ 1,057	$ 1,573

As of December 31, 2022 and 2021, Rental income receivables were NT$70 thousand and NT$120 thousand, respectively, which was presented as Other receivables.

(10) Donations expenses

	Years Ended December 31	
	2022	2021
Farcent Foundation	$ 1,536	$ 1,836

As of December 31, 2022 and 2021, the Company has paid all the above payments in full.

(11) Commission expense

	Years Ended December 31	
	2022	2021
Subsidiaries	$ 1,315	$ 1,607

As of December 31, 2022 and 2021, the Company's outstanding balance (including tax) were NT$63 thousand and NT$220 thousand, respectively, which was presented as Other payables.

(12) Other

(a) In 2022 and 2021, the subsidiary dispatched manpower to provide kitchenware product sales services for the Company, and the marketing and promotion expenses incurred were NT$ 264 thousand and NT$ 2,238 thousand, respectively. As of December 31, 2022 and 2021, the Company's outstanding balance (including tax) is NT$0 thousand and NT$609 thousand, respectively, which was presented as accounts payable.

(b) In 2022 and 2021, the Company signed an entrustment contract with Dikai to provide marketing management services entrusted by it, and the service income generated were NT$ 6,873 thousand and NT$ 6,789 thousand respectively, which was recorded as other income. As of December 31, 2022 and 2021, the Company has received all the above payments in full.

(c) In 2022 and 2021, the Company sold inventories (raw materials, supplies and semi-finished products) of NT$ 13,165 thousand and NT$ 11,721 thousand to Farcent (Suzhou), which processed the finished goods and sold them to the Company. The sales revenue generated from this transaction is written off when presenting the financial statements, and the difference with the cost is NT$ 348 thousand and NT$ (408) thousand respectively, which was recorded as other income.

7.3 Key management compensation

The compensation to directors and other key management personnel were as follows:

	Years Ended December 31	
	2022	2021
Short-term employee benefits	$ 39,958	$ 43,431
Post-employment benefits	21	9
Other long-term benefits	–	–
Share-based payments	–	–

The compensation to directors and other key management personnel were determined by the Compensation Committee of the Company in accordance with the individual performance and the market trends.

8. Pledged Assets

As of December 31, 2022 and 2021, the Company provides assets as collaterals, and the book value and usage details are as follows:

	December 31, 2022	December 31, 2021	Purpose
Other financial assets -noncurrent	$ 1,500	$ 1,500	Import duty bond and performance bond, etc.

The above-mentioned other financial assets-noncurrent which was presented as Other noncurrent assets.

9. Significant Contingent Liabilities and Unrecognized Contract Commitments：

The unused letters of credit as of December 31, 2022 and 2021 are as follows:

	December 31, 2022	December 31, 2021
Letter of credit	$ –	$ 67,777

10. Significant Disaster Losses: None

11. Significant Subsequent Events: None

12. Others

12.1 Financial instruments

(1) Categories of financial instruments

	December 31, 2022	December 31, 2021
Financial Assets		
FVTPL:		
Financial assets at amortized cost (Note 1)	$ 791,307	$ 801,304
Financial liabilities		
FVTPL:		
Financial liabilities at fair value through profit or loss– current	27	7
Financial liabilities at amortized cost (Note 2)	456,915	517,757

Note 1: Including cash and cash equivalents, notes and accounts receivable, other

receivables, other financial assets and refundable deposits.

Note 2: Including accounts payable, other payables, lease liabilities and guarantee deposits.

(2) Fair value of financial instruments

(a) Financial instruments that are not measured at fair value

The management of the Company believes that the carrying amounts of financial assets and financial liabilities that are not measured at fair value in the parent company only financial statements approach their fair values.

(b) Financial instruments measured at fair value

The following table provides relevant analysis of financial instruments measured at fair value after original recognition. Fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

(i) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

(ii) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

(iii) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Liabilities:				
Recurring fair value measurements				
Financial liabilities at FVTPL - current				
Forward exchange	$ –	$ 27	$ –	$ 27

	December 31, 2021			
	Level 1	Level 2	Level 3	Total
Liabilities:				
Recurring fair value measurements				
Financial liabilities at FVTPL - current				
Forward exchange	$ –	$ 7	$ –	$ 7

The Company's financial assets and liabilities measured at fair value on a recurring basis have no transfer between the Level 1 and Level 2 fair value measurements from January 1 to December 31, 2022 and 2021.

(3) Financial risk management objectives and policies

The Company's financial risk management objective is to manage foreign exchange risk, interest rate risk, credit risk and liquidity risk related to operating activities. In order to reduce related financial risks, the Company is committed to identifying, assessing and avoiding market uncertainties, so as to reduce the potential adverse impact of market changes on the Company's financial performance.

The Company's material financial activities are approved by the Board of Directors (and Audit Committee) in accordance with relevant requirements and internal control mechanism, which requires the Company to comply with its financial operating policies and procedures that provide guiding principles for the overall financial risk management and accountability and separation of duties.

(4) Market Risk

(a) Foreign exchange risk

The Company's business involves certain non-functional currencies. Therefore, affected by exchange rate fluctuations, there is little difference between the spot exchange rate used in the end-of-period evaluation and the final listed exchange rate of the transaction bank. The foreign currency assets and liabilities with significant impact are as follows:

December 31,2022

	Foreign Currency	Exchange Rate		Book Value
Foreign currency assets				
Monetary items				
USD	$ 3,965	30.7080	(USD:NTD)	$ 121,761
RMB	1,785	4.4175	(RMB:NTD)	7,884
Non-Monetary items				
Investments in associates and joint ventures				
USD	15,821	30.7080	(USD:NTD)	485,828
THB	184,100	0.8891	(THB:NTD)	163,683
VND	5,691,525	0.0013	(VND:NTD)	7,399
MYR	5,666	6.9704	(MYR:NTD)	39,497
Foreign currency liabilities				
Monetary items				
USD	863	30.7080	(USD:NTD)	26,486
RMB	14,672	4.4175	(RMB:NTD)	64,815

December 31,2021

	Foreign Currency	Exchange Rate		Book Value
Foreign currency assets				
Monetary items				
USD	$ 2,524	27.69	(USD:NTD)	$ 69,900
RMB	1,920	4.3406	(RMB:NTD)	8,335

Non-Monetary items

Investments in associates and joint ventures				
USD	16,776	27.69	(USD:NTD)	464,532
THB	179,447	0.83	(THB:NTD)	148,941
VND	5,024,371	0.0012	(VND:NTD)	6,029
MYR	7,225	6.6292	(MYR:NTD)	47,895

Foreign currency liabilities

Monetary items

USD	752	27.69	(USD:NTD)	20,817
RMB	17,262	4.3406	(RMB:NTD)	74,929

Sensitivity analysis

The Company is mainly affected by fluctuations in the exchange rates of the USD, RMB, THB and VND.

