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Farcent Enterprise Co., Ltd.
The 2023 Annual Report

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Notice to Readers: The English version is the translation of the Chinese version and if there is any conflict between the meaning of terms in the Chinese version and English translation, the meaning of the Chinese version shall prevail.

I. Spokesperson of the company

Name : Annie Wang

Title: Vice chairperson/CEO

Contact No.: (02)2592-2860

E-mail: anwang@farcent.com.tw

Acting Spokesperson of the Company

Name : Paul Ying

Title: Senior Manager

Contact No.: (02)2592-2860

E-mail: paul_ying@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: Transfer Agency Department, 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://www.ctbcbank.com>

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. : 8F, No. 122, Dunhua N. Rd., Songshan Dist., Taipei City 105405, Taiwan

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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One. Letter to Shareholders

I. The 2023 Business Report

(I) Implementation results of the business plan

The consolidated net operating income of the Company in 2023 was NT\$2,616,248 thousand, representing a decrease of 6.05% as compared to NT\$2,784,615 thousand in 2022. The operating gain of the period was NT\$301,314 thousand, representing a decrease of 6.87% as compared to NT\$323,528 thousand in 2022. The net profit after tax of the parent company was NT\$230,986 thousand, representing a decrease of 8.85% as compared to NT\$253,404 thousand in 2022.

Unit: NT\$000'

Item	2023	2022	(%)
Net operating income	2,616,248	2,784,615	-6.05%
Operating costs	-1,376,194	-1,514,705	-9.14%
Net profit (Note)	1,246,001	1,267,788	-1.72%
Operating expenses	-944,687	-944,260	0.05%
Operating gains	301,314	323,528	-6.87%
Non-operating income and expenditure	27,048	20,020	35.10%
Net profit before tax	328,362	343,548	-4.42%
Net profit after tax	259,686	277,566	-6.44%
Net profit after tax attributable to:			
Owner of the parent company	230,986	253,404	-8.85%
Non-controlling interest	28,700	24,162	18.78%

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

(II) **Budget execution:** Not applicable; the Company has not disclosed its financial forecast for 2023.

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

1. Financial income/expenses

The consolidated net profit before tax of the Company in 2023 was NT\$328,362 thousand. The consolidated net cash inflows from operating activities, the net cash outflows from investing activities, net cash outflows from financing activities, and cash outflows from the effects of changes in the exchange rate on cash and cash equivalent throughout the year were NT\$451,016 thousand, NT\$59,284 thousand, NT\$283,420 thousand, and NT\$4,855 thousand, respectively. In addition, the cash and cash equivalent at the beginning of the period was NT\$764,465 thousand, and the balance of cash and cash equivalent at the end of the period was NT\$867,922 thousand.

2. Analysis of profitability:

Analysis item	2023	2022
Debt ratio	23.12%	26.14%
Ratio of long-term capital to property, plant and equipment	403.21%	394.08%
Current ratio	337.79%	335.15%
Quick ratio	269.53%	243.10%
Return on equity	13.38%	14.92%
Ratio of net profit before tax to paid-in capital	51.93%	54.33%
Profit margin	9.93%	9.97%
Earnings per share (NT\$/after tax)	3.65	4.01

(IV) R&D status

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

Unit: NT\$000'

Year Item	2023	2022
Net operating income	2,616,248	2,784,615
R&D expenses	37,422	45,830
Ratio(%)	1.43%	1.65%
Achievement	1. Quweidashi Washroom Deodorizer - Bathing Soap (7ml) 2. Quweidashi Washroom Deodorizer - Bathing Soap (original + refill pack) 3. Quweidashi Washroom Deodorizer - Morning Musk (original + refill pack) 4. Quweidashi Washroom Deodorizer - Pure Floral (Quweidashi Washroom Deodorizer -) 5. Farcent Scented Bag - Sunny Orange Blossom (10gX3) 6. Farcent Scent Diffuser - 2 originals + 4 refill packs (COSTCO) 7. Quweidashi Deodorizer - Sun-Link-Sea After Rain 80ML 8. Quweidashi Deodorizer - Misty Alishan 80ml	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

9. Farcent Premium Scent Diffuser – Morning Musk - 100ml	9. Farcent Diffuser – Tea Tree (collaboration)
10. Farcent Premium Scent Diffuser –Sunny Orange Blossom - 100ml	10. Farcent Washroom Cleaning Spray (original + refill pack)
11. Farcent Scent Diffuser – Sweet Pamper Set (120mlX2)	11. Farcent Kitchen Cleaning Spray (original + refill pack)
12. Les Parfums de Farcent Body Wash – Bluebell 1000g	12. Farcent Drain Cleaner (export sales)
13. Les Parfums de Farcent Body Wash (refill pack) – Bluebell 650g	13. Farcent Floor Cleaning Agent (export sales)
14. Les Parfums de Farcent Body Wash – Bluebell 1000g (6 in) refill pack100g	14. Farcent Kitchen Cleaning Spray (export sales)
15. Les Parfums de Farcent Body Wash – White Musk 1000g (6 in) refill pack 100g	15. Chinese Tea Tree Laundry Sink Cleaning Agent
16. Les Parfums de Farcent Body Wash – Marine Breeze 780g	16. Ms. Bright Automatic Toilet Cleaning Agent
17. Les Parfums de Farcent Body Wash – Sunshine Forest 780g	17. Show Ba Washroom Cleaning Agent 650g
18. Les Parfums de Farcent 2 in 1 780g	18. Perfume Shampoo (new generation and upgraded)
19. Farcent Perfume Shower Combo – Topsy Freesia (shampoo + conditioner + body wash 290g)	19. Perfume Conditioner (new generation and upgraded)
20. Quchenshi Dual Track Zipper Bag (M) (29 bags)	20. Farcent Perfume Shower Comble (Freesia + Sage)
21. Quchenshi Dual Track Zipper Bag (L) (17 bags)	21. Perfume Shower Gel with Amino Acid – Topsy Freesia (one original with three refill packs + 100g shampoo)
22. Quchenshi Resilient Zipper Bag (M) (35bags) (PX)	22. China - 75% Scented Alcohol Wipe
23. Quchenshi Resilient Zipper Bag (L) (21 bags) (PX)	23. China – Disposable Duster
24. Quchenshi Air Conditioner Cleaning Agent – No Fragrance 420ml	24. Fragrance-free Floor Wipe
25. Quchenshi Kitchen Wipe (20 pieces)	25. L.P. Farcent Dehumidifier
26. Kechaoling x Quweidashi Environmental Dehumidifier (refill pack) – Rose Oolong	26. L.P. Farcent Adhesive Lint Roller (one original + four refill packs)
	27. L.P. Farcent Garbage Bag (new generation)

2. Future R&D plan

The Company will continue to adhere to the operating purpose of “Convenient New Technology; Favorable Smart Life” to constantly improve our competitiveness to continue our services to consumers and the public through product innovations and the creation of brand values. 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. 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 2024 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.
3. Develop environmental, high-quality, and affordable products.

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 an international business structure.
- (IV) Develop new product categories to expand our business.
- (V) 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 channel consolidation and the improvement in the awareness of environmental protection and health. There are multiple factors that affect 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, invested its marketing resources in the super brand that covers different product categories, and actively invested resources. Meanwhile, it performed market surveys to

better understand consumers so as to develop ground-breaking new products that comply with consumers' requirements.

We will maintain our flexibility and adjust investment strategies. Concurrently, we will improve products' gross profit by adjusting products' selling prices or offering discounts, re-examine and build more powerful organizational capacity and disciplines to re-define our short-term and long-term growth. 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: Jenny Ley

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.
- 2001
 - The capital was increased to NT\$ 407,824 thousand.
 - 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.

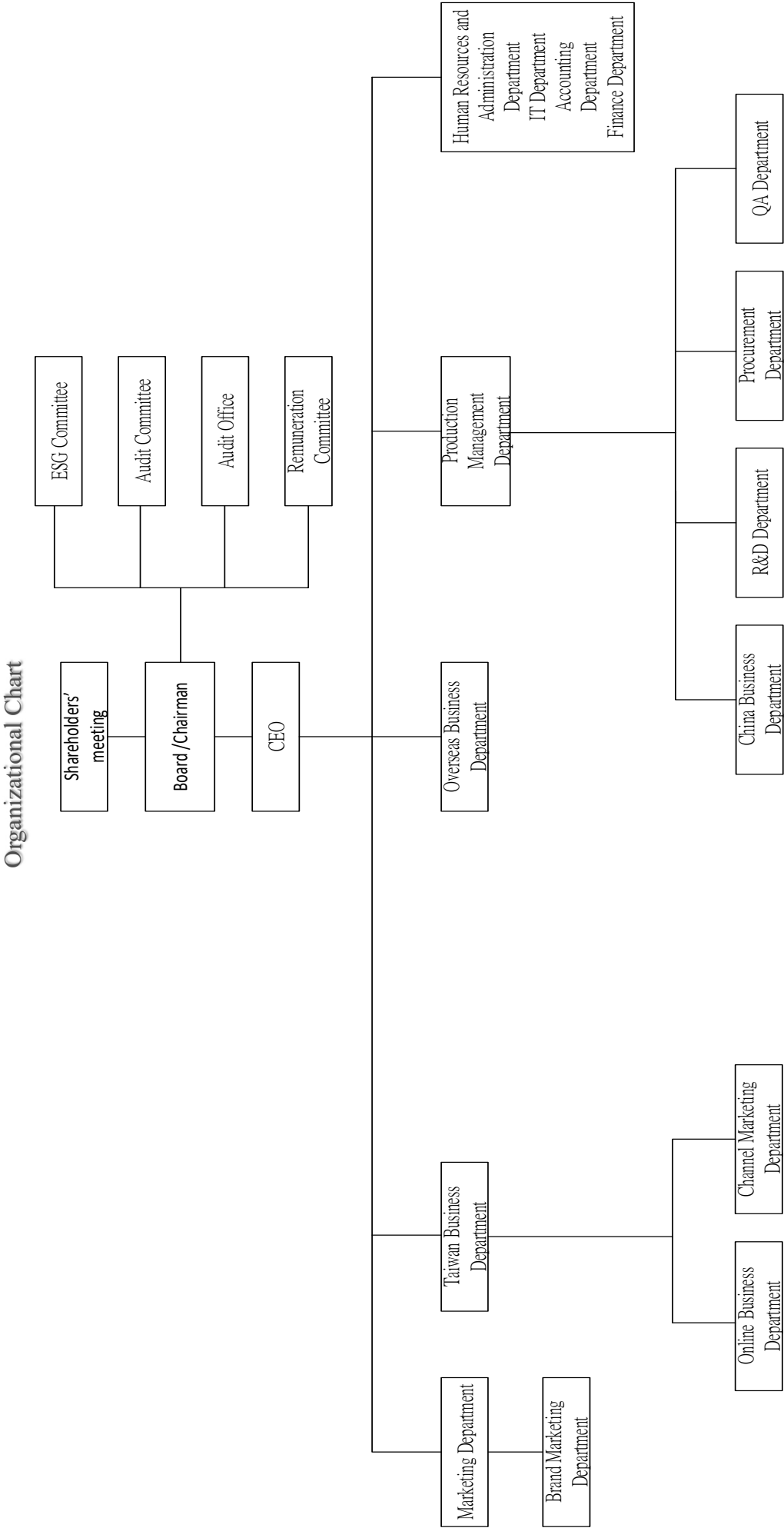
- Invested in the Mainland region and established Farcent (Xiamen) Trading Co., Ltd..
- 2006 ● Obtained distribution rights for cosmetic brand Heme International Inc..
- Obtained distribution rights for Stanlen cosmetics of Taiwan Sugar Corporation.
- The Chairman was elected as the chairman of the Federation 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
- 2013 and Zhong guan Section, Guanyin Township.
- 2013 ● Disposed of lands with an area of 2,184.49 ping at Shuangling Section, Zhongli
- 2014 City and Zhong guan Section, Guanyin Township.
- 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
- 2016 shareholding increased to 60.199%.
- 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.
- 2023 ● Continued the development of natural plant extracts and launched “Tea Tree Manor Laundry Ball” and “Quweidashi Toilet Bowl Cleaner.”
- Initiated the development of the Group’s first sustainable gree product.

Three. Corporate Governance

I. Company organization

(I) Organizational chart of the Company



(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.
	3. Consumer services
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.
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.
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.
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.
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.
China Business Department	12. Annual strategies for the business in China.
	13. Sales in China.
	14. Promotional activity management for the business in China.
	15. Receivables management in China.
	16. Product return management in China.
	17. Market audits in China.
	18. Analysis of competitive products in China.
	1. Annual strategies for marketing in China.
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.
	6. Operation of Board meetings.
	7. 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	Chairman, Dikai International Enterprise Co., Ltd. Chairman, Xinyao Investment Co., Ltd. Director, Youte Investment Co., Ltd. Director, Cana Coffee Inc. Director, Quanying Tableware Co., Ltd. Director, Shida Investment Co., Ltd.	CEO	Annie Wang	Mother and daughter	(Note 1)
																		Vice President	Lin Hong-Wei	In-laws with the first degree of kinship	(Note 1)
																		Vice President	He Bo-Nian	In-laws with the first degree of kinship	

Vice Chairman	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	Tunghai University	CEO, Farcent Enterprise Co., Ltd. Supervisor, Dikai International Enterprise Co., Ltd. Chairman, Youte Investment Co., Ltd. Director, Shida Investment Co., Ltd.	Chairman n	Cynthia Tsai	Mother and daughter	(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	Graduated from the Department of Mass Communication, Fu Jen Catholic University Graduated from EMBA, National Chengchi University	Chairman, Kaibo Era International Advertisemen t Co., Ltd.	None	None	None	None
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	Ph.D., Department of Industrial Engineering, and System 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	0	None	Department of Accounting, Hsing Wu Junior college of Commerce	Director, Mildef Crete Inc. Project manager, Audit Department, Motech Industries Inc.	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	0	None	Ph.D., Department of Business Management, National Sun Yat-sen University	Associate professor, Department of Business Management, Tunghai University	None	None	None

Note 1: 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; therefore, the Company plans to appoint persons from the industry sector or the academic sector for the succession of Independent Directors.

Note 2: 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: The Company’s CEO Lei Hui-Min resigned on 31 March 2024 due to personal career planning, and Vice President Annie Wang was appointed as the CEO of the Company.

Chairman Cynthia Tsai and CEO (President) Annie Wang are relatives with the first degree of kinship; however, the Company values corporate governance. Among six Directors, four of them are not concurrently employees or managers. Material proposals are fully discussed by functional committees, and the Company accepts their recommendations to implement the spirit of corporate governance. Also, it plans to increase the number of Independent Directors to four seats upon the full re-election at the 2024 annual shareholders’ meeting to reinforce the supervisory functions of the Board.

(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
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.

(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 Wang possess experience in chemistry and retail sales industries; Director Annie Wang and Director Tsai Chang-Zhong are good at marketing; Chairman Cynthia Tsai 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 (50%) and two Directors who are also employees (33%). For the age range of Directors, one Director is aged between 31 to 40, 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 66%; 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 patterns, 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				✓	✓	✓	✓	✓	✓	✓	✓	✓				
Wang Li-Zhi	Republic of China	Male				✓		✓	✓	✓	✓	✓	✓	✓	✓	✓		
Tsai Wen-Chun	Republic of China	Female				✓		✓	✓	✓	✓			✓	✓	✓		
Tseng Ya-Tsai	Republic of China	Female			✓		✓	✓	✓	✓	✓	✓	✓					

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

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

(4) Independence of the Board

Among six Directors of the Company, three Independent Directors account for 50% of the Board; only Chairman Cynthia Tsai and Vice Chairman Annie Wang are relatives within the second degree of kinship; no Director is a spouse or a relative within the second degree of kinship of another Director or Independent Director, complying with paragraph 3, Article 26-3 of the Securities and Exchange Act.

(V) Continuing education of the Directors

Title	Name	Date	Organizer	Course title	Number of hours
Chairman	Cynthia Tsai	2023.11.02	Taiwan Institute of Directors	Under the ESG Wave – Digital Transformation and Future Crucial Talents	3
		2023.11.02		Green Transformation-Sustainable Supply Chain Management and Green Operations	3
Vice Chairwoman/Executive Director	Annie Wang	2023.07.13	Taipei Exchange	Sustainable Development Action Plan Conference for Listed Companies	3
		2023.11.02	Taiwan Institute of Directors	Under the ESG Wave – Digital Transformation and Future Crucial Talents	3
Director	Tsai Chang-Zhong	2023.11.02	Taiwan Institute of Directors	Under the ESG Wave – Digital Transformation and Future Crucial Talents	3
		2023.11.02		Green Transformation-Sustainable Supply Chain Management and Green Operations	3
Independent Director	Wang Li-Zhi	2023.11.02	Taiwan Institute of Directors	Under the ESG Wave – Digital Transformation and Future Crucial Talents	3
		2023.11.02		Green Transformation-Sustainable Supply Chain Management and Green Operations	3
Independent Director	Tseng Ya-Tsai	2023.11.02	Taiwan Institute of Directors	Under the ESG Wave – Digital Transformation and Future Crucial Talents	3
		2023.11.02		Green Transformation-Sustainable Supply Chain Management and Green Operations	3
Independent Director	Tsai Wen-Chun	2023.11.02	Taiwan Institute of Directors	Under the ESG Wave – Digital Transformation and Future Crucial Talents	3
		2023.11.02		Green Transformation-Sustainable Supply Chain Management and Green Operations	3

(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 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	Note2
CEO/ Vice chairwoman	Republic of China	Annie Wang	Female	2018.01.01 2015.07.14	4,104,016	6.49%	-	-	None	None	CEO of Farcent Enterprise Co., Ltd.	Vice chairwoman, Farcent Enterprise Co., Ltd. Supervisor, Dikai International Enterprise Co., Ltd. Chairwoman, Youte Investment Co., Ltd. Director, Shida Investment Co., Ltd.	Chairman Vice President	Cynthia Tsai Lin Hong-Wei	Mother and daughter Husband and wife	Note3
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
Vice President	Republic of China	Liao Lien-Fa	Male	2013.09.01	-	-	-	-	None	None	Manager of the Sales Department, Farcent	None	None	None	None	Note6

Note 6: Assistant Vice President Liao Lien-Fa was promoted as the Vice President on 1 March 2024.

Note 7: 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)	Cash	Stock	Cash	Stock			
Director	Cynthia Tsai																	
	Annie Wang																	
	Tsai Chang-Zhong		1,217		1,217	210	210		5,344	5,344	-	-	-	-	-	2.93%	2.93%	
	Wu Xing-Guo																	
Independent Director	Wang Li-Zhi																	
	Tsai Wen-Chun					1,130	1,130		-	-	-	-	-	-	-	0.49%	0.49%	

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 Tsai Chang-Zhong Wang Li-Zhi Tsai Wen-Chun Tseng Ya-Tsai	Cynthia Tsai Annie Wang 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)	-	-	Cynthia Tsai	Cynthia Tsai
NT\$3,500,000 (inclusive)–NT\$5,000,000 (exclusive)	-	-	Annie Wang	Annie Wang
NT\$5,000,000 (inclusive)–NT\$10,000,000 (exclusive)	-	-	-	-
NT\$10,000,000 (inclusive)–NT\$15,000,000 (exclusive)	-	-	-	-
NT\$15,000,000 (inclusive)–NT\$30,000,000 (exclusive)	-	-	-	-
NT\$30,000,000 (inclusive)–NT\$50,000,000 (exclusive)	-	-	-	-
NT\$50,000,000 (inclusive)–NT\$100,000,000 (exclusive)	-	-	-	-
Over NT\$100,000,000	-	-	-	-
Total	6	6	6	6

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, 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			
						Cash amount	Stock amount	Cash amount	Stock amount					
CEO	Lei Hui- Min													
CEO/Executive Director	Annie Wang													
Vice President	Ling Hong- Wei	20,309	20,309	-	-	-	-	1,168	-	1,168	-	9.30%	9.30%	
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.

Note : CEO Lei Hui-Min resigned on 31 March 2024.

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)
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)	Annie Wang Lin Hong-Wei	Annie Wang Lin Hong-Wei
NT\$3,500,000 (inclusive)–NT\$5,000,000 (exclusive)	He Bo-Nian	He Bo-Nian
NT\$5,000,000 (inclusive)–NT\$10,000,000 (exclusive)		
NT\$10,000,000 (inclusive)–NT\$15,000,000 (exclusive)	Lei Hui-Min	Lei Hui-Min
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, 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 2023
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				
	CEO	Lei Hui-Min				
	Executive Director	Annie Wang				
	Vice President	Lini Hong-Wei				
	Vice President	He Bo-Nian				
	Assistant Vice President	Liao Lien-Fa				
	Corporate Governance Officer	Lin Chiu, Lin				
	Assistant Vice President	Gao Zhi-Hong				
	Assistant Vice President	Chang Wen-Chun				
	Assistant Vice President	Wu Jia-ying				
	Assistant Vice President	Zhuang- Denggui				
	Chief of finance and accounting	Qin Mei-Hua				
			0	2,975	2,975	1.30%

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 2023	Ratio of total remuneration to net profit after tax in 2022
Director		
President and Vice Presidents	11.43%	9.64%

2. All companies in the financial report:

Title	Ratio of total remuneration to net profit after tax in 2023	Ratio of total remuneration to net profit after tax in 2022
Director		
President and Vice Presidents	11.43%	9.64%

*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 compensations 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 2023.

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
Independent Director	Wang Li-Zhi	5	1	83%	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 Audit 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 2023

Item	Date/session	Director	Content of the proposal	Reason for the recusal for conflict of interests	Voting status
1	2023/01/12	Cynthia Tsai Annie Wang We Xing-Guo	Proposal for the distribution of year-end bonuses of managers of the Company for 2022	Personal interest	Recusal for the exercise of voting rights according to the law
2	2023/08/04	Cynthia Tsai Annie Wang	Proposal for the distribution of employee bonuses of managers and remuneration of Directors of the Company in 2022	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 2023, the overall average score for the self-performance evaluation of the Board was 4.58 (the full mark is 5), the overall average score for the self-performance evaluation of individual Directors was 4.66 (the full mark is 5), the overall average score for the self-performance evaluation of the Audit Committee was 4.68 (the full mark is 5), and the overall average score for the self-performance evaluation of the Remuneration Committee was 4.63 (the full mark is 5); the self-evaluation results exhibited 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 2023 were reported to the Board on 17 January 2024.
- (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. Six 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.	6	-	100%	Re-elected on 22 July 2021
Independent Director	Wang Li-Zhi		5	1	83%	Re-elected on 22 July 2021
Independent Director	Tseng Ya-Tsai		6	-	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
2023.01.12	2023.01.12	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.
2023.02.24	2023.02.24	Subject: The 2022 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 amendments to the Articles of Incorporation are submitted for discussion. Resolution: Approved as proposed. Subject: The amendments to the “Procedures for Duty Authorization and Agency” and the addition to the “Regulations for the Risk Management Policies and Procedures” of the Company are submitted for discussion. Resolution: Approved as proposed. Subject: The proposal for the appointment of the chief internal auditor of the Company is submitted for discussion. Resolution: Approved as proposed. Subject: The proposal for loans between subsidiaries Xiamen and Yanglun, wholly owned by the Company, is submitted for discussion.	None.	Approved by receiving the consent of all attending Directors.

		Result: Approved as proposed. Subject: The proposal for earning distribution for 2022 is submitted for discussion. Result: Approved as proposed.		
2023.05.04	2023.05.04	Subject: The change in CPAs and the evaluation of the CPAs' independence and adequacy are submitted for discussion. Result: Approved as proposed. Subject: The 2023 Q1 consolidated financial statements of the Company are submitted for discussion. Resolution: Approved as proposed. Subject: The proposal for the annual contract renewal with Taiwan Cooperative Bank (the "TCB") is submitted for discussion. Result: Approved as proposed. Subject: The amendments to the "Procedures for Duty Authorization and Agency" and "Management of Financial Statements Preparation Procedures" are submitted for determination. Result: Approved as proposed.	None.	Approved by receiving the consent of all attending Directors.
2023.06.16	2023.06.16	Subject: The proposal for the contract renewal with CTBC Bank (the "CTBC") regarding the application for maintaining a short-term comprehensive credit limit of NT\$150 million and a derivative trading limit of NT\$10 million each year is submitted for discussion. Result: Approved as proposed. Subject: The amendments to the "Stamp Use Management Operation" are submitted for determination. Result: Approved as proposed.	None.	Approved by receiving the consent of all attending Directors.
2023.08.04	2023.08.04	Subject: The 2023 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 2023 is submitted for determination. Resolution: Approved as proposed. Subject: The amendments to the "Regulations for the Due Diligence of New Customers and Suppliers" are submitted for discussion. Resolution: Approved as proposed. Subject: The proposal for loans of US\$1 million provided by Farcent International (Asia) Co., Ltd, a wholly-owned subsidiary of the Company, to the Company, is submitted for determination. Resolution: Approved as proposed. Subject: The proposal for loans between Suzhou Flower Faerie Environmental Technology Co., Ltd. (the "Suzhou	None.	Approved by receiving the consent of all attending Directors.

		Flower Faerie”) and Yanglun (Shanghai) Trading Co., Ltd. (the “Yanglun”), wholly-owned subsidiaries of the Company, is submitted for determination. Resolution: Approved as proposed.		
2023.11.02	2023.11.02	Subject: The 2023 Q3 consolidated financial statements of the Company are submitted for discussion. Resolution: Approved as proposed. Subject: The proposal for the request of Farcent Malaysia, a wholly-owned subsidiary of the Company, for borrowings in the amount of US\$1 million from the Company is submitted for discussion. Resolution: Approved as proposed. Subject: Farcent International (Samoa) Company Limited, a wholly-owned subsidiary of the Company, intends to perform a capital reduction in cash of US\$500,000, and the paid-in capital after the capital reduction was US\$3,577,882. Resolution: Approved as proposed. Subject: The proposal for the 2024 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 2023:

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
2023/2/24 Audit Committee	1. The audit report for October to December 2022. 2. The 2022 Statement of the Internal Control System.	1. Acknowledged. 2. Report to the Board when approved after the discussion.	Independent Directors had no opinion.
2023/5/4 Audit Committee	1. The audit report for January to March 2023.	1. Acknowledged.	Independent Directors had no opinion.
2023/8/4 Audit Committee	1. The audit report for April to June 2023.	1. Acknowledged.	Independent Directors had no opinion.
2023/11/02 Audit Committee	1. The audit report for July to September 2023. 2. The proposal for the 2024 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 2023:

The communication between the Independent Directors of the Company and CPAs is favorable.

Date	Communication highlight	Recommendations of Directors	Implementation results
2023/2/24 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.
2023/5/4 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.
2023/8/4 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.		
2023/11/02 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.

(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.	
(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.	None
(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	
(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 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 33% of the Board, Independent Directors account for 50%, and female Directors account for 67%. 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, and one below 40, which allows the inheritance of experience and the commencement of creating a new future.