The company's exchange rate risk mainly comes from monetary assets and liabilities denominated in foreign currencies, and foreign currency exchange gains and losses are generated during translation. If the NTD changes by 1% relative to the relevant currency on the balance sheet date, the profit and loss will be affected as follows:

	December 31, 2022	December 31, 2021
The impact of a 1% change on profit and loss	$ 383	$ (175)

The investment in equity financial commodities engaged in by the Company is affected by changes in market prices, but the Company has set a stop loss point, so it is expected that no significant market risk will occur.

(b) Interest rate risk

The long-term and short-term loans, Short-term notes and bills payable, and bonds payable that the company engages in are not floating-rate commodities, so there is no cash flow risk of interest rate changes.

(5) Credit risk

The company's investment in equity financial products is conducted through centralized trading markets and Taipei Exchange, and it deals with counterparties with good credit. It is expected that the counterparties will not default, so the possibility of credit risk is extremely high Low.

The company's credit risk amount on December 31, 2022 and 2021 is evaluated based on the contract whose fair value is a positive number on the balance sheet date; the maximum exposure amount of various financial products held by the company is the same as its book value.

The company does not significantly focus on transactions with a single customer or a single counterparty, but there are similar industrial types and local regions. In order to reduce the credit risk of accounts receivable, the company continuously evaluates the financial status of customers, and when necessary, requires the other party to provide a guarantee or guarantee.

(6) Liquidity risk

The Company's working capital is sufficient, so there is no liquidity risk due to inability to raise funds to fulfill contractual obligations.

The financial assets that the Company invests in at fair value through profit or loss have active markets and it is expected that the financial assets can be easily and quickly sold in the market at prices close to their fair values.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

	December 31,2022				
	Less Than 1 Year	2-3 Years	4-5 Years	More Than 5 Years	Total
Non-derivative financial assets					
Accounts payable	$ 211,730	$ –	$ –	$ –	$ 211,730
Other payable	237,680	–	–	–	237,680
Lease liabilities	4,008	3,497	–	–	7,505
	$ 453,418	$ 3,497	$ –	$ –	$ 456,915

	December 31,2021				
	Less Than 1 Year	2-3 Years	4-5 Years	More Than 5 Years	Total
Non-derivative financial assets					
Accounts payable	$ 236,211	$ –	$ –	$ –	$ 236,211
Other payable	275,998	–	–	–	275,998
Lease liabilities	2,043	3,219	286	–	5,548
	$ 514,252	$ 3,219	$ 286	$ –	$ 517,757

(7) Risk Control and Hedging Strategies

The management of the Company regularly evaluates the risks arising from the operation of financial products and foreign currency-denominated assets or liabilities due to exchange rate fluctuations in order to maintain appropriate liquidity positions and control market risk, credit risk, liquidity risk and cash flow risk.

(8) Capital risk management

The Company conducts capital management to ensure that each company in the group can continue to operate, by optimizing the balance of debt and equity, so as to maximize shareholder returns. The Company's capital management is to ensure that the Company has sufficient and necessary financial resources to meet working capital needs, capital expenditures, research and development activities, dividend payments, debt repayments and other business needs within the next twelve months. The Company is not subject to other external capital requirements.

13. Supplementary Disclosures

13.1 Significant transactions information

The relevant information of the Company's significant transactions in 2022 is listed as follows:

(1) Loans to others: Please see Table 1 attached;

(2) Endorsements and guarantees provided to others: None;

(3) Marketable securities held (excluding investments in subsidiaries and associates) at the end of the period: None;

(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: Please see Table 4 attached;

(8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None;

(9) Information about the derivative financial instruments transaction: Please see Note 6.2;

(10) The business relationship between the parent and the subsidiaries and significant transactions between them: Please see Table 5 attached;

13.2 Information on investees:

The name, location, the main businesses, original investment amounts, shareholding status at the end of the period, income(losses) and share of profits(losses) of the investees (excluding investees in Mainland China) over which the Company exercises significant influence, control or joint control: Please see Table 2 attached.

13.3 Information on investment in mainland China: Please see Table 11 attached.

(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: Please see Table 3 attached.

(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: Please see Table 5 attached.

13.4 Information on 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: Please see Table 6 attached.

14. Segment Information

The Company has provided the operating segments disclosure in the consolidated financial statements, so the parent company only financial statements does not disclose information.

15. Other Events

The Company is assessing the economic impact of COVID-19, but as of the date that the parent company only financial statements were approved and authorized for issued, it has not had a significant impact on the Company. The Company will continue to observe the relevant epidemic situation and assess its impact.

TABLE 1

Farcent Enterprise Co., Ltd.
Loans to Others
For the Year Ended December 31, 2022

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

No (Note 1)	Creditor	Borrower	General ledger account	Related party	Maximum outstanding balance for the period	Ending balance	Amount actually drawn	Interest rate	Nature of loan	Transaction Amount	Reason for short-term financing	Recognized loss allowance	Collateral		Limit on loans granted to a single party (Note3)	Ceiling on total loans granted (Note3)
													Item	Value		
0	Farcent Enterprise Co., Ltd.	Farcent Malaysia Sdn Bhd	Other receivables	Yes	$ 30,708 (USD1,000)	$ 30,708 (USD1,000)	$ 20,665 (USD 673)	5%	(Note2)	–	Operating capital	–	–	–	$ 722,510 (USD23,528)	$ 903,137 (USD 29,410)
1	Farcent International (Samoa) Co., Ltd.	Farcent Enterprise Co., Ltd	Other receivables	Yes	$ 27,637 (USD 900)	$ 15,354 (USD 500)	$ 15,354 (USD 500)	1.129% ~5%	(Note2)	–	Operating capital	–	–	–	$ 70,864 (USD 2,308)	$ 88,580 (USD 2,885)
2	Farcent (xiamen) chemical products for daily use co., Ltd.	Yang Lun(Shanghai) Trading Co., Ltd.	Other receivables	Yes	$ 15,461 (RMB 3,500)	$ 15,461 (RMB 3,500)	$ 15,461 (RMB3,500)	3.70%	(Note2)	–	Operating capital	–	–	–	$ 57,553 (RMB 13,028)	$ 71,942 (RMB 16,286)

Note1: The description of the column number is as follows:

(1) Issuer fill in 0.