Evaluation item	Operation (Note)			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Summary	
(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		4. The diversification policy of Board members is disclosed on the Company's website and MOPS. (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 2023 were reported to the Board on 17 January 2024. 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 4.58 to 4.68 (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 AQLs. 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 Jan 17, 2024. 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 Board resolved to establish the position of a chief corporate governance officer on 16 June 2023 to handle matters relating to Board meetings, functional committee meetings, and shareholders' meetings according to laws, assist Directors in onboarding the continuing education, furnish information required for business execution by Directors, assist Directors in complying with laws, and prepare 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 2023 were reported to the Board on 17 January 2024.	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	
		• 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 17 January 2024. The Company has introduced an intellectual property management system in 2011, and the Company executes the	

Evaluation item	Operation (Note)			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Summary	
			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 2023, the Company possesses a total of 76 domestic and overseas patent rights in effect. 2. Trademark right: As of 31 December 2023, the Company possesses a total of 274 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.	
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.)	V		1. Based on the results of the Corporate Governance Evaluation in 2022, improvements made in 2023 are as follows: Upload the English annual report for the shareholders' meeting, English meeting handbook, and English financial statements within the deadline for scoring. 2. Priorities and measures for improvement: The ESG Committee will assist the Board in effectively managing relevant risks, integrating Group resources, improving communications between the Group and stakeholders, and improving corporate value and effects in accordance	

Evaluation item	Operation (Note)			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Summary	
			with relevant risk management policies and procedures. 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	4	1	80%	Re-elected on 22 July 2021
Member	Tsai Wen-Chun	5	0	100%	Re-elected on 22 July 2021
Member	Tseng Ya-Tsai	5	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
5 th meeting of the 5 th session 2023/01/12	1 st meeting in 2023 2023/01/12	Subject: The proposal for the review of the distribution of year-end bonuses of managers of the Company for 2022 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 2023 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. Subject: Approval for the remuneration of CEO Lei Hui-Min, a newly appointed manager of the Company. 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.
6 th meeting of the 5 th session 2023/02/24	2 nd meeting in 2023 2023/02/24	Subject: The proposal for the distribution method of the remuneration of employees and remuneration of Directors for 2022 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.
7 th meeting of the 5 th session 2023/05/04	3 rd meeting in 2023 2023/05/04	Subject: Approval for the remuneration of Assistant Vice President Wu Jia-Ying, a newly appointed manager of the Company. 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.
8 th meeting of the 5 th session 2023/06/16	4 th meeting in 2023 2023/06/16	Subject: Approval for the proposal of the appointment of Ms. Lin Chiu-Ling, the chief corporate governance officer of the Company. 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

9 th meeting of the 5 th session 2023/08/04	5 th meeting in 2023 2023/08/04	Subject: The proposal for the distribution of the remuneration of employees and remuneration of Directors for 2022 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.	Approved by receiving the consent of all attending Directors.
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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 Assistant Vice Presidents 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
Vice chairwoman/Director	Annie Wang	3	0	100%	Possess expertise in improving corporate value and international marketing.	
Independent Director	Tsai Wen- Chun	2	0	67%	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	
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		1. The Board approved the Corporate Social Responsibility Best Practice Principles on 5 March 2015 to include corporate social responsibility in the Company's business strategy. 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. 2. On 27 September 2023, the ESG Committee approved that the Vice Chairman shall be the convener of the Committee and that workforces are established. The workforce is mainly responsible for preparing the sustainability report, performing GHG inventory, and organizing and implementing the ESG annual plan. Relevant units were called upon to form cross-department workforces in terms of corporate governance (finance, legal affairs, and IT), customer value (marketing and sales), environmental sustainability (production and R&D), employees' rights and interest (HR), and social inclusiveness (HR and the foundation) to participate in and implement the Company's sustainable development strategies. 3. The ESG Committee reports to the Board regarding the implementation achievements and future work plans for sustainable development on a quarterly basis. The Board shall examine the progress of the plan and strategies and urge the management team to make adjustments when necessary. In 2023, a total of five meetings were convened, and the content of the proposals included the following:

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)
			(1) Proposal for the 2023 work plan of the ESG Committee (2023.1.12); (2) Plan for GHG inventory and verification (2023.1.12); (3) Report of the GHG inventory implementation (2023.5.4); (4) Report of the GHG inventory and verification implementation (2023.6.16); (5) Report of the implementation of the “2022 Sustainability Report” (2023.11.2) 4. The preparation of the 2022 “Sustainability Report” was completed in September 2023, and the report was uploaded to the website designated by the competent authority and the Company’s website according to the requirements. The implementation progress was reported to the Board on 2 November 2023. The disclosing website of the Company is: https://www.farcent.com.tw/responsibility01
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		The Company adopts the Double Materiality principles proposed by the EU and GRI Standards to evaluate the impact of internal and external impact, either positive or negative, of sustainability issues on the Company and establish relevant risk management policies or strategies based on the assessed risks, which are published in Chapter 1.4 of the 2022 Sustainability Report; the link is: https://www.farcent.com.tw/files/farcent2022_sustainabilityreportFA.pdf
III. Environmental issues (1) Has the Company set up an appropriate environmental management system based on the characteristics of its industry?	V		1. To effectively manage the impacts of the Taiwan HQ, Suzhou Taicang Plant, and Dikai’s Taoyuan Plant on the environment, the Company

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	
(II) Is the Company committed to improving energy efficiency and to the use of renewable materials with low environmental impact?			actively promotes various environmental protection measures and formulates environmental policies that align with the current status of the Company based on the evaluation results of risks and opportunities so as to save energy, prevent and reduce environmental protection, and reduce GHG emissions. 2. All plants and subsidiaries of the Company perform GHG inventories each year according to the ISO 14064-1 standards to track the emission reduction achievements, and disclosures were made in the Sustainability Report. The link is: https://www.farcent.com.tw/files/farcent2022_sustainabilityreportFA.pdf
	V		1. The Company actively promotes various energy reduction measures and selects high-energy efficiency and energy-saving equipment to improve energy efficiency and improve the use of renewable energy. (1) Suzhou Taicang Plant A. Natural gas was replaced with steam in October 2020. In 2022, the steam consumption was 4,179.01GJ, and the energy consumption was reduced by 29.33% as compared to the base year (2019). B. In 2022, the installation of solar panels was completed, and the solar power generated reached 492,239 kWh; renewable energy accounts for 25.65% of the overall power consumption rate. (2) Dikai (Taoyuan) In 2023, Dikai applied for the low-carbon and intelligence upgrade project with the Industrial Development Bureau. Smart meters were installed to carry out the power consumption monitoring of equipment,. Meanwhile, it replaced old injection machines and is estimated to achieve 30% of energy conservation or 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	
(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		Summary (Note 2)
			(3) For information on the energy and resource management of the Company, please refer to Chapter 3.2 of the 2022 Sustainability Report; the link is: https://www.farcent.com.tw/files/farcent2022_sustainabilityreportFA.pdf 2. To become a sustainable enterprise that co-exists with the environment, the Company primarily selects natural ingredients as raw materials for products. In recent years, it has actively committed to the use and R&D of recycled supplies. Meanwhile, it improved the consumption efficiency of various resources to achieve the target of raw material reduction and waste reduction in the hope of minimizing the impact on the environmental load. Please refer to Chapter 3.4 of the 2022 Sustainability Report; the link is: https://www.farcent.com.tw/files/farcent2022_sustainabilityreportFA.pdf 1. The ESG Committee is the highest organization in the Company for climate change management, with the Vice Chairman as the chairperson. The Committee reviews and discusses the climate change strategies and targets, manages climate change risk and opportunity actions, examines the implementation and discusses the future plan, and reports to the Board. 2. The Company evaluates the risks and opportunities of climate change to the Company based on the TCFD recommendations published by the Financial Stability Board (FSB), and it estimates to re-initiate a comprehensive evaluation every three years and make examination for updates each year. The Company completed the latest climate risk assessment in 2023 by focusing on the following six major risks: policies and regulations related to tax fees, the increase in the cost of raw materials, low-carbon technology transformation trends, investors'

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	
(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?			requirements for sustainability performance, water shortage caused by extreme weather, and risks of floods/droughts. 3. To minimize the abovementioned risk factors, the Company also concurrently identified feasible opportunities and formulated countermeasures in terms of energy and resource management, carbon information disclosures, R&D of green products and services, and supply chain management. It continued to reinforce and build the sustainable operation capacity of the Company and minimize the potential risks and impacts of climate change on the Company. 4. Detailed descriptions of the analysis of climate change risks and opportunities of the Company were disclosed in Chapter 3.1 of the 2022 Sustainability Report; the link is: https://www.farcent.com.tw/files/farcent2022_sustainabilityreportFA.pdf
	V		1. The Company is committed to environmental protection, energy-saving and carbon reduction, and the development of sustainable corporate operations. It also formulated environmental policies to achieve the target of energy conservation, prevention and reduction of environmental pollution, and reduction of GHG emissions. 2. The Company calculates its GHG emissions, water consumption, and total weight of wastes. Please refer to Chapters 3.1, 3.2, and 3.3 of the 2022 Sustainability Report; the link is: https://www.farcent.com.tw/files/farcent2022_sustainabilityreportFA.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)		
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	1. The Company strictly adheres to local regulations of places where our operating joints are located, 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,” “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 in a friendly manner, respects them, and communicates the spirit with our partners. 2. To ensure the implementation of the abovementioned human rights spirits, the Company has established a series of implementation policies, including carrying out educational training and promotion related to harassment prevention or illegal infringement at workplaces, the establishment of employee complaint systems and channels, respecting labor unions and the freedom of association, offering regular health inspections, and actively organizing health lectures, and regularly examines and adjusts the management measures for issues related to human rights policies to optimize human rights protection. Please refer to Chapter 4.5 of the 2022 Sustainability Report; the link is: https://www.farcent.com.tw/files/farcent2022_sustainabilityreportFA.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	
(II) Has the Company established and implemented reasonable employee welfare measures (including remuneration, vacation, and other benefits) and appropriately reflected the business performance or results in employees' remuneration?	V	1. The Company values the physical and mental health and welfare of employees and provides 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 compliant with 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, and hospitalization consolation money. 2. The Company ensures the market competitiveness of the overall remuneration of the Company through regular market salary surveys 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 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?		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	

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	
			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 a safe, friendly, and healthy work environment. Please refer to Chapter 4 of the 2022 Sustainability Report; the link is: https://www.farcent.com.tw/files/farcent2022_sustainabilityreportFA.pdf
(IV) Has the Company established an effective career development training program for employees?	V	1. The Company has organized comprehensive functional training for supervisors and employees of all levels, including new employee training, professional advanced training, and supervisor training, to assist employees in continuing to learn and grow by way of diverse learning. It also introduced training courses related to the faith development of corporate ethics to cultivate the crucial capacity of employees. In 2022, 309 persons completed the educational training with a total hour of 1,393 hours. Please refer to Chapter 4.4 of the 2022 Sustainability Report; the link is: https://www.farcent.com.tw/files/farcent2022_sustainabilityreportFA.pdf	
(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	V	1. 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 the Act Governing Food Safety and Sanitation and Cosmetic Hygiene and Safety Act promulgated by the	

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	
to protect the interests of consumers or customers and formulated complaint procedures?		Ministry of Health and Welfare, the Commodity Labeling Act promulgated by the Ministry of the Economic Affairs, the Environmental Agents Control Act promulgated by the Ministry of Environment, and other relevant regulations. 2. The Company values the opinions of consumers and customers and has set up a customer complaint line as the complaint channel for the rights and interests of consumers so as to understand and respond to consumers' requirements on a timely basis and protect customers' rights and interests. During the course of providing services to customers, it commits to protecting the confidential information of consumers. The Company has established its "Regulations for Personal Data Firl Safety Protection" and has set up a personal data protection and management team to manage and protect customers' privacy. Please refer to Chapters 2.4 and 2.6 of the 2022 Sustainability Report; the link is: https://www.farcent.com.tw/files/farcent2022_sustainabilityreportFA.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	(I) 1. In the contracts entered into between the Company and suppliers, the "CSR terms" shall be specified; the terms stated that suppliers shall protect the labor rights and interests of persons with mental or physical disabilities and shall not violate labor human rights (i.e., forced labor or discrimination). Raw materials or products provided by suppliers shall comply with environmental protection, food safety, and relevant laws and regulations; they shall use local raw materials and recycled materials with low impacts on the environmental load as much as possible to minimize the unfavorable effects on human health and environments and adopt the best feasible pollution control measures and control technologies to minimize GHG emissions. The Company actively invites suppliers to jointly strive to improve corporate social responsibilities and	

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	
			the use of various resources, and it has established relevant supplier evaluation systems for implementation. Please refer to Chapter 2.5 of the 2022 Sustainability Report; the link is: https://www.farcent.com.tw/files/farcent2022_sustainabilityreportFA.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 GRI Standards, SASB, and SDGs in its preparation of the Sustainability Report and other reports that disclose the Company's non-financial information and has obtained assurance from Crowe (TW) CPAs for the reports above.
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 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. Environmentally friendly and sustainable operations Farcent formally introduced the ISO14064-1 GHG inventory standards in 2022 and obtained the assurance of a third-party institution; the boundary covered the inventory of Farcent in Taiwan (Dikai (Taoyuan, Yanglun (Shanghai), Suzhou Flower Faerie, Xiamen, Dikai (Taichang) Malaysia, and Vietnam. It voluntarily includes Category 3 (upstream transportation and delivery, employees' commuting, and business trips) and Category 4 (procurement of raw materials) in its scope of inventory in the hope			

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	
			of achieving the hot spot analysis, reduction measure evaluations, and carbon risk management internally and achieve the communication and engagement of the upstream and downstream value chain externally so as to substantially implement the purpose of environmentally friendly and sustainable operations. 2. Green footprint and the creation of the new glory of house cleaning Farcent has been committed to the innovation and R&D of green products in the hope of including the philosophy of a low-carbon lifestyle in house cleaning. In particular, the launch of “Amazing Mop,” the star product of the Group, in 2007 made us the pioneer in inventing the first global rotary mop, which not only received the Red Dot Design Award and Golden Pin Design Award but also served as a great help for house cleaning for the public. In 2023, Farcent selected the “pride of Taiwan” in the cleaning product category to commence the introduction of ISO 14067 product carbon footprint standards in order to implement the carbon emission evaluation of the product throughout its life cycle and measure the emission hot spots of the products during the stages of raw materials, manufacturing, delivery, use, and waste, and based on which evaluate the future feasible reduction measures. By doing so, consumers can lead a low-carbon lifestyle through daily cleaning activities to achieve carbon reduction by the whole people, creating the new glory of house cleaning! The product carbon footprint calculation and the third-party verification of the “Amazing Mop” are expected to be completed in 2025 to minimize the carbon emissions during the ecocycle of the product, strive to achieve zero environmental impact, and become the long-term zero carbon sustainable enterprise. 3. Spare no effort in human rights protection Respecting human rights is the basic value of Farcent. We are dedicated to formulating our human rights policies in accordance with the UNGPs of the EU with reference to the UDHR, the United Nations Global Compact, and laws related to human rights and employment in Taiwan and China. In 2022, Farcent further commenced the internal human rights identification and evaluation for internal employees of Farcent in Taiwan and Suzhou Flower Faerie. It evaluated the “occurrence probability” and “severity” of 15 human rights risk issues, and Farcent in Taiwan and Suzhou Flower Faerie had no internal mid-to-high human rights risk. In addition, Farcent is committed to requiring that cooperating partners’ operating activities shall not infringe on human rights or engage child labor or forced labor, and it promised to require cooperating partners to introduce internal human rights risk identification and evaluation systems allowing internal and external members of Farcent to be treated fairly with dignity so as to protect the basic human rights of upstream and downstream employees in the value chain. 4. Education is the starting point to promote the co-prosperity cycle of society

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 Company established “Farcent Education Foundation” in 2014. By adopting the “humanism spirits of care, growth, and harmony, supporting the education of disadvantaged groups, promoting social progress, and promoting cultural and educational activities of public welfare to give back to society” as the purpose, the Company invested social resources on the education of disadvantaged groups and environmental education. The major promotion methods include the following: (1) Sponsor after-school companionship locations for children, provide disadvantaged scholarships and fellowships, and stabilize children’s learning environments; (2) Contribute teaching resources to schools in remote townships to eliminate the gap of education resources between cities and townships; (3) Organize premium art and cultural activities to expand the art learning horizon of children; (4) support EQ education to shape the future personality and development of students; (5) promote environmental education to start communicating the concepts of environmental protection and sustainability with children. We hope to inspire more people to care for society and, in turn, give back to society through different public welfare activities.			

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.

Information on Climate of TWSE (TPEX) Listed Companies

1 Implementation status of information on climate

Item	Implementation status	
1. Describe the supervision and governance of climate-related risks and opportunities by the Board and the management.	1. The Board authorizes the establishment of the ESG Committee to assist the Board in environmental, social, and corporate risks or opportunities and relevant matters of the Company and its subsidiary (the Group) and provide recommendations and reports to the Board to help the Board effectively manage relevant risks, integrate Group resources, improve the communication between the Group and stakeholders, and improve corporate value and influence. Relevant matters include policy formulation, target setting, work promotion, implementation structure, governance, KIP performance of relevant departments, evaluation, and reporting.	
2. Describe the effects of climate risks and opportunities identified on the Company’s business, strategy, and finance (short-, mid-, and long-term).	2. Farcent is aware of the challenges to the environment, economy, society, and health brought by climate change. Responding to climate change issues is a crucial topic for sustainable corporate operations. The key work of the ESG Committee is to collect information related to internal risks and opportunities and consider transformation	
3. Describe the impact of extreme weather events and transformation actions on finance.		

4. Describe the incorporation method of the identification, evaluation, and management procedures of climate risks in the overall risk management system. 5. If scenario analysis is used to assess resilience in the face of climate change risks, the scenarios, parameters, assumptions, analysis factors used, and major financial impacts shall be specified. 6. If there is a transformation plan in response to the management of climate-related risks, the content of the plan and the indicators and targets used to identify and manage physical risks and transformation risks shall be specified. 7. If internal carbon pricing is used as a planning tool, the basis for setting the price shall be specified. 8. If climate-related goals are set, the activities covered, the scope of GHG emissions, the planned period, and the progress of each year shall be specified; if carbon offsets or renewable energy certificates (RECs) were used to achieve the goals, the source and quantity of carbon reduction credits or quantity of RECs used for exchange shall be specified. 9. GHG inventory and assurance, and reduction targets, strategies, and substantial action plans (fill in 1-1 and 1-2 separately).	risks (policies and laws, market, technology, and reputation) and physical risks (chronic and acute). For events that may occur, provide risk descriptions, including the level of financial impact, time of impacts (short-term, mid-term, and long-term, targets of impacts in the value chain, and the probability of risk occurrence, and formulate corresponding countermeasures for different risk scenarios. We hope to strengthen the adaptation capacity of Farcent in terms of climate risks to ensure that the organization is able to effectively respond to challenges brought by climate change. 3. According to the TCFD guidelines, we will evaluate to have financial disclosures to specify our understanding of climate change-related risks and opportunities and countermeasures, which will include the level of impact on Farcent's finance, risk management strategies and targets, and risks and opportunity prospects in different time scopes. Through financial disclosures, we will provide transparency descriptions related to Farcent's climate-related risk management to stakeholders. 4. Through the structure of the TCFD guidelines, we analyzed climate-related international trends and issues that are of the industry's concern and identified physical and transformation risks and opportunities related to climate. The TCFD procedures implemented by Farcent include the following four steps: (1) Collect climate risk and opportunity issues: Study global climate change trends and industry-related issues; predict the potential effects of future climate, policies, laws and regulations, market, and technology trends on the Company. (2) Identify material climate risks: Through interviews with different units and departments, compile climate risks that may affect corporate operations, including those to physical assets, supply chain, operations, and market status, and identify possible transformation opportunities. (3) Analyze financial impacts: Analyze the possible capital expenditures and increases in operating costs or other property losses of the Company under climate risks. (4) Formulate countermeasures: Confront possible risks and utilize feasible opportunities to realize business targets while regularly examining and evaluating management effects to make adjustments instantly on a rolling basis. ※ For the implementation status of other climate-relation information, please refer to Chapter 3.1 of the 2022 Sustainability Report; the link is: https://www.farcent.com.tw/files/farcent2022_sustainabilityreportFA.pdf
1-1 GHG Inventory and Assurance of the Company in the Most Recent Two Years	
1-1-1 Information on GHG inventory	
Specify GHG emissions (tCO₂e), intensity (tCO₂e/NT\$ million), and the data coverage in the most recent two years.	

1. According to the requirements of climate-related information disclosure for listed companies promulgated by the FSC, the Company's paid-in capital is less than NT\$5 billion; therefore, it shall disclose the information on GHG inventory of the parent company in the preceding year starting from the annual report published in 2026; the consolidated entities shall commence the disclosure in 2027.
2. The Company completed the inventory of consolidated entities in the preceding year (2022) starting from 2023 in advance; for the inventory results, please refer to ※ **1-1 Table**. The GHG inventory results for 2023 will be disclosed in the Company's 2023 Sustainability Report (published in 2024).

Note 1: Director emissions (Scope 1, directly from emission sources owned or controlled by the Company), indirect emissions from energy (Scope 2, GHG emissions arising from purchased electricity, heat, or steam), and other indirect emissions (Scope 3, emissions generated from the activities of the Company that are not indirect emissions from energy but from emission sources owned or controlled by other companies).

Note 2: The data coverage of direct emissions and indirect emissions from energy shall be subject to the timetable specified in paragraph 2, Article 10 of the Standards, and the Company may voluntarily disclose the information on other indirect emissions.

Note 3: GHG inventory standards: Greenhouse Gas Protocol (GHG Protocol) or ISO 14064-1 issued by the International Organization for Standardization (ISO).

Note 4: The intensity of GHG emissions may be calculated based on the product/service per unit or turnover; however, the calculation data of turnover (NT\$ million) shall at least be specified.

1-1-2 Information on GHG assurance

Specify the assurance in the most recent two years and up to the publication date of the annual report, including the scope of assurance, assurance institutions, assurance standards, and assurance opinion.

According to the requirements of climate-related information disclosure for listed companies promulgated by the FSC, the Company's paid-in capital is less than NT\$5 billion; therefore, it shall complete the GHG inventory assurance of the parent company in the preceding year starting from the annual report published in 2028; the consolidated entities shall complete the assurance in 2029.

1. The Company completed the GHG inventory of consolidated entities in the preceding year (2022) and had BSI completed the verification starting from 2023 in advance; the information on the verification completed is disclosed in the Company's 2022 Sustainability Report.

Note 1: Arrangements shall be made according to the timetable specified in paragraph 2, Article 10 of the Standards. If the Company fails to obtain the complete GHG assurance opinion by the publication date of the annual report, "the complete assurance information will be disclosed in the Sustainability Report" shall be specified. If the Company does not prepare its sustainability report, "the complete assurance information will be disclosed on MOPS" shall be specified, and it shall disclose the complete assurance information in the annual report of the following year.

Note 2: The assurance institution shall comply with requirements related to assurance institutions for sustainability reports established by the TWSE and TPEX.

Note 3: For the disclosure content, please refer to the samples on the website of the Corporate Governance Center, TWSE.

1-2 GHG reduction targets, strategies, and substantial action plans

Specify the base year for GHG reduction and its data, reduction targets, strategies, substantial action plans, and the achievement of reduction targets.

1. According to the requirements of climate-related information disclosure for listed companies promulgated by the FSC, the Company's paid-in capital is less than NT\$5 billion; therefore, it shall disclose the GHG reduction targets, strategies, and substantial action plans of the Company in the annual report published starting from 2027.
2. The Company adopted 2022 as the base year for GHG reduction, and the total emissions were 25,125 tCO₂e (499 tCO₂e, 1,885 tCO₂e, and 22,741 tCO₂e for Scope 1, Scope 2, and Scope 3, respectively).

3. The Company set the target of at least 1% emission reduction each year based on the inventory results of the base year. It also carried out reduction plan discussions for emission hot spots (i.e., implementing corporate energy-saving measures in offices, replacing equipment and units in production plants, improving energy efficiency, and developing low-carbon and green products).

Note 1: Arrangements shall be made according to the timetable specified in paragraph 2, Article 10 of the Standards.

Note 2: The base year shall be the year in which the Company completed the inventory based on the boundary of the consolidated financial statements. For example, according to paragraph 2, Article 10 of the Standards, companies with a capital of NT\$10 billion or above shall complete the inventory of the 2023 consolidated financial statements in 2025; therefore, the base year shall be 2024. If the Company has completed the inventory of the consolidated financial statements in advance, the year in advance may be adopted as the base year. In addition, the data of the base year may be calculated based on the average values of a single year or multiple years.

Note 3: For the disclosure content, please refer to the samples on the website of the Corporate Governance Center, TWSE.

※ 1-1 Table

Farcent Enterprise Co., Ltd. (parent company and subsidiaries in the consolidated financial statements) 2022 GHG inventory results and assurance

Basic information of the Company				Disclosures subject to the Sustainable Development Roadmap for TWSE (TPEX) Listed Companies	
☐ A company, steel company, or cement company with a capital of NT\$10 billion or above ☐ A company with a capital over NT\$5 billion but less than NT\$10 billion ☒ A company with a capital of less than NT\$5 billion				☐ Individual inventory of the parent company ☐ Inventory of subsidiaries in the consolidated financial statements ☐ Individual assurance of the parent company ☐ Assurance of subsidiaries in the consolidated financial statements	
Inventory results					
Scope 1	Total emissions (tCO2e)	Intensity (tCO2e/NT\$ million)	Assurance institution	Description of the assurance	
1.1 Stationary combustion	1.4498	0.005	BSI	In the total GHG emissions disclosed by the Company, the assurance institution has adopted the ISO 14064-3 for the assurance of 498.991 tCO2e (accounting for 1.99% of the total emissions), and the assurance opinion was reasonable guarantee level.	
1.2 Mobile combustion	434.3242	0.1560			
1.4 Effusion	63.2172	0.0227			
Total	498.991	0.1792			
Scope 2	Total emissions (tCO2e)	Intensity (tCO2e/NT\$ million)	Assurance institution	Description of the assurance	
2.1 Electricity	1509.0677	0.5419	BSI	In the total GHG emissions disclosed by the Company, the assurance institution has adopted the ISO 14064-3 for the assurance of 1884.981 tCO2e (accounting for 7.50% of the total emissions), and the assurance opinion was reasonable guarantee level.	
2.1 Steam	375.9137	0.1350			
Total	1884.981	0.6768			
Scope 3	Total emissions (tCO2e)	Intensity (tCO2e/NT\$ million)	Assurance institution	Description of the assurance	
Upstream transportation and delivery, employees' commuting, and business trips	1808.240	0.6493	BSI	In the total GHG emissions disclosed by the Company, the assurance institution has adopted the ISO 14064-3 for the assurance of 22741.246 tCO2e (accounting for 90.51% of the total emissions), and the assurance opinion was reasonable guarantee level.	
Raw materials procured	20933.006	7.5163			

by the organization					
Total	22741.246	8.1656			

(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	
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.
(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		(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	
(III) Has the Company established policies to prevent conflict of interests, provide appropriate communication and complaint channels, and implement such policies properly?	V		in 2023 was reported to the Board on 17 January 2024. (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 2023, 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	
(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 270.
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 16 June 2023, and the resolution and the implementation status are as follows:

Matters for ratification and discussion:

Proposal 1

Subject: The 2022 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 2022 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 3 August 2023, and the distribution was completed on 30 August 2023 (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.

**2. Summary of material resolutions made by the Board in 2022 and as of the printing date of the annual report
2023/01/12 (1st meeting in 2023)**

Material resolution: The proposal for the change in the CEO of the Company is submitted for discussion.

Result: Approved as proposed.

Material resolution: Appointment of Director Annie Wang as the convener of the ESG Committee.

Result: Approved as proposed.

Material resolution: The proposal for the review of 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 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.

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

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 2022 individual and consolidated financial statements of the Company are 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 the remuneration of employees and remuneration of Directors in 2022 is submitted for discussion.

Result: Approved as proposed.

Material resolution: The proposal for the cash dividend for 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 proposal for the amendment to the Articles of Incorporation of the Company is submitted for discussion.

Result: Approved as proposed.

Material resolution: The amendments to the “Procedures for Duty Authorization and Agency” and the addition to the “Regulations for the Risk Management Policies and Procedures” of the Company are submitted for discussion.