(2) Investees are numbered in order from number 1.

Note2: Necessary short-term financing facility.

Note3: The amount that can be financing limits for each borrowing company is 40% of the lender’s net worth and the total amount that can be financing shall not exceed 50% of the lender’s net worth.

TABLE 2

Farcent Enterprise Co., Ltd.
Information on Investees
For the Year Ended December 31, 2022
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as the year-end			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Footnote
				December 31, 2022	December 31, 2021	Number of Shares	Percentage of Ownership	Carrying Value			
Farcent Enterprise Co., Ltd.	Farcent International (Samoa)Co., Ltd.	Samoa	Investment activities	$ 135,974 (USD 4,078)	$ 135,974 (USD 4,078)	4,077,882	100%	$ 177,069	$ 3,667	$ 3,576	Subsidiary
Farcent Enterprise Co., Ltd.	Eutech International Co., Ltd.	Seychelles	Investment activities	$ 260,314 (USD 8,538)	$ 260,314 (USD 8,538)	854	100%	308,760	6,016	5,549	Subsidiary
Farcent Enterprise Co., Ltd.	Farcent Biotechnology International Enterprise Co., Ltd.	Taiwan	Manufacturing, Wholesale and Retail	$ 5,000	$ 5,000	500,000	100%	4,416	(38)	(38)	Subsidiary
Farcent Enterprise Co., Ltd.	Dikai International Enterprise Co., Ltd.	Taiwan	Manufacturing, Wholesale and Retail	$ 307,173	$ 307,173	8,112,852	75.119%	364,108	112,008	70,956	Subsidiary
Farcent Enterprise Co., Ltd.	Farcent Enterprise (Thailand) Ltd.	Thailand	Purchase and sale dehumidifier、air freshener、deodorizer、Daily cleansing products and other plastic products	$ 33,476 (THB36,978)	$ 33,476 (THB36,978)	217,280	40%	101,955	20,703	8,281	Associate

(Continued)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as the year-end			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Footnote
				December 31, 2022	December 31, 2021	Number of Shares	Percentage of Ownership	Carrying Value			
Farcent Enterprise Co., Ltd.	Farcent Vina Co., Ltd.	Vietnam	Purchase and sale Daily cleansing products , etc.	$ 5,850 (USD 195)	$ 5,850 (USD 195)	Note 3	65%	$ 7,399	$ 1,334	$ 867	Subsidiary
Farcent Enterprise Co., Ltd.	Farcent Malaysia SDN BHD	Malaysia	Purchase and sale Daily cleansing products , etc.	$ 71,305 (MYR 9,397)	$ 71,305 (MYR 9,397)	2,000,000	100%	39,497	(10,211)	(10,560)	Subsidiary
Farcent Enterprise Co., Ltd.	Farcent International (Asia) Co., Ltd.	Thailand	processing and manufacturing	$ 55,050 (THB 60,148)	$ 55,050 (THB 60,148)	601,480	60.148%	61,728	330	199	Subsidiary
Farcent (Suzhou) Environmental Technology Co., Ltd.	Farcent International (Asia) Co., Ltd.	Thailand	processing and manufacturing	RMB 7,896 (THB 38,856)	RMB 7,896 (THB 38,856)	388,557	38.8557%	39,876	330	128	Subsidiary
Farcent International (Samoa)Co., Ltd.	Farcent International (Asia) Co., Ltd.	Thailand	processing and manufacturing	USD 30 (THB 996)	USD 30 (THB 996)	9,963	0.9963%	1,022	330	3	Subsidiary
Farcent International (Samoa) Co., Ltd.	Farcent Group (Mauritius) Co., Ltd.	Mauritius	Investment activities	USD 3,193	USD 3,193	3,193,382	100%	146,102	4,197	Note 2	Sub-subsidiary

(Continued)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as the year-end			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Footnote
				December 31, 2022	December 31, 2022	Number of Shares	Percentage of Ownership	Carrying Value			
Dikai International Enterprise Co., Ltd.	Dikai Holding Corp.	Samoa	Investment activities	$ 31,225 (USD 1,000)	$ 31,225 (USD 1,000)	1,000,000	100%	$ 36,394	$ 5,006	Note 2	Sub-subsidiary

(Concluded)

Note1: Relevant information on investments in Mainland China, Please refer to Table 3.

Note2: The share of profits/losses of the investee company is not reflected herein as such amount is already included in the share of profits/losses of the investor company.

Note3: Limited company.

TABLE 3

Farcent Enterprise Co., Ltd
Information on Investment in Mainland China
For the Year Ended December 31, 2022

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

Investee in Mainland China	Main business activities	Total Amount of Paid-in Capital	Investment method	Accumulated Outflow of Investment from Taiwan as of January 1, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2022	Net Income (Losses) of the Investee	Ownership held by the Company (direct or indirect) (%)	Share of Profits / Losses	Carrying Amount as of December 31, 2022	Accumulated Inward Remittance of Earnings as of December 31, 2022
					Outflow	Inflow						
Farcent (xiamen) chemical products for daily use co., Ltd.	processing, manufacturing Indoor and car fragrances, dehumidifier, insect repellant and detergent, etc.	USD 3,300	(Note 1)	$ 106,958 (USD 3,193)	$ –	$ –	$ 106,958 (USD 3,193)	$ 4,124	100%	$ 4,124	$ 151,010	$ –
Farcent (Suzhou) Environmental Technology Co., Ltd.	processing, manufacturing dehumidifier, air freshener, deodorizer, Daily cleansing products and other plastic products	USD 11,250	(Note 1)	$ 260,081 (USD 8,530)	$ –	$ –	$ 260,081 (USD 8,530)	$ 7,565	100%	$ 7,565	$ 399,073	$ –

(Continued)

Investee in Mainland China	Main business activities	Total Amount of Paid-in Capital	Investment method	Accumulated Outflow of Investment from Taiwan as of January 1, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2022	Net Income (Losses) of the Investee	Ownership held by the Company (direct or indirect) (%)	Share of Profits / Losses	Carrying Amount as of December 31, 2022	Accumulated Inward Remittance of Earnings as of December 31, 2022
					Outflow	Inflow						
Yang Lun(Shanghai) Trading Co., Ltd.	Purchase and sale dehumidifier, air freshener, deodorizer, Daily cleansing products and other plastic products	USD 700	(Note 1)	$ –	$ –	$ –	$ –	$ (2,193)	100%	$ (2,193)	$ 9,988	$ 36,433 (USD 1,170)
Dikai (Taicang) Enterprise Co., Ltd.	Processing and manufacturing of plastic box, plastic vessel, plastic parts, daily plastic products	USD 1,000	(Note 1)	$ –	$ –	$ –	$ –	$ 5,006	75.119%	$ 3,761	$ 27,487	$ 29,478 (USD 1,015)

Note1: Indirect investment in Mainland China through a Subsidiary in a third place.

Note2: Recognized based on the financial statements audited by the auditors of the parent company in Taiwan.

(Continued)

Accumulated Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
$ 367,039 (USD11,723)	$ 401,015 (USD12,893)	$ 1,083,765

TABLE 4

Farcent Enterprise Co., Ltd.
Purchases from or Sales to Related Parties of at Least NT$100 Million or 20% of the Paid-in Capital
For the Year Ended December 31, 2022

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

Purchaser/ seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Farcent Enterprise Co., Ltd.	Farcent (Suzhou) Environmental Technology Co., Ltd.	Subsidiary	Purchases	$ 293,181	27%	Closing on the 30th of the current month, 45 days for ticket/remittance	(Note1)	Normal	$ (65,177)	31%	
Farcent Enterprise Co., Ltd.	Farcent Enterprise (Thailand) Ltd.	Associate	Sales	$ 126,190	6%	Closing on the 25th of the current month, 45 days for ticket/remittance	(Note1)	Normal	$ 33,102	9%	
Yang Lun(Shanghai) Trading Co., Ltd.	Farcent (Suzhou) Environmental Technology Co., Ltd.	Other related parties	Purchases	$ 133,705	94%	Closing on the 30th of the current month, 60 days for ticket/remittance	(Note1)	Normal	$ (65,749)	92%	

Note1: The price of purchase or sale is set by using cost-plus pricing.

TABLE 5

Farcent Enterprise Co., Ltd.
Intercompany Relationship and Significant Intercompany Transactions
For the Year Ended December 31, 2022
(Amounts in Thousands of New Taiwan Dollars)

Number (Note1)	Company name	Counterparty	Relationship (Note2)	Transaction			
				General ledger account	Amount (Note4)	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note3)
0	Farcent Enterprise Co., Ltd.	Farcent (Suzhou) Environmental Technology Co., Ltd	1	Net Purchase	293,181	purchase price according to cost-plus pricing	10.53%
0	Farcent Enterprise Co., Ltd.	Farcent (Suzhou) Environmental Technology Co., Ltd	1	Accounts payable	65,177	Under normal payment terms	2.51%
0	Farcent Enterprise Co., Ltd.	Dikai International Enterprise Co., Ltd.	1	Net Purchase	80,671	purchase price according to cost-plus pricing	2.90%
1	Yang Lun(Shanghai) Trading Co., Ltd	Farcent (Suzhou) Environmental Technology Co., Ltd	3	Net Purchase	133,705	purchase price according to cost-plus pricing	4.80%

(Continued)

Number (Note1)	Company name	Counterparty	Relationship (Note2)	Transaction			
				General ledger account	Amount (Note4)	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note3)
1	Yang Lun(Shanghai) Trading Co., Ltd.	Farcent(Suzhou) Environmental Technology Co., Ltd.	3	Accounts payable	65,749	Under normal payment terms	2.53%

(Concluded)

Note1: The information of transactions between the Company and the consolidated subsidiaries should be noted in “Number” column. The number means:

(1) Number 0 represents the Company.

(2) The consolidated subsidiaries are numbered in order from number 1.

Note2: The relationship between transaction company and counterparty is classified into one of the following three categories:

(1) The Company to the consolidated subsidiary.

(2) The consolidated subsidiary to the Company.

(3) The consolidated subsidiary to another consolidated subsidiary

Note3: In calculating the ratio, the transaction amount is divided by consolidated total assets for balance sheet accounts and is divided by consolidated total revenues for income statement accounts.

Note4: Had been eliminated when preparing consolidated financial statements

TABLE 6

Farcent Enterprise Co., Ltd.
Information on Major Shareholders
For the Year Ended December 31, 2022

Unit: Shares

Shares / Major shareholders	Numbers of Shares	Percentage of ownership
Wang Tsai, Hsin-Hsin	10,408,322	16.46%
Shi Da Investment Co., Ltd	5,757,495	9.10%
Yu Te Investment Co., Ltd	4,362,955	6.89%
Wang Chia Yu	4,104,016	6.49%
Wang Ying Ting	3,974,623	6.28%

Seven. Review and analysis of the financial condition and business performance and risk management

I. Comparison and analysis of the financial condition

Unit: NT$000'

Item \ Year	2022.12.31	2021.12.31	Difference	
			Amount increased (decreased)	Percentage of change (%)
Current assets	1,854,593	1,900,560	-45,967	-2.42%
Investments accounted for by using the equity method	101,955	91,509	10,446	11.42%
Property, plant and equipment	517,748	531,879	-14,131	-2.66%
Right-of-use assets	23,647	18,992	4,655	24.51%
Intangible assets	84,424	101,949	-17,525	-17.19%
Other non-current assets	11,341	13,080	-1,739	-13.30%
Total assets	2,593,708	2,657,969	-64,261	-2.42%
Current liabilities	553,355	646,455	-93,100	-14.40%
Non-current liabilities	124,648	205,472	-80,824	-39.34%
Total liabilities	678,003	851,927	-173,924	-20.42%
Share capital	632,339	632,339	0	0.00%
Capital reserve	234,657	234,657	0	0.00%
Retained earnings	982,372	911,089	71,283	7.82%
Other equity	(43,093)	(68,061)	24,968	-36.68%
Equity attributable to owner of the parent company	1,806,275	1,710,024	96,251	5.63%
Non-controlling interest	109,430	96,018	13,412	13.97%
Total shareholders' equity	1,915,705	1,806,042	109,663	6.07%

Note: Main reasons for the material changes (changes between the former and the latter period reaching 20% and the amount of change reaching NT$10 million or above) in assets, liabilities, and shareholder's equity in the most recent two years and the effects and countermeasures in the future:

1. Reason:

(1) Non-current liabilities reduced by 39.34% from last year, primarily due to the repayment of long-term borrowings and the decrease in the net defined benefit liabilities – non-current.