Result: Approved as proposed.

Material resolution: The proposal for the appointment of the chief internal auditor of the Company 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 2023 annual shareholders’ meeting and acceptance of the shareholders’ proposal is submitted for determination.

Result: Approved as proposed.

2023/05/04 (3rd meeting in 2023)

Material resolution: The change in CPAs and the evaluation of the CPAs’ independence and adequacy are submitted for discussion.

Result: Approved as proposed.

Material resolution: The 2023 Q1 consolidated financial statements of the Company are submitted for discussion.

Result: Approved as proposed.

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

Result: Approved as proposed.

Material resolution: The proposal for the appointment of Assistant Vice President Wu Jia-Ying as the chief of the HR and Administration Departments of the Company is submitted for determination.

Result: Approved as proposed.

Material resolution: The amendments to the “Procedures for Duty Authorization and Agency” and “Management of Financial Statements Preparation Procedures” are submitted for determination.

Result: Approved as proposed.

2023/06/16 (4th meeting in 2023)

Material resolution: The proposal for electing Director Annie Wang as the Vice Chairwoman of the Company is submitted for determination.

Result: Approved as proposed.

Material resolution: The proposal for the appointment of the chief corporate governance officer of the Company is submitted for determination.

Result: Approved as proposed.

Material resolution: The proposal for the release of non-competition restrictions on managers is submitted for determination

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.

Material resolution: The amendments to the “Stamp Use Management Operation” are submitted for determination.

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.

2023/08/04 (6th meeting in 2023)

Material resolution: The 2023 Q2 consolidated financial statements of the Company are submitted for discussion.

Result: Approved as proposed.

Material resolution: The proposal for the distribution of employee bonuses of managers and remuneration of Directors of the Company in 2022 is submitted for determination.

Result: Approved as proposed.

Recusal: Cynthia Tsai and Annie Wang

Material resolution: The proposal for the non-distribution of cash dividends in the first half of 2023 is submitted for discussion

Result: Approved as proposed.

Material resolution: The amendments to the “Regulations for the Due Diligence of New Customers and Suppliers” are submitted for discussion.

Result: Approved as proposed.

Material resolution: The proposal for loans of US\$1 million provided by Farcent International (Asia) Co., Ltd, a wholly-owned subsidiary of the Company, to the Company, is submitted for determination.

Result: Approved as proposed.

Material resolution: The proposal for loans between Suzhou Flower Faerie Environmental Technology Co., Ltd. and Yanglun (Shanghai) Trading Co., Ltd., wholly-owned subsidiaries of the Company, is submitted for determination.

Result: Approved as proposed.

2024/11/02 (6st meeting in 2023)

Material resolution: The 2023 Q3 consolidated financial statements of the Company are submitted for discussion.

Result: Approved as proposed.

Material resolution: The proposal for the capital reduction of Farcent International (Samoa) Company Limited, a wholly-owned subsidiary of the Company, and refunding of sharepayments is submitted for determination.

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.

2024/01/17 (1st meeting in 2024)

Material resolution: The proposal for the distribution of year-end bonuses of the Company for 2023 is submitted for determination.

Result: Approved as proposed.

Recusal: Cynthia Tsai and Annie Wang

Material resolution: The proposal for the working plan of the Remuneration Committee of the Company in 2024 is proposed for determination.

Result: Approved as proposed.

Material resolution: The review of CPA's fees and the evaluation of the CPAs' independence and adequacy are submitted for discussion.

Result: Approved as proposed.

Material resolution: The proposal for the promotion of manager Zhuang Deng-Gui of the Information Department as Assistant Vice President 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.

Material resolution: The proposal for Suzhou Flower Faerie Environmental Technology Co., Ltd. and Yanglun (Shanghai) Trading Co., Ltd., wholly-owned subsidiaries of the Company, is submitted for determination.

Result: Approved as proposed.

2024/02/26 (2nd meeting in 2024)

Material resolution: The 2023 individual and consolidated financial statements of the Company are submitted for discussion.

Result: Approved as proposed.

Material resolution: The proposal for the 2024 business plan and financial budget of the Company is submitted for discussion.

Result: Approved as proposed.

Material resolution: The proposal for earning distribution for 2023 is submitted for discussion.

Result: Approved as proposed.

Material resolution: The proposal for cash dividend distribution for 2023 is submitted for discussion.

Result: Approved as proposed.

Material resolution: The proposal for the remuneration of employees and remuneration of Directors in 2023 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 amendments to the “Procedures for Lending Funds to Others” of the Company and subsidiaries Suzhou Flower Faerie Environmental Technology Co., Ltd., and Yanglun (Shanghai) Trading Co., Ltd., and the addition of the “Procedures for Lending Funds to Others” of subsidiary Farcent International (Asia) Co., Ltd is submitted for discussion.

Result: Approved as proposed.

Material resolution: The full election of Directors and the approval for the proposal of the list of Directors (including Independent Directors) candidates nominated by the Board are submitted for discussion.

Result: Approved as proposed.

Material resolution: The nomination period for the acceptance of the Director (including Independent Director) candidate nomination, the number of Directors to be elected, and the acceptance venue are submitted for discussion.

Result: Approved as proposed.

Material resolution: The proposal for the release of non-competition restrictions on newly elected Directors is submitted for determination.

Result: Approved as proposed.

Material resolution: The proposal for matters related to the convening of the 2024 annual shareholders’ meeting and acceptance of the shareholders’ proposal is submitted for determination.

Result: Approved as proposed.

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

Result: Approved as proposed.

2024/03/29 (3rd meeting in 2024)

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 adjustments to the organizational chart of the Farcent Group is submitted for determination.

Result: Approved as proposed.

Material resolution: The proposal for the ratification of Assistant Vice President Liao Lien-Fa of the Sales Department being promoted as Vice President is submitted for determination.

Result: Approved as proposed.

Material resolution: The proposal for the dismissal of Assistant Vice President Gao Zhi-Hong of the Household Supply Department is submitted for determination.

Result: Approved as proposed.

2024/05/07 (4th meeting in 2024)

Material resolution: The 2024 Q1 consolidated financial statements of the Company are 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.

Material resolution: The proposal for the capital reduction of Farcent (Xiamen) Company Limited, a wholly-owned subsidiary of the Company, and refunding of sharepayments is submitted for determination.

Result: Approved as proposed.

Material resolution: The proposal for the appointment of the finance and accounting officer of the Company is submitted for determination.

Result: Approved as proposed.

Material resolution: The proposal for the appointment of the Chief auditor of the Company is submitted for determination.

Result: Approved as proposed.

Material resolution: Established new sales company in China is submitted for determination.

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

07 May 2024

Title	Name	Onboarding date	Date of release of duty	Reason for resignation or release of duty
CEO	Lei Hui Ming	2023.2.1	2024.03.31	Personal career plan
chief accountant, chief of finance	Qin Mei-Hua	2016.8.1	2024.05.07	Duty adjustment
Chief auditor	Chen su mei	2023.2.24	2024.05.07	Personal career plan

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 Zhang Ya-Quan	2023/1/1 ~ 2023/12/31	2,175	1,615	3,790	Non-audit fees primarily include the profit-seeking enterprise income tax certification, assurance of the Sustainability Report, 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) Predecessor auditor

Replacement date	Approved by the Board of the Company on 4 May 2023		
Replacement reason and description	Internal rotation of CPAs of the CPA's firm.		
Specify whether the consignor terminates or the CPA refuses to accept the appointment	Parties involved	CPA	Consignor
	Circumstances		
	Active termination of the appointment	Lin Song-Shu/Lin Jin-Feng	
	Refuse to accept (continue) the appointment		

Opinions other than unqualified opinions for the audit of reports in the most recent two years and reasons	None.		
Whether there is any opinion different from the issuer	Yes		Accounting principles or practices
			Disclosures in the financial statements
			Auditing scope or steps
			Others
	No	V	
	Description		
Other disclosures (disclosures under item 1-4 to item 1-7, subparagraph 6, Article 10 of the Standards)	None.		

(II) Succeeding CPAs:

C P A ' s f i r m	Crowe (TW) CPAs
C P A s	Lin Song-Shu/Zhang Ya-Quan
A p p o i n t m e n t d a t e	4 May 2023
Consultation of accounting treatments or accounting principles for particular transactions and possible opinions to be issued for the financial statements before the appointment and results	None.
Written opinions for matters that the succeeding CPAs have different from the opinions of the previous CPAs	None.

(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	CPAs provide the independence declaration each year to minimize the effect 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	2023		Current year as of 7 May	
		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 Vice Chairman/ Executive Director	Annie Wang	0	0	0	0
CEO	Lei Hui-Min (Rsignation date: 2024.3.31)	0	0	0	0
Director	Tsai Chang-Zhong	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
Vice President	Liao Lien-Fa	0	0	0	0
Senior special assistant	Lin Chiu, Lin (Assumption date: 2023..06.16)	0	0	0	0
Assistant Vice President	Gao Zhi-Hong (Rsignation date: 2024.4.1)	0	0	0	0
Assistant Vice President	Chang Wen-Chun	0	0	0	0
Assistant Vice President	Wu Chia-Ying (Rsignation date: 2024.2.7)	0	0	0	0
Assistant Vice President	Zhuang Deng-Gui (Promotion date: 2024..01.17)	0	0	0	0
Assistant vice president of a subsidiary	Wang Zheng-Zhong	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.

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 (Resignation date: 2024.3.31)	None	None	None	-	-	-
Tsai Chang-Zhong	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	-	-	-
Lin Chiu, Lin (Assumption date: 2023.06.16)	None	None	None	-	-	-
Gao Zhi-Hong (Resignation date: 2024.4.1)	None	None	None	-	-	-
Liao Lien-Fa	None	None	None	-	-	-
Chang Wen-Chun	None	None	None	-	-	-
Wu Chia-Ying (Resignation date: 2024.2.7)	None	None	None	-	-	-
Wang Zheng-Zhong	None	None	None	-	-	-
Zhuang Deng-Gui (Promotion date: 2024.01.17)	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	5,764,495	9.12%	-	-	-	-	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%	-	-	-	-	Cynthia Tsai	Sister	-

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\$2,500,000 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	2004.07.12 Letter Jin-Guan-Zheng-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-Zheng-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 1 st 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 1 st 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 1 st 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 1 st 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 1 st 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

15 April 2024

Shareholder structure Volume	Government agencies	Financial institutions	Other corporations	Individuals	Foreign institutions and foreigners	Total
Number of persons	0	5	39	11,062	39	11,145
Number of shares held	0	163,600	12,962,722	46,038,456	4,069,073	63,233,851
Shareholding	0%	0.26%	20.50%	72.81%	6.43%	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
15 April 2024

Shareholding tier	Number of shareholders	Number of shares held	Shareholding %
1 to 999	3,583	379,152	0.60%
1,000 to 5,000	6,603	12,203,269	19.30%
5,001 to 10,000	603	4,565,686	7.22%
10,001 to 15,000	162	2,036,384	3.22%
15,001 to 20,000	66	1,191,908	1.88%
20,001 to 30,000	58	1,441,021	2.28%
30,001 to 40,000	21	732,206	1.16%
40,001 to 50,000	15	687,285	1.09%
50,001 to 100,000	10	668,138	1.06%
100,001 to 200,000	9	1,224,602	1.94%
200,001 to 400,000	4	1,282,084	2.03%
400,001 to 600,000	2	843,663	1.33%
600,001 to 800,000	0	0	0.00%
800,001 to 1,000,000	1	851,000	1.35%
Over 1,000,001 shares	8	35,127,453	55.54%
Total	11,145	63,233,851	100.00%

(IV) List of major shareholders:

List of major shareholders

15 April 2024

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	5,764,495	9.12%
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		2023	2022	Current year as of 07 May 2024 (Note 8)
Market price per share (Note 1)	Highest	60.9	68	57.7
	Lowest	52.6	52.4	55.50
	Average	57.57	58.61	56.52
Net value per share (Note 2)	Before distribution	29.09	28.57	29.96
	After distribution		25.57	
Earnings per share	Weighted average number of shares	63,233,851	63,233,851	63,233,851
	Earnings per share(Note 3)	3.65	4.01	0.82
Dividend per share	Cash dividend		2.80	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)		15.77	14.62
	Price-to-dividend ratio(Note 6)		20.56	19.54
	Cash dividend yield(Note 7)		4.86	5.12%

* 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 shareholders' bonuses, together with the accumulated undistributed earnings from the preceding year; 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. The distribution by way of the issuance of new shares shall be subject to the resolution made by the shareholders' meeting.

2. Intended dividend distribution at the shareholders' meeting:

The Board has approved the proposal for the 2023 earning distribution. Considering the requirement of long-term working capital, the Company intends to appropriate NT\$177,054,783 from the earnings of 2023 first for the distribution of cash dividend in full, and it intends to distribute NT\$2,800 to each shareholder for every thousand shares. The Company also appropriated cash bonuses for employees in the amount of NT\$14,183,000 and remuneration of Directors and supervisors in cash in the amount of NT\$1,217,000 according to the requirements of the Articles of Incorporation.

Unit: NT\$

Item	Amount
Opening undistributed earnings	434,356,827
Effects of the remeasurement of the defined benefit plan	(211,529)
Net profit after tax in 2023	230,986,260
Sub-total	665,131,558
Item of appropriation:	
Provision of special surplus reserve based on Order Jin-Guan-Zheng-Fa-Zi No.1090150022 dated 31 March 2021)	(8,108,140)
Provision of statutory surplus reserve	(23,077,473)
Sub-total of distributable earnings for the year	633,945,945
Item of distribution	
First half of the year – cash dividend (no distribution)	0
Second half of the year – cash dividend (NT\$2.8 per share)	(177,054,783)
Undistributed earnings at the end of the period	456,891,162

Note 1: Undistributed earnings of 2023 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 2023.