(2) Total liabilities reduced by 20.42% from last year, primarily due to the decrease in non-current liabilities.

(3) Other equity reduced by 36.68% from last year, primarily due to the decrease in the exchange difference of the translation of financial statements of foreign operations.

2. Effect: None.

3. Future countermeasures: The Company will continue to strengthen its balance structure.

II. Comparison and analysis of business performance

Unite: NT$000'
(except for NT$ for earnings per share)

Year/item	2021	2020	Amount increased/decreased	Percentage of change (%)
Net operating income	2,784,615	3,138,791	(354,176)	-11.28%
Operating costs	(1,514,705)	(1,761,515)	246,810	-14.01%
Gross profit	1,267,788	1,377,594	(109,806)	-7.97%
Operating expenses	(944,260)	(1,040,999)	96,739	-9.29%
Net profit	323,528	336,595	(13,067)	-3.88%
Non-operating income and expenses	20,020	30,191	(10,171)	-33.69%
Net profit before tax	343,548	366,786	(23,238)	-6.34%
Income tax expenses	(65,982)	(77,755)	11,773	-15.14%
Net profit of continuing operation for the period	277,566	289,031	(11,465)	-3.97%
I. Descriptions of the analysis of changes in the most recent two years (changes reaching 20% or above) 1. Non-operating income and expenses reduced by 33.69% from last year, primarily due to the decrease in gains from investment accounted for by using the equity method and gains from foreign currency exchange.				

III. Cash flows

(I) Analysis of changes in cash flows for the year

Cash balance at the beginning of the period	Net cash flows from operating activities throughout the year	Net cash flows from investing activities throughout the year	Net cash flows from financing activities throughout the year	Effects of changes in exchange rate	Cash balance (deficit)	Remarks
691,762	350,007	-14,149	-275,605	12,450	764,465	None
Analysis of changes in cash flows for the period: 1. The cash inflow from operating activities is primarily due to the profits recorded during the period. 2. The cash outflow from investing activities is primarily due to the acquisition of property, plant and equipment. 3. The cash outflow from financing activities is primarily due to the distribution of cash dividends.						

(II) Remedial measures for cash deficit and analysis of liquidity: Not applicable.

(III) Liquidity analysis for the following year:

Unit: NT$000’

Cash balance at the beginning of the period	Net cash flows from operating activities throughout the year	Net cash flows from investing activities throughout the year	Net cash flows from financing activities throughout the year	Effects of changes in exchange rate	Cash balance (deficit)	Remarks
764,465	254,995	-34,776	-258,959	0	725,725	None
Analysis of changes in cash flows: 1. The cash inflow from operating activities is primarily due to the estimated inflow of profits from our major business 2. The cash outflow from investing activities is primarily due to the increase in the expected increase in financial assets at fair value through profit or loss to be acquired or disposed of. 3. The cash outflow from financing activities is primarily due to the distribution of cash dividends and the repayment of long-term borrowings.						

IV. Effect of major capital expenditures on finance and business in the most recent year: None.

V. Investment policy for the most recent year, the main reasons for profit or loss, improvement plan, and investment plans for the following year

Table of Investment Analysis

Item \ Description	Amount	Policy	Main reasons for profit or loss	Improvement plan	Other investment plans in the future
Farcent International (Samoa) Co., Ltd.	NTD 3,667	Invest in the establishment of a company in the Mainland through a third-party region	Recognize as gains from investee in the Mainland.	—	—
Farcent Group (Mauritius) Co., Ltd.	NTD 4,197	Invest in the establishment of a company through a third-party region to invest in a company in the Mainland	Recognize as gains from investee in the Mainland.	—	—
Eutech International Co., Ltd.	NTD 6,016	Invest in the establishment of a company in the Mainland through a third-party region	Recognize as gains from investee in the Mainland.	—	—
Yanglun (Shanghai) Trading Co., Ltd.	NTD (2,193)	Investment in the Mainland	Recession and decline in performance.	Strengthen the control	—
Flower Fairies (Xiamen) Daily-Use Chemicals Limited Company	NTD 4,124	Investment in the Mainland	Gross profit and lease income from leasing plants.	—	—
Suzhou Flower Faerie Environmental Technology Co., Ltd.	NTD 7,565	Investment in the Mainland	Stable profits.	—	—
Farcent Biotechnology International Enterprise Co., Ltd.	NTD (38)	General investment	Dissolution	—	2023/3/13 Liquidation completed
Dikai International Enterprise Co., Ltd.	NTD 112,008	General investment	Stable profits.	—	—
Dikai (Taicang) Industrial Co., Ltd.	NTD 3,761	Investment in the Mainland	Stable profits.	—	—
Dikai Holding Corp.	NTD 5,006	Invest in the establishment of a company in the Mainland through a third-party region	Recognize as gains from investee in the Mainland.	—	—
Farcent Enterprise (Thailand) Ltd.	NTD 20,703	General investment	Stable profits.	—	—
Farcent Vina Co., Ltd	NTD 1,334	General investment	Stable profits.	—	—
Farcent International (Asia) Co., Ltd	NTD 330	General investment	Exchange gains of term deposits in USD.	—	—
Farcent Malaysia Sdn. Bhd.	NTD (10,211)	General investment	Affected by the pandemic.	Enhanced control	—

VI. Risk analysis and evaluation for the most recent year and up to the publication date of the annual report:

(I) Effects of changes in the interest rate and exchange rate and inflation on the Company's profit or loss and future countermeasures

Item	2022 (NT$000')
Net gains (losses) from currency exchange	NT$(1,306)
Interest expenses	NT$(2,066)

The Company regularly evaluates the interest rate of bank borrowings and has close contact with banks to acquire preferential interest rates for borrowings. As for exchange rates, the Company has clear foreign currency operating strategies and strictly controls the procedures to monitor changes in foreign currencies. At present, the pressure of inflation is on the lower end; therefore, inflation has no significant effect on the Company.

(II) Policies regarding high-risk investments, high-leverage investments, loans to others, endorsement/guarantees, and derivative transactions, main reasons for gains or losses, and countermeasures in the future:

The Company has not engaged in any high-risk investments, high-leverage investments, or derivative transactions. Loans to companies within the Group of the Company and its subsidiaries are compliant with relevant laws and regulations and performed according to relevant requirements. To control relevant risks, the Company has established comprehensive regulations and procedures for its internal management according to the law, including the "Procedures for Loans to Others," "Procedures for the Acquisition and Disposal of Assets," and "Procedures for Derivative Transaction."

(III) Future R&D plan and R&D expenses expected to be invested:

In 2023, the Company estimates to invest approximately NT$40 million for its R&D expenses; however, the Company will make plans and adjustments in due course based on the global market conditions and the actual operating status of the Company. The major R&D plan of the Company for the future is summarized as follows:

Item	R&D plan	Investment amount
Fragrance & deodorizer	Developing new flavors and new dosage form	40,000 thousand
Jieshuang	Developing new flavors, improvement of cleaning effects, and new dosage form formula	
Quchenshi	Development improvement in product effects and new tools	
Personal hygiene product	Developing new flavors, new dosage forms, and new packaging	
Rea Tree Manor	Development improvement in product effects, new dosage form, and new packaging	

Affecting factors: Talent and funding.

(IV) Effect of changes in domestic and foreign policies and laws of significance on the finance and business of the Company and countermeasures

There is no effect on the Company's finance and business due to changes in domestic and foreign policies and laws of significance as the major sales market of the Company is in Taiwan. For a long time, changes in the political and economic environments have not affected the finance and business of the Company; therefore, it is estimated that there will not be changes in the near future.

(V) Effect of technological changes (including cybersecurity risks) and industrial changes on the Company's finance and business, and countermeasures

As the Company's products are not products with top-tier technologies, and the changes in technologies are not as fast as the electronic and information industries; therefore, the effects are insignificant. Furthermore, the Company has an outstanding R&D team that constantly improves the quality and features of our products to respond to the intense competition with companies within the industry in the market.

(VI) Effect of changes in the corporate image on corporate crisis management and countermeasures

For years, the Company has been adhering to providing premium products to consumers and maintaining its positive corporate image; therefore, there has been no crisis arising from the effects on our corporate image. If occurred, the Company will form a project team that composes the senior management to make responses.

(VII) Expected benefits and possible risks related to mergers and acquisitions: None.

(VIII) Expected benefits and possible risks related to plant expansion: None.

(IX) Risks related to concentrated sales or purchases

The largest sales customer accounts for approximately 14.33% of our net turnover, and the transaction is special selling project sales; therefore, there will be no concentrated sales after the expiry of the contract. In addition, for suppliers, the largest supplier, who is not a related party, accounts for approximately 4.17% of our total purchases, and the transaction is purchased via the special selling channel; therefore, there will be no risk of concentrated purchases upon the expiry of the contract.

(X) Effects and risks of mass transfer or change in the equity held by Directors, supervisors, or major shareholders with a shareholding over 10% of the Company: None.

(XI) Effects and risks of changes in ownership of the Company: None.

(XII) Litigious and non-litigious matters: None.

(XIII) Other important risks and countermeasures: None.

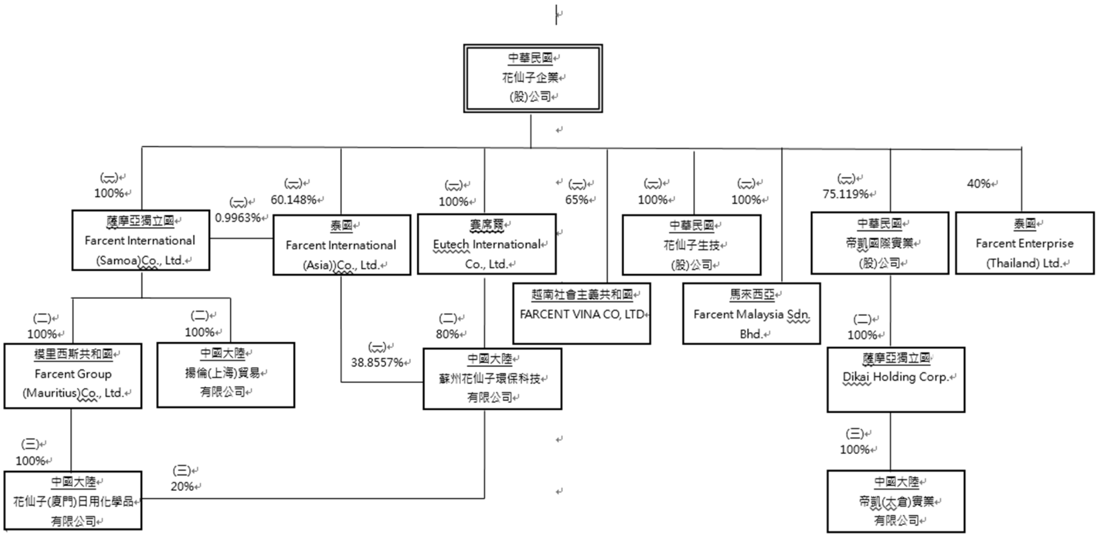
VII. Other important matters: None.

Eight. Special Items

I. Information on affiliates:

(I) Overview of the organization of affiliates:

1.Organizational structure of affiliates:



					Republic of China Farcent Enterprise Co., Ltd.				
(I) 100%			(I) 60.148%	(I) 100%		(I) 100%	(I) 100%	(I) 75.119%	(I) 40%
The Independent State of Samoa Farcent International (Samoa) Co., Ltd.		(I) 0.9963%	Thailand Farcent International (Asia) Co., Ltd.	Seychelles Eutech International Co., Ltd.	(I) 65%	Republic of China Farcent Biotechnology International Enterprise Co., Ltd.		Republic of China Dikai International Enterprise Co., Ltd.	Thailand Farcent Enterprise (Thailand) Ltd.
(II) 100%	(II) 100%			(II) 80%	Socialist Republic of Vietnam Farcent Vina Co., Ltd.		Malaysia Farcent Malaysia Sdn. Bhd.	(II) 100%	
Republic of Mauritius Farcent Group (Mauritius) Co., Ltd	Mainland China Yanglun (Shanghai) Trading Co., Ltd.		(I) 38.8557%	Mainland China Suzhou Flower Faerie Environmental Technology Co., Ltd.				The Independent State of Samoa Dikai Holding Corp.	
(III)								(III) 100%	
Mainland China Flower Fairies (Xiamen) Daily-Use Chemicals Limited Company	(III) 20%							Mainland China Dikai (Taicang) Industrial Co., Ltd.	