(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 2023 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\$14,183,000 and remuneration of Directors in cash in the amount of NT\$1,217,000.
 - (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\$14,183,000; 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\$3.65.
 - (4) The employees' bonus and remuneration of the Directors of the Company for 2022 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 2022 is as follows:

Item	Actual amount of distribution resolved at the 2023 Board meeting
Employees' bonus in cash	NT\$ 15,352,000
Remuneration of Directors	NT\$ 1,317,000

- (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 2022, 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 30 August 2023.
2. Regarding the distribution of remuneration of employees and Directors in 2022, based on the recommendations at the 6th 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\$15,352,000 (5.01%) and remuneration of Directors in the amount of NT\$1,317,000 (0.43%), and the cash distribution was completed on 31 August 2023.

(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.

2. 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 2023 is set out in the table below:

Unit: NT\$000'

Product category	Amount	Ratio to the total turnover
Fragrance and deodorizer category	672,037	25.69%
Dust removal and cleaning category	1,445,833	55.26%
Dehumidifier category	412,352	15.76%
Kitchen utensil category	138,125	5.28%
Others (less than 5% of the balance)	(52,099)	-1.99%
Total	2,616,248	100.00%

3. 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 the form of liquid, gel, and spray to offer various options for consumers to choose based on their environment, space, and requirements.

Farcent series: It has long been known for its balm and fragrance bags with dosages in the form of gel, spray, and liquid, complying with the use requirements for different spaces.

Quweidashi series: The additions of deodorizing factors from Japan that were extracted from the forest allow the effective neutralization of odor. The plant extract odor elimination technology was utilized, and the Company also promoted the "bathroom anti-bacterial and

odor elimination dosage” with fragrance, odor elimination effects, and a premium appearance that was well recognized.

Les Parfums de Farcent (Farcent perfume series): Les Parfums de Farcent is a fragrance brand inspired by “perfume,” with the adoption of “boutique perfume” as the core concept of the brand. We engaged European royal perfumers to select the perfume and fragrance and match it with the new and fashionable packaging designs. The products have premium fragrance and appearance design and emit light, luxurious living taste, and enjoyment from the inside out. The product series has obtained the IFRA certification to guarantee worry-free ingredients and includes fragrance bags, diffusers, textile sprays, and other products.

- (2) Personal hygiene product series: Farcent perfume expanded into the field of personal hygiene products from home fragrance. The product series includes shower gel, shampoo, and conditioners. The Company concurrently developed shampoo and shower gel for men, travel sets, and other products to satisfy the use requirements of different groups and occasions.
 - (3) Dehumidifier series: Kechaoling is the major brand, and there are disposal and reusable packaging for environmental protection that can satisfy the dehumidification requirements for different places (i.e., wardrobes, drawers, cabinets).
 - (4) Cleaning tool series: Quhengshi is the representative brand that focuses on light and convenient cleaning tools (i.e., static dust removing tools, dry cloth, adhesive mops, collodion and flat mops, trash bags, food storage bags, and A/C cleaning agents) to satisfy consumers diverse household cleaning requirements.
 - (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, and toilet; the primary appeal of the products is excellent cleaning effects at an affordable price. The products can effectively clear the dirt and help solve the pain points of cleaning for consumers.
 - (B) Tea Tree Manor: With natural tea tree essential oil as the crucial appeal for development, the products are free of hazardous chemicals; they passed the USDA certification, and SGS tested that the biodegradable level reached 95% or above; both verifications for the environmental formulas proven the environmentally friendly and worry-free features of products. Our product lines include dishwashing detergents, laundry detergents, hand wash, floor cleaning agents, laundry tray cleansers, hand sanitizer, and tea tree soda powder. We gained the recognition of consumers by adopting natural ingredients. Since the launch of the series, we have continued to promote the “Happiness 1 + 1 Public Welfare Program” in the hope of inspiring consumers to jointly sponsor children and disadvantaged groups.
 - (6) Repellent series: The Company continued to cultivate the mosquito repellent brand “Xiaowenqing,” which focuses on ingredients extracted from plants and freshness to explore the mosquito repellent market.
 - (7) Others: Distribute the Amazing Mop series products.
4. New products (services) to be developed:
- (1) Fragrance
Quweidashi: Develop new dosage forms based on the “natural plant extract” appeal – bathroom anti-bacterial deodorizers and toilet bowl cleaners with cleaning effects, and continue to cultivate and promote. Les Parfums de Farcent is committed to introducing international fashionable and trendy fragrances and launching new fragrance products of the perfume series. For Farcent fragrance, expand product lines in response to the requirements for overseas products and develop products that comply with the fragrance requirements of local consumers.
 - (2) Cleaning agents:

Continue to upgrade and improve the existing product lines and launch new peripheral products that comply with consumers' requirements

(3) Personal products:

Focus on shower gel, shampoo, and conditioner products and continue to expand the personal cleaning product market.

(4) Tools:

The light and heavy cleaning tools of the Company comply with the cleaning use and timing of consumers comprehensively.

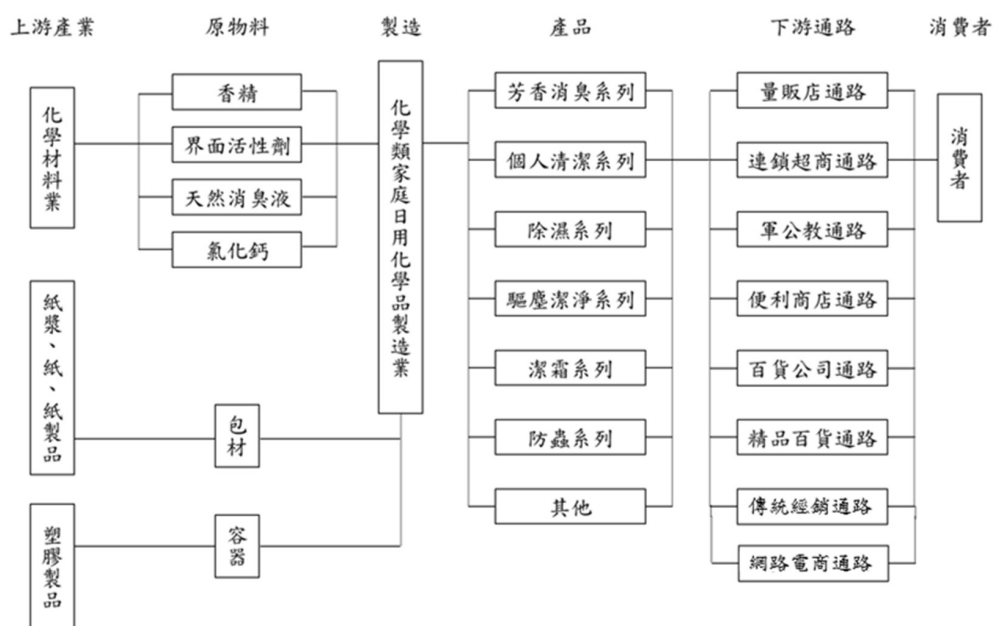
(II) Industry overview

1. Current status and development of the industry

Regarding consumers' lives after the post-pandemic recovery in 2023, in short, the release of outing prohibition reduced the homestay frequency. However, consumers' cleaning awareness in the long run has increased significantly. Convenient daily necessities maintained their growth momentum. In particular, product lines and businesses with anti-bacterial effects have become the basic requirements. With the unstable international relationships and conflicts, the growth of internal demand was sluggish, and the economic growth recorded was limited. Facing the sluggish economy and the pressure of inflation, apart from focusing on the existing production lines for continuous advances, the Company shall engage in new product development or innovative proposals that better cater to the timely requirements of consumers, which serves as the constant way of survival in response to the changes in the environment.

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 hypermarkets, chain convenience stores, military servants, civil servants, teachers, convenience stores, department stores, boutique department stores, traditional distributors, the Internet, and other major 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:

The product series is divided into three major brands, including Farcent, Quweidashi, and Les Parfums de Farcent (Farcent perfume series” based on the brand positioning, and have three major product lines of “affordable fragrance,” “natural fragrance with plant extracts,” and international boutique perfume/fragrance.” They are also divided into low-price, mid-price, and high-price fragrances. Based on the differentiated product performance, tones, and appearance designs, the Company continues to optimize its products to improve the quality level and improve consumers’ living taste.

(2) Dehumidifier series:

Taiwan is located in the subtropical zone, and it is an island with high humidity; therefore, dehumidifiers are naturally one of the solutions for consumers in terms of dehumidification. Kechailing series products have always been gaining consumer recognition. In recent years, we optimized the product packaging and launched combos with new specifications to inspire consumers’ purchase. Kechaoling has become the synonym for all dehumidifier products.

(3) Cleaning tool series:

Quchenshi focuses on the core concept of “Do Easily and Live Elegantly” to become a smart cleaning expert. Apart from continuing to satisfy consumers’ diverse cleaning demands through product development, we also utilized the advantages of digital media for promotion to increase the opportunities to have in-depth communication with consumers regarding product features. Through cultivating brand support via social media, we continue to gain in-depth knowledge about consumers’ lives.

(4) Cleaning agent series:

Jiashuang, Lanlanxiang, Xiaotong, and other cleaning agent brands emphasize products with evident cleaning effects. For Tea Tree Manor, we will continue to develop the natural brand image and assets.

(5) Personal care series:

With the advantages of the fragrance series, we will enter the personal cleaning market by adopting differentiated features for continual development.

4. Product competition

With the internationalization, the competition of daily necessities also expanded to the global level with domestic and local companies and internal brands competing in the market. The Company’s operation starts out from the initial point. It values consumers’ requirements and helps improve the taste of consumers in living. The Company is deeply convinced that daily consumer goods shall not only make lives easier but shall have taste, designs, and humanity so as to realize

the dream of people for quality lives. Therefore, we have different levels of investments in product development, marketing and promotion, and channel activity planning for innovation to exert our influence.

Facing the active introduction of European, American, and Korean brands, the competition with self-owned brands of channels, and the low-price competition with domestic brands, the Company is committed to the substantial brand segregation and strategies to strengthen the competitive strength of products of all dosage forms under the brands so as to improve the consumption rate of consumers by adopting both product innovation and promotion, expand our businesses, and solidify its leading position.

For cleaning tools, the static dust removal mop and adhesive mop series possess absolute advantages under long-term management, and we also actively invest in remaining products with potential. We sought exposure through shelf display at stores and promoted product features (i.e., collodion mops, A/C cleaning agents, and bags); by doing so, we have secured a certain portion of users.

For cleaning agents even though partial large-scale companies of daily necessities have conservative investments in cleaning agents, the Company is dedicated to launching new products with abundant channels and locations to stabilize the sales and exposure opportunities of all products.

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 products based on innovations, the Company particularly virtualized its entire organization to respond to the ever-changing market 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 the basis to develop product concepts and plans.
- (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 intelligence and transform them into substantial R&D and marketing countermeasures.

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. Customer-oriented innovations:

The Company is committed to launching new products with high-added value to connect with consumers' lives based on brand positions through product concepts, appeals, and packaging designs. It will transform the basic market survey of consumers into the words of consumers to upgrade and improve its existing products and align the new products developed with consumers' expectations. In particular, in the case of Les Parfums de Farcent (Farcent perfume series), we introduced internationally fashionable and trendy new products that attracted consumers' attention to improve household aesthetics and taste, which satisfied the requirements and exceeded the expectations. Regarding the repellent brand "Xiaowenqing launched in recent years, it solved the use pain points of consumers. It adopted the moisturizing ingredients with the organic certification in France, and the refreshing and non-stimulating effects won consumers' hearts. The plant essence with the quality packaging realized the innovation possibility under multiple products within the repellent market.

B. Effective product exposure and promotion:

Carry out cross-product and cross-industry brand cooperations from the product end to the channel promotion end, topic manipulation, promotion of corresponding resources, and joint promotion and display to exhibit different levels of business opportunities and synergies. In addition, investments in the advertisement promotion of brands focus on the promotion in digital fields. The community management has recorded achievements and cultivated a group of fans of brands. The Company will maintain a favorable communication platform and channels.

Product innovation to create brand values:

C. Adopting the consumer-oriented concept above, the Company will focus on the requirements of consumers to launch innovative products. Adhering to the spirit of sustainability, we will implement it in our product development and commercialization (i.e., waste reduction and water conservation through packaging designs and structures, and other energy-saving and carbon reduction aspects). We will also extend to social responsibility to allow new products to have sustainable values. We expanded our product technologies and improved our performance through industry-academy cooperation, which will also serve as the highlight for new product development.

② Production strategy

A. Rely on exclusive production technologies of Taiwan Jieshi for production

The Company and Taiwan Jieshi Co., Ltd. develop exclusive production technologies for daily chemicals used in kitchens and bathrooms. We managed our popular daily products for kitchens and bathrooms to maintain our market competitiveness. Depending on the favorable organizational culture, quality management systems, well-arranged sales channels, and brand promotion and planning capacity, the Company not only grasped the development of the consumer market but also improved the sales of products and gained business achievements.

B. Improve production efficiency.

In response to the diverse packaging forms in the industry, the Company actively improves the efficiency of the frontend filling automated operations in the production procedures to effectively reduce labor costs, and it also 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.

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 and grasp the opportunity points of channels

Carry out promotions for exposure through the extension of product lines, the introduction of differentiated and innovative products, and expansion into new channels (i.e., pharmacy) based on the attributes of different consumer groups and channels to satisfy different levels of channels (customers) and fulfill the expectations of consumption requirements of end customers (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

Through industry-academy cooperation, the exploration of requirements of different customer groups, product innovations, and management of product lines, the Company focused on the management of sustainability issues and the marketing of issues of concern by consumers to improve the image brand and favorability of “Amazing Mop” to lay a foundation for growth.

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 79%; the region of export sales is primarily Asia, and export sales account for approximately 21%.

2. Market share:

The market share (%) of major series in the domestic market in 2023

Series (brand)	Market share (%)
Fragrance and deodorizer	43%
Dehumidifier	80%
Quchenshi (static mop/dry cloth) *	71%
Spin mop	84%
Adhesive mop	51%
Jieshuang - toilet	39%

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

A. Fragrance and deodorizer series

For product categories, 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, occupying their share in the market for different dosage forms and categories. For Les Parfums de Farcent (Farcent perfume series), the Company focuses on diffusers and personal cleaning fields to attract young consumers and gain customers through differentiated features.