2. Basic information on affiliates:

Name of enterprise	Establishment date	Address	Paid-in capital	Major scope of business or product
Farcent International (Samoa) Co., Ltd.	2001/12/13	Trustnet Chambers, Lotemau Centre, P.O. Box 1225, Apia, Samoa	US$4,077,882	General investment
Farcent Group (Mauritius) Co., Ltd.	2002/02/04	2nd Floor. Felix House, 24dr. Joseph Riviere Street, Port Louis, Republic Of Mauritius	US$3,193,382	General investment
Eutech International Co., Ltd.	2005/03/03	Suite 103, 106 & 107, Premier Building, Victoria, Mahe, Republic of Seychelles.	US$8,537,925	General investment
Flower Fairies (Xiamen) Daily-Use Chemicals Limited Company	1992/09/19	Northern Industry Zone, Jimei District, Xiamen	US$3,300,000	Processing and production of pesticides and other daily-use products
Suzhou Flower Faerie Environmental Technology Co., Ltd.	2010/04/08	Taiwanese Investment Information Technology Innovation Industry Park, Shaxi Town, Taicang City	US$11,250,000	Processing and production of indoor and car fragrances, dehumidifiers, pesticides, cleaning agents, cologne, spray, and other household chemicals
Yanglun (Shanghai) Trading Co., Ltd.	2013/01/06	Room 1005, No.1, Aly. 600, Tianshan Road, Changning District, Shanghai City	USD$700,000	Trading of dehumidifiers, fragrances, deodorizers, daily use cleaning supplies, and other plastic products
Farcent Biotechnology International Enterprise Co., Ltd.	2007/01/25	13F, No.230, Sec.3,, Chegde Rd., Taipei City	NT$5,000,000	General trading and staffing
Dikai International Enterprise Co., Ltd.	2007/07/17	No.4, Ln. 561, Sec. 2, Guoji Rd., Taoyuan City, Taoyuan County	NTD108,000,000	Wholesale of cleaning suppliers
Dikai Holding Corp.	2015/07/10	2nd Floor, Building B, Snpf Plaza, Savalalo Apia, Samoa.	US$1,000,000	General investment
Dikai (Taicang) Industrial Co., Ltd.	2015/10/29	No. 501, Lingang South Road, Taiwanese Investment Information Technology Innovation Industry Park, Shaxi Town, Taicang City	US$1,000,000	Manufacture and processing of plastic packaging boxes and containers, plastic parts, and daily use plastic items
Farcent Enterprise (Thailand) Ltd.	2001/07/25	15 Chaloem Phrakiat Ratchakan Thi 9 Soi 30 Yak 11 Dokmai Prawet, Bangkok Thailand 10250	THB54,320,000	Trading of dehumidifiers, fragrances, deodorizers, daily-use cleaning suppliers, and other plastic products
Farcent Vina Co., Ltd.	2017/11/10	National Road 1A, Hamlet 2, Thanh Duc, Ben Luc, Long An Province, Viet Nam	US$300,000	Trading of dehumidifiers, fragrances, deodorizers, daily-use cleaning suppliers, and other plastic products
Farcent International (Asia) Co., Ltd.	2017/07/05	No.741 Moo 4 (Bangpoo Industrial Estate) Sukumvit Rd., Preaksa, Amper Muang, Samutprakarn.	THB100,000,000	Production and trading of dehumidifiers, fragrances, deodorizers, daily-use cleaning suppliers, and other plastic products
Farcent Malaysia Sdn. Bhd.	2009/12/24	NO.5, Jalan BA/3, Kawasan Perusahaan Bukit Angkat, 43000 Kajang, Selangor, Malaysia.	MYR2,000,000	Trading of dehumidifiers, fragrances, deodorizers, daily-use cleaning suppliers, and other plastic products

3. Information on the same shareholder of associates presumed to have a relationship of control or subordination: None.
4. Industries covered by the scope of business of overall affiliates:

The scope of business of the Company and its affiliates includes the processing and trading of various fragrances, deodorizers, dehumidifiers, dishwashing detergents and other detergents, various mops, distribution and sales of kitchenware, and general investments.

5. Data on directors and supervisors of affiliates:

Unit: share; %

Name of enterprise	Title	Name or representative	Shares held	
			Number of shares	Shareholding
Farcent International (Samoa) Co., Ltd.	Director	Representative of Farcent Enterprise Co., Ltd.: Cynthia Tsai	4,077,882	100%
Farcent Group (Mauritius) Co., Ltd.	Director	Representative of Farcent International (Samoa) Co., Ltd.: Cynthia Tsai	3,193,382	100%
Eutech International Co., Ltd.	Director	Representative of Farcent Enterprise Co., Ltd.: Cynthia Tsai	854	100%
Flower Fairies (Xiamen) Daily-Use Chemicals Limited Company	—	Representative: Chen Yong-Song	— (Note)	100%
Suzhou Flower Faerie Environmental Technology Co., Ltd.	—	Representative: Wang Pei-Shi	— (Note)	100%
Yanglun (Shanghai) Trading Co., Ltd.	—	Representative: Lin Hong-Wei	— (Note)	100%
Farcent Biotechnology International Enterprise Co., Ltd.	Director	Representative of Farcent Enterprise Co., Ltd.: Cynthia Tsai	500,000	100%
Dikai International Enterprise Co., Ltd.	Chairman	Representative of Farcent Enterprise Co., Ltd.: Cynthia Tsai	8,112,852	75.119%
Dikai Holding Corp.	Director	Representative of f Dikai International Enterprise Co., Ltd.: Tsai Zhong-Chi	1,000,000	100%
Dikai (Taicang) Industrial Co., Ltd.	—	Representative: Chang Shu-Zhen	— (Note)	100%
Farcent Enterprise (Thailand) Ltd.	—	Representative: Yang Jian-Ren	217,280	40%
Farcent Vina Co., Ltd.	—	Representative: Song Jian-Ping	— (Note)	65%
Farcent International (Asia) Co., Ltd.	—	Representative: Lin Hong-Wei	1,000,000	100%
Farcent Malaysia Sdn. Bhd.	—	Representative: Cynthia Tsai	2,000,000	100%

Note: Refer to company limited.