B. Dehumidifier series

Dehumidifiers, cleaning agents, and tools have relatively stable markets with new products launched slowly. Kechaoling and Jieshuang series products are spread across the extensive sales network, and tool products of Quchenshi are also extensively distributed; all of them are solid products in the market. The Company will continue to develop and improve the existing products, including product restructure and new product R&D, in the hope of satisfying consumers' requirements earlier than competitors in the market and expanding the consumption rates of products.

3. Future market demand and supply and growth potential

(1) Fragrance and deodorizer series

The constantly improved national income and home living quality will give rise to consumers' requirements for fragrance. From the inside out, the selection of fragrances, the pursuit of preference, worry-free ingredients, and modern and quality appearance and packaging that improve the visual and olfactory experience of living spaces are indispensable in terms of functions and the creation of emotional values.

(2) Dehumidifier series

The climate is the variable that affects major requirements. Benefiting from the humid weather in Taiwan, the performance and quality of dehumidifier products remained the major considering factors of consumers.

(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, and make development for the younger generation and different groups, which shall be the key to growth.

(4) Cleaning agent series

Cleaning products are matured products with intensive competition. With the improvement in the natural and health awareness of consumers and the issues concerned for a sustainable society (i.e., high-quality products with natural appeals), consumers can easily relate, improving consumption opportunities.

4. Competitive strength

- (1) Flexibility and speed: The Company responds to the requirements of local markets and consumers by supplying products of 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 stimulates consumers' desire to buy our products and creates favorable sales performance through various printed and 3D advertisements and promotional materials, together with the effects of mass product display at channels.
- (4) Brand loyalty: In particular, for fragrances, dehumidifiers, and dry cloth, we gain consumers' recognition through differentiated products and cultivate constant users leveraging the brand image accumulated in the past to achieve our reputation.

5. Favorable and unfavorable factors for future development and countermeasures

(1) Favorable factors

- A. Consumption behaviors will increase alongside the increase in national income. Regarding the constant improvement in the requirements for life and product/service quality, learning from other advanced countries, and the development history of the domestic market, we expect to create household lives of quality with "taste, warmth, and humanity" apart from seeking convenience so as to improve the consumption rates of products.

- 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 procedure 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 expenses 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 to comply with consumers' expectations, find the correct positioning strategy, and continue to focus on and develop innovative 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	2023				2022				Q1 2024			
	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	266,894	10.20	None	Company A	399,000	14.33	None	Company A	69,957	10.51	None
	Others	2,349,354	89.80	None	Others	2,385,615	85.67	None	Others	595,573	89.49	None
	Net sales	2,616,248	100.00		Net sales	2,784,615	100.00		Net sales	665,530	100.00	

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

Unit: NT\$000'

Item	2023				2022				Q1 2024			
	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
	Note											

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'

Production volume and value Major product (or department)	2023			2022		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Fragrance and deodorizer series	13,862	13,862	242,467	15,413	15,413	274,175
Dust removal cleaning series	15,143	15,143	563,892	16,069	16,069	619,404
Dehumidifier series	9,212	9,212	163,283	10,801	10,801	208,367
Total	38,217	38,217	969,642	42,283	42,283	1,101,946

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'

Sales volume and value Major product (or department)	2023				2022			
	Domestic sales		Export sales		Domestic sales		Export sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Fragrance and deodorizer series	10,276	550,709	4,891	121,328	10,779	570,614	4,760	99,554
Dust removal cleaning series	18,451	1,373,547	1,121	72,286	18,406	1,387,225	1,591	71,909
Dehumidifier series	7,585	369,162	1,758	43,190	8,781	421,601	1,683	33,266
Kitchenware	279	138,125	0	0	700	310,744	0	0
Others	237	(77,607)	1,722	25,508	5,084	(134,941)	1,800	24,643
Total	36,828	2,353,936	9,492	262,312	43,750	2,555,243	9,834	229,372

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

07 May 2024

Year		2022	2023	07 May 2024
Number of employees	Development personnel	95	92	79
	Management and administration personnel	80	73	69
	Finance and accounting personnel	15	15	13
	Plant affairs administration personnel	24	23	23
	On-site operators	51	41	44
	New product R&D personnel	10	10	8
	Total	275	254	236
Average age		39.32	41.63	41.27
Average years of service		6.53	8.20	8.19
Distribution of educational background (%)	Ph.D.	0.00%	0.00%	0.00%
	Master	9.09%	9.45%	8.90%
	Bachelor	54.19%	55.12%	53.82%
	Associate bachelor			
	High school	16.36%	16.14%	15.25%
	Below high school	20.36%	19.29%	22.03%
	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 2023

31 December 2023

Unit: NT\$

Training course	Department	Number of attendants	Hours	Expenses
Farcent business training – Taiwan/household supply business/marketing	Taiwan/Household Supply Department/marketing department	76	760	\$838,823
Marketing section training course offered by external vendors	External training institution	1	3	\$1,980
Design department training course offered by external vendors	External training institution	5	15	\$8,000
R&D training courses offered by external vendors	External training institution	10	28	\$8,000
purchase department training course offered by external vendors	External training institution	2	12	\$6,225
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	7,000
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	56,000
Total		105	908	\$948,628

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 2024, the cumulative balance in the account reached NT\$14,985 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:
- 1. Cybersecurity risk management structure:
 - (1). The responsible unit of cybersecurity of the Company is the Information Department, and the department has a chief information officer and professional information personnel who are responsible for establishing the internal cybersecurity policies, planning and implementing cybersecurity protection, promoting and implementing information safety policies, and regularly announcing the information safety governance overview of the Company.
 - (2). The Audit Office of the Company is the supervisory unit for monitoring cybersecurity. The office has a chief audit officer and dedicated auditors who are responsible for supervising the implantation of internal information securities. If any deficiency is found in the audit, the unit being audited shall be immediately required to propose relevant improvement plans and substantial measures. The improvement effects shall be tracked regularly to minimize internal information safety risks.
 - (3). Regular audits and circular management are adopted as the operating models of the organization to ensure the achievement of the reliability target and continual improvements.
 - 2. Content of Cybersecurity policies:
 - (1). Cybersecurity management requirements of the Company shall comply with relevant governmental regulations (i.e., the Enforcement Rules of Cyber Security Management Act, Criminal Code, The Classified National Security Information Protection Act, Patent Act, Trademark Act, Copyright Act, and Personal Data Protection Act).
 - (2). Establish a cybersecurity management unit to be responsible for the establishment of a cybersecurity system and the implementation of management matters.
 - (3). Perform cybersecurity educational training for information safety personnel, IT personnel, and employees of the Company to promote cybersecurity policies and relevant implementation rules.

- (4). Establish and implement information safety management systems related to the mainframe and network use.
- (5). Before a new application system or hardware equipment is put into use, risk and safety factors shall be evaluated to prevent damage to cybersecurity.
- (6). Establish physical and environmental safety protection measures for the information machine room and regularly perform safety repair of relevant hardware safety and equipment maintenance.
- (7). Explicitly specify the access to the network and application software systems to prevent unauthorized access.
- (8). Establish the internal audit plan for the cybersecurity management system, regularly examine all personnel and equipment used within the scope of the cybersecurity management system, and formulate and implement corrective and preventive measures according to the audit report.
- (9). Perform exercises for business continuity management backup/backup recovery to ensure the continuous operation of the Company's businesses.
- (10). Personnel of the Company are responsible for maintaining cybersecurity and unconditionally agree to observe the internal specifications related to the Regulations for Cybersecurity Management of the Company.
- (11). If sub-contracting is required by the contractors of the Company's outsourced operations, information risks related to the sub-contracting operations shall be evaluated. The Company shall also require the contractors to carry out appropriate supervision and management of sub-contractors according to cybersecurity requirements.
- (12). During the course of internal and external project management, cybersecurity requirements related to the projects shall be specified and described to ensure the confidentiality, completeness and availability of internal and external project information and minimize the risk of leaking confidential/sensitive information (including personal data) and violation of laws and regulations.
- (13). The evaluation and review of information safety policies shall be performed once every bi-annually to reflect the latest development of management policies, government laws and regulations, new technologies and techniques, and the Company's businesses so as to ensure the feasibility and effectiveness of the cybersecurity system and, in turn, maintain the capacity for operations and the provision of appropriate services.

3. Substantial cybersecurity management plan:

The cybersecurity management system includes the following three aspects:

- (1). System specification: The Company has established its Regulations for Cybersecurity Management, which were implemented after the approval of the Chairman and are used to regulate personnel's operational practices.
- (2). System protection: Establish a cybersecurity management system to implement cybersecurity protection management measures.
- (3). Personnel training: Carry out cybersecurity educational training to improve the information safety awareness of all employees.

4. Investing cybersecurity management resources:

- Firewall: Opnsense.
- Network screening: Forescount.
- Anti-virus endpoint protection: Kaspersky, MalwareByte, and Microsoft Defender.
- Work station behavior control: IP Guard.

- Security event log judgment: Graylog (estimated to be introduced in 2024).
- Vulnerability screening: OpenVas (estimated to be introduced in 2024).
- Attach identification: Core Cloud's MDR (estimated to be introduced in 2024).
- Social management: Pending software selection(estimated to be introduced in 2024).

(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

07 May 2024

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 2023/12/31	Procurement of relevant products distributed by the Company	S&P contract
Warehousing and logistics contract	Farcent Enterprise Co., Ltd. & Ally Transport Co., Ltd.	2023/07/01 to 2025/06/30	Warehousing and logistics of relevant products of the Company	Warehousing and logistics contract

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					Financial data as of 31 March 2024
		2023	2022	2021	2020	2019	
Current assets		1,851,454	1,854,593	1,900,560	2,055,604	1,346,968	1, 890, 298
Property, plant and equipment		498, 003	517,748	531,879	292,295	1,035,052	495, 021
Intangible assets		68, 229	84,424	101,949	122,277	139,652	64, 688
Other assets		138,398	136,943	123,581	125,227	121,570	137, 830
Total assets		2,556,084	2,593,708	2,657,969	2,595,403	2,643,242	2, 587, 837
Current liabilities	Before distribution	548,100	553,355	646,455	678, 307	642,823	520, 348
	After distribution	(Note)	743,057	836,157	922, 390	880,582	註
Non-current assets		42,931	124,648	205,472	48,598	230,021	38, 111
Total liabilities	Before distribution	591,031	678,003	851,927	726,905	872,844	558, 459
	After distribution	(Note)	867,705	1,041,629	970,988	1,110,603	註
Equity attributable to owner of the parent company		1,839,240	1,806,275	1,710,024	1,739,175	1,648,112	1, 894, 802
Share capital		632,339	632,339	632,339	632,339	632,339	632, 339
Capital reserve		234,657	234,657	234,657	234,969	234,969	234, 657
Retained earnings	Before distribution	1,023,445	982,372	911,089	910,149	810,161	1, 075, 083
	After distribution	(Note)	792,670	721,387	666,066	572,402	註
Other equity		(51,201)	(43,093)	(68,061)	(38,282)	(29,357)	(47, 277)
Treasury stock		-	-	-	-	-	-
Non-controlling interest		125,813	109,430	96,018	129,323	122,286	134, 576
Total equity	Before distribution	1,965,053	1,915,705	1,806,042	1,868,498	1,770,398	2, 029, 378
	After distribution	(Note)	1,726,003	1,616,340	1,624,415	1,532,639	註

Note: As of 07 May 2024, the proposal for the earning distribution for 2023 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 2024
	2023	2022	2021	2020	2019	
Operating income	2,616,248	2,784,615	3,138,791	3,058,759	3,391,259	665,530
Gross profit	1,246,001	1,267,788	1,377,594	1,397,617	1,468,258	305,080
Operating gains or losses	301,314	323,528	336,595	315,171	433,496	56,908
Non-operating income and expenses	27,048	20,020	30,191	187,752	37,747	15,275
Net profit before tax	328,362	343,548	366,786	502,923	471,243	72,183
Net profit of continuing operation for the period	259,686	277,566	289,031	383,850	364,640	60,210
Losses of discontinued operation	-	-	-	-	-	-
Net profit (loss) for the period	259,686	277,566	289,031	383,850	364,640	60,210
Other comprehensive income for the period (net after tax)	(8,525)	32,995	(32,054)	(19,287)	(1,463)	4,115
Total comprehensive income for the period	251,161	310,561	256,977	364,563	363,177	64,325
Net profit attributable to owner of the parent company	230,986	253,404	261,507	348,114	339,681	51,638
Net profit attributable to non-controlling interest	28,700	24,162	27,524	35,736	24,959	8,572
Total comprehensive income attributable to owner of the parent company	222,667	285,953	229,542	328,822	337,895	55,562
Total comprehensive income attributable to non-controlling interest	28,494	24,608	27,435	35,741	25,282	8,763
Earnings per share	3.65	4.01	4.14	5.51	5.37	0.82

Condensed balance sheet - individual

Unit: NT\$000'

Item \ Year		Financial data for the most recent five years				
		2023	2022	2021	2020	2019
Current assets		1,250,729	1,173,953	1,225,649	1,335,580	700,977
Property, plant and equipment		61,147	58,639	64,333	68,591	795,058
Intangible assets		1,889	2,675	4,374	7,933	7,635
Other assets		1,079,041	1,077,247	1,008,275	929,634	890,938
Total assets		2,392,806	2,312,514	2,302,631	2,341,738	2,394,608
Current liabilities	Before distribution	536,611	471,721	544,442	559,782	527,770
	After distribution	(Note)	661,423	734,144	803,865	765,529
Non-current assets		16,955	34,518	48,165	42,781	218,726
Total liabilities	Before distribution	553,566	506,239	592,607	602,563	746,496
	After distribution	(Note)	695,941	782,309	846,646	984,255
Equity attributable to owner of the parent company		1,839,240	1,806,275	1,710,024	1,739,175	1,648,112
Share capital		632,339	632,339	632,339	632,339	632,339
Capital reserve		234,657	234,657	234,657	234,969	234,969
Retained earnings	Before distribution	1,023,445	982,372	911,089	910,149	810,161
	After distribution	(Note)	792,670	721,387	666,066	572,402
Other equity		(51,201)	(43,093)	(68,061)	(38,282)	(29,357)
Treasury stock		-	-	-	-	-
Non-controlling interest		-	-	-	-	-
Total equity	Before distribution	1,839,240	1,806,275	1,710,024	1,739,175	1,648,112
	After distribution	(Note)	1,616,573	1,520,322	1,495,092	1,410,353