(II) Business overview and financial condition as of 31 December 2022 and operating results in 2022 of affiliates:

Unit: US$; RMB; NT$; VND; MYR

Name of enterprise	Capital	Total assets	Total liabilities	Net worth	Operating income	Operating (losses) gains	Profit or loss for the period	Earnings per share
Farcent International (Samoa) Co., Ltd.	USD 4,077,882	USD 5,791,019.70	USD 21,869.14	USD 5,769,150.56	USD 664,511.52	USD 48,043.33	USD 122,806.92	USD 0.03
Farcent Group (Mauritius) Co., Ltd.	USD 3,193,382	USD 4,757,784	USD 0	USD 4,757,784	USD 0	USD 0	USD 140,584.21	USD 0.04
Eutech International Co., Ltd.	USD 8,537,925	USD 10,397,159.47	USD 0	USD 10,397,159.47	USD 0	USD (1,206.00)	USD 201,538.88	USD 235.99
Flower Fairies (Xiamen) Daily-Use Chemicals Limited Company	RMB 26,412,636.86	RMB 33,174,463.59	RMB 603,408.99	RMB 32,571,054.60	RMB 2,710,738.09	RMB (291,870.36)	RMB 947,806.94	(Note 1)
Suzhou Flower Faerie Environmental Technology Co., Ltd.	RMB 72,638,037.00	RMB 102,323,857.84	RMB 11,985,357.18	RMB 90,338,500.66	RMB 97,890,549.17	RMB 1,140,084.71	RMB 1,708,619.18	(Note1)
Yanglun (Shanghai) Trading Co., Ltd.	RMB 4,397,330	RMB 25,283,515.40	RMB 23,022,434.13	RMB 2,261,081.27	RMB 50,607,479.55	RMB (890,225.61)	RMB (495,328.51)	(Note1)
Farcent Biotechnology International Enterprise Co., Ltd.	NTD 5,000,000	NTD 4,457,835	NTD 41,700	NTD 4,416,135	NTD 263,725	NTD (53,853)	NTD (37,965)	NTD (0.08)
Dikai International Enterprise Co., Ltd.	NTD 108,000,000	NTD 597,334,072	NTD 205,734,235	NTD 391,599,837	NTD 424,193,621	NTD 130,307,485	NTD 112,008,301	NTD 10.37
Dikai Holding Corp.	USD 1,000,000	USD 1,191,644.38	USD 0	USD 1,191,644.38	USD 0	USD (45.50)	USD 167,707.26	USD 0.17
Dikai (Taicang) Industrial Co., Ltd.	RMB 6,407,800.00	RMB 9,229,135.17	RMB 945,882.86	RMB 8,283,252.31	RMB 13,405,429.82	RMB 961,308.67	RMB 1,130,620.84	(Note1)
Farcent Enterprise (Thailand) Ltd.	THB 54,320,000.00	THB 366,501,129.04	THB 129,276,766.74	THB 237,224,362.30	THB 326,211,627.25	THB 25,475,435.69	THB 24,348,458.17	44.82
Farcent International (Asia) Co., Ltd.	THB 100,000,000	THB 115,693,354.76	THB 268,172.77	THB 115,425,181.99	THB 0	THB (65,800.00)	THB 388,448.33	0.39
Farcent Vina Co, Ltd.	VND 6,812,700,000	VND 11,177,477,892	VND 2,421,285,243	VND 8,756,192,649	VND 13,180,128,176	VND 1,304,209,620	VND 1,026,392,041	(Note1)
Farcent Malaysia Sdn. Bhd.	MYR 2,000,000	MYR 9,053,062.11	MYR 5,529,881.75	MYR 3,523,180.36	MYR 7,174,410.21	MYR (1,283,329.43)	MYR (1,507,021.01)	(0.75)

Note 1: Refer to company limited; therefore, not applicable.

II. Private placement of securities in the most recent year and up to the publication date of the annual report: None.

III. Holding or disposal of the Company's shares by its subsidiaries in the most recent year and up to the publication date of the annual report: None.

IV. Other matters that require additional explanation: None.

V. Any of the circumstances listed in subparagraph 2, paragraph 3, Article 36 of the Securities and Exchange Act, which may materially affect shareholders' interest or the price of the Company's securities, that have occurred in the most recent year and up to the publication date of the annual report: None.

Farcent Enterprise Co., Ltd.

Statement of the Internal Control System

Date: 24 February 2023

The Company's internal control system for 2022, as per the results of our self-assessment, is hereby declared as follows:

I. The Company is fully aware that the establishment, implementation, and maintenance of the internal control system are the responsibility of the Company's Board and managers, and the Company has established such a system. The system aims to provide reasonable assurance for the achievement of the objectives, namely the effectiveness and efficiency of operations (including profitability, performance, and asset security protection), the reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations.

II. Certain limitations are inherent in all internal control systems. Regardless of the comprehensive design, an effective internal control system may only provide reasonable assurance regarding the achievement of the three intended objectives above; moreover, due to changes in the environment and circumstances, the effectiveness of the internal control system may change accordingly. However, the Company's internal control system is equipped with a self-monitoring mechanism. Once a defect is identified, the Company will take action to rectify it.

III. The Company judges whether the design and implementation of the internal control system are effective based on the criteria for judging the effectiveness of the internal control system set out in the “Regulations Governing Establishment of Internal Control Systems by Public Companies” (the "Regulations"). The said criteria adopted for the internal control system under the Regulations are divided into five constituent elements as per the management and control process: 1. control environment, 2. risk assessment, 3. control activities, 4. information and communication, and 5. monitoring activities. Each constituent element includes several items. For said items, please refer to the Regulations.

IV. The Company has adopted the aforesaid judgment criteria for the internal control system to determine whether the design and implementation of the internal control system are effective.

V. Based on the results of the assessment in the preceding paragraph, the Company is of the opinion that, as of 31 December 2022, the internal control system (including the supervision and management of its subsidiaries), including understanding the effectiveness of operations and the extent to which efficiency targets are achieved, reliable, timely, and transparent reporting, and compliance with applicable rules and applicable laws and regulations, is effective and can reasonably assure the achievement of the foregoing objectives.

VI. The statement will form the main content of the Company's annual report and prospectus and will be made public. If the disclosed content above is false, or if there is material information concealed deliberately or otherwise, the Company will be legally liable pursuant to Articles 20, Article 32, Article 171, and Article 174 of the Securities and Exchange Act.

VII. The statement was approved by the Board on 24 February 2022. Among the six Directors who attended, none of them held any dissenting opinion, and all of them agreed with the content of the statement; therefore, the statement is hereby declared.

Farcent Enterprise Co., Ltd.

Chairman: Cynthia Tsai Signature & Seal
President: Annie Wang Signature & Seal

Thank you for participating in the annual shareholders' meeting!

Please feel free to tell us your opinions at all times!