Note: As of 07 May 2024, the proposal for the earning distribution for 2023 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				
	2023	2022	2021	2020	2019
Operating income	2,008,014	2,163,158	2,471,669	2,307,977	2,700,844
Gross profit	867,111	902,549	996,530	949,276	1,082,580
Operating gains or losses	175,899	204,929	226,503	184,753	344,152
Non-operating income and expenses	91,785	84,844	88,406	243,696	75,155
Net profit before tax	267,684	289,773	314,909	428,449	419,307
Net profit of continuing operation for the period	230,986	253,404	261,507	348,114	339,681
Losses of discontinued operation	-	-	-	-	-
Net profit (loss) for the period	230,986	253,404	261,507	348,114	339,681
Other comprehensive income for the period (net after tax)	(8,319)	32,549	(31,965)	(19,292)	(1,786)
Total comprehensive income for the period	222,667	285,953	229,542	328,822	337,895
Net profit attributable to owner of the parent company	230,986	253,404	261,507	348,114	339,681
Net profit attributable to non-controlling interest	-	-	-	-	-
Total comprehensive income attributable to owner of the parent company	222,667	285,953	229,542	328,822	337,895
Total comprehensive income attributable to non-controlling interest	-	-	-	-	-
Earnings per share	3.65	4.01	4.14	5.51	5.37

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

Year	CPAs	Audit 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
2023	Lin Song-Shu Zhang Ya-Quan	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)		Financial analysis for the most recent five years					As of 31 March 2024
		2023	2022	2021	2020	2019	
Financial structure (%)	Debt ratio	23.12	26.14	32.05	28.01	33.02	21.58
	Ratio of long-term capital to property, plant and equipment	403.21	394.08	378.19	655.88	193.27	417.66
Solvency (%)	Current ratio	337.79	335.15	294.00	303.05	209.54	363.28
	Quick ratio	269.53	243.10	209.74	218.17	143.97	309.24
	Interest coverage ratio	25,359.93	16,731.45	25,155.00	25,836.43	12,298.53	58,944.24
Operating performance	Receivables turnover (time)	4.83	4.76	4.94	5.25	5.71	4.71
	Average collection days	75.57	76.68	73.89	69.52	63.91	77.49
	Inventory turnover (time)	2.83	2.65	3.00	3.22	4.53	3.97
	Payables turnover (time)	6.51	7.2	7.81	7.20	7.88	6.95
	Average sales day	128.98	137.74	121.67	113.35	80.58	91.94
	Property, plant and equipment turnover (time)	5.15	5.31	7.62	4.61	3.27	5.36
	Total assets turnover (time)	1.02	1.06	1.19	1.17	1.23	1.04
Profitability	Return on assets (%)	10.13	10.63	11.05	14.71	13.38	9.38
	Return on equity (%)	13.38	14.92	15.73	21.10	21.32	12.06
	Ratio of net profit before tax to paid-in capital (%)	51.93	54.33	58.00	79.53	74.52	11.42
	Profit margin (%)	9.93	9.97	9.21	12.55	10.75	9.05
	Earnings per share (NT\$)	3.65	4.01	4.14	5.51	5.37	0.82
Cash flows	Cash flow ratio (%)	82.89	63.25	55.04	2.56	88.84	14.64
	Cash flow adequacy ratio (%)	107.15	66.92	64.32	68.81	88.61	93.01
	Cash reinvestment ratio (%)	11.14	6.68	4.79	(12.35)	16.46	3.30
Leverage	Operating leverage	1.08	1.11	1.10	1.13	1.11	1.13
	Financial leverage	1.00	1.01	1.00	1.01	1.01	1.00
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 increased by 52%, primarily due to the decrease in interest expenses of the year.							
2. The cash flow ratio increased, primarily due to the increase in new cash flow from operating activities.							
3. The net cash flow adequacy ratio increased, primarily due to the increase in the net cash flow from operating activities in the most recent five years and the decrease in the average capital expenditures of the five years.							
4. The cash reinvestment ratio increased, primarily due to the increase in net cash flow from operating activities.							

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 $\times$ (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				
			2023	2022	2021	2020	2019
Financial structure (%)	Debt ratio		23.13	21.89	25.74	25.73	31.17
	Ratio of long-term capital to property, plant and equipment		3,035.62	3,139.19	2,732.95	2,597.94	234.81
Solvency (%)	Current ratio		233.08	248.87	225.12	238.59	132.82
	Quick ratio		181.96	167.2	148.41	158.17	79.67
	Interest coverage ratio		28,182.17	83,016.43	181,917.19	22,470.20	10,788.62
Operating performance	Receivables turnover (time)		5.24	4.9	4.97	5.29	5.99
	Average collection days		69.62	74.53	73.44	69.04	60.90
	Inventory turnover (time)		3.03	2.78	3.12	3.48	5.32
	Payables turnover (time)		4.54	5.62	6.15	5.83	6.95
	Average sales day		120.55	131.13	117.00	104.76	68.65
	Property, plant and equipment turnover (time)		33.53	35.18	37.19	5.34	3.40
	Total assets turnover (time)		0.85	0.94	1.06	0.97	1.07
Profitability	Return on assets (%)		9.85	10.99	11.27	14.76	13.61
	Return on equity (%)		12.67	14.41	15.16	20.55	21.37
	Ratio of net profit before tax to paid-in capital (%)		42.33	45.83	49.80	67.76	66.31
	Profit margin (%)		11.5	11.71	10.58	15.08	12.58
	Earnings per share (NT\$)		3.65	4.01	4.14	5.51	5.37
Cash flows	Cash flow ratio (%)		73.13	54.53	67.65	-38.23	91.19
	Cash flow adequacy ratio (%)		103.91	59.57	61.61	53.18	81.67
	Cash reinvestment ratio (%)		10.63	3.57	1.33	-24.83	13.68
Leverage	Operating leverage		1.01	1.06	1.05	1.07	1.06
	Financial leverage		1.01	1.00	1.00	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 decreased, primarily due to the increase in interest expenses of the year.
2. The cash flow ratio increased, primarily due to the increase in new cash flow from operating activities.
3. The net cash flow adequacy ratio increased, primarily due to the increase in the net cash flow from operating activities in the most recent five years and the decrease in the average capital expenditures of the five years.
4. The cash reinvestment ratio increased, primarily due to the increase in net cash flow from operating activities.

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 Board has prepared the 2023 business report, financial statements, and the proposal for earning distribution, in which the CPAs from Crowe (TW) CPAs have audited the financial statements and issued the independent auditor's report. We have audited the abovementioned business report, financial statements, and the proposal for earning distribution and considered they are consistent; therefore, our report is made above according to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Farcent Enterprise Co., Ltd.

Convenor of the Audit Committee: Tsai Wen-Chun

26 February 2024

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

Please refer to pages 128 to 195

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

Please refer to pages 196 to 259

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, 2023, 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 26, 2024

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, 2023 and 2022, the consolidated statements of comprehensive income, consolidated statements of changes in equity, and consolidated statements of cash flows for the years ended December 31, 2023 and 2022, 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, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC 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, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, 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, 2023 are stated as follows:

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, 2023, 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 arising 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, 2023 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.

Other matter

Farcent Enterprise Co., Ltd. has additionally prepared its parent-company-only financial statements as of and for the year then ended December 31, 2023 and 2022, on which we have issued an unmodified opinion.

The engagement partners on the audit resulting in this independent auditors' report are Song Shu Lin and Ya Quan Zhang.

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

February 26, 2024

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally 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, 2023 and 2022
(In Thousands of New Taiwan Dollars)

	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6 and 12)	\$ 867,922	34	\$ 764,465	29
Financial assets at amortized cost – current (Notes 4, 6 and 12)	76,028	3	33,910	1
Notes receivable, net (Notes 4, 6 and 12)	6,682	-	4,390	-
Accounts receivable, net (Notes 4, 6, 7 and 12)	519,205	20	536,219	21
Other receivables (Notes 4, 7 and 12)	337	-	1,300	-
Current tax asset (Notes 4 and 6)	615	-	679	-
Inventories (Notes 4 and 6)	354,996	14	480,968	19
Prepayments (Note 6)	19,178	1	28,400	2
Other current assets (Notes 4, 6 and 12)	6,491	-	4,262	-
Total current assets	1,851,454	72	1,854,593	72
NONCURRENT ASSETS				
Investments accounted for using the equity method (Notes 4, 6 and 13)	108,472	4	101,955	4
Property, plant and equipment (Notes 4, 6 and 8)	498,003	19	517,748	20
Right-of-use assets (Notes 4 and 6)	17,841	1	23,647	1
Intangible assets (Notes 4, 5 and 6)	68,229	3	84,424	3
Other noncurrent assets (Notes 4, 6, 8 and 12)	12,085	1	11,341	-
Total noncurrent assets	704,630	28	739,115	28
TOTAL ASSETS	\$ 2,556,084	100	\$ 2,593,708	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss – current (Notes 4, 6 and 12)	\$ 1,028	-	\$ 27	-
Accounts payable (Notes 4, 6, 7 and 12)	226,244	9	196,226	8
Other payables (Notes 4, 6 and 12)	265,417	10	298,160	11
Current tax liabilities (Notes 4 and 6)	35,276	1	26,401	1
Lease liabilities – current (Notes 4, 6 and 12)	4,626	-	5,400	-
Other current liabilities (Notes 4, 6, 8 and 12)	15,509	1	27,141	1
Total current liabilities	548,100	21	553,355	21
NONCURRENT LIABILITIES				
Long-term loans (Notes 4, 6, 8 and 12)	21,329	1	88,547	3
Deferred income tax liabilities (Notes 4 and 6)	175	-	182	-
Lease liabilities – noncurrent (Notes 4, 6 and 12)	1,239	-	5,628	-
Net defined benefit liabilities – noncurrent (Notes 4 and 6)	16,432	1	17,181	1
Other noncurrent liabilities (Notes 4, 6 and 12)	3,756	-	13,110	1
Total noncurrent liabilities	42,931	2	124,648	5
TOTAL LIABILITIES	591,031	23	678,003	26
EQUITY ATTRIBUTABLE TO OWNERS OF PARENT (Notes 4 and 6)				
Share capital				
Ordinary shares	632,339	25	632,339	24
Capital surplus	234,657	9	234,657	9
Retained earnings				
Legal reserve	315,221	12	289,122	11
Special reserve	43,093	2	68,062	3
Unappropriated retained earnings	665,131	26	625,188	24
	1,023,445	40	982,372	38
Other equity				
Exchange differences on translation of foreign financial statements	(51,201)	(2)	(43,093)	(1)
	(51,201)	(2)	(43,093)	(1)
Total equity attributable to owners of the parent	1,839,240	72	1,806,275	70
Non-controlling interests	125,813	5	109,430	4
TOTAL EQUITY	1,965,053	77	1,915,705	74
TOTAL LIABILITIES AND EQUITY	\$ 2,556,084	100	\$ 2,593,708	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, 2023 and 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
Operating revenue (Notes 4, 6, 7 and 14)	\$ 2,616,248	100	\$ 2,784,615	100
Operating costs (Notes 4, 6 and 7)	(1,376,194)	(53)	(1,514,705)	(54)
Gross profit from operations	1,240,054	47	1,269,910	46
Unrealized gross profit from sale	(4,396)	-	(13,840)	-
Realized profit from sale	10,343	-	11,718	-
Gross profit from operations, net	1,246,001	47	1,267,788	46
Operating expenses (Notes 4, 6, 7 and 14)				
Marketing expenses	(767,845)	(29)	(772,263)	(28)
General and administrative expenses	(139,420)	(5)	(126,167)	(5)
Research and development expenses	(37,422)	(1)	(45,830)	(1)
Total operating expenses	(944,687)	(35)	(944,260)	(34)
NET OPERATING INCOME	301,314	12	323,528	12
Non-operating income and expenses				
Share of profit of associates and joint ventures accounted for using equity method (Notes 4 and 6)	9,791	-	8,281	-
Interest income (Note 14)	9,926	-	4,347	-
Other income (Note 7)	11,410	1	11,627	-
Finance costs (Notes 4, 6 and 14)	(1,300)	-	(2,066)	-
Other losses	(17)	-	(141)	-
Losses on disposal of Property, plant and equipment (Note 4)	(36)	-	(702)	-
Foreign exchange loss, net (Notes 4 and 12)	(1,725)	-	(1,306)	-
Net loss on financial asset at fair value through profit or loss (Note 4)	(1,001)	-	(20)	-
Total non-operating income and expenses	27,048	1	20,020	-
INCOME BEFORE INCOME TAX	328,362	13	343,548	12
INCOME TAX EXPENSE (Notes 4 and 6)	(68,676)	(3)	(65,982)	(2)
NET INCOME	259,686	10	277,566	10
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit obligation (Notes 4 and 6)	(211)	-	7,581	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences arising from translation of foreign operations (Notes 4 and 6)	(8,314)	-	25,414	1
Other comprehensive income for the year, net of income tax	(8,525)	-	32,995	1
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	\$ 251,161	10	\$ 310,561	11
NET INCOME ATTRIBUTABLE TO:				
Owners of the parent	\$ 230,986		\$ 253,404	
Non-controlling interests	28,700		24,162	
	\$ 259,686		\$ 277,566	
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the parent	\$ 222,667		\$ 285,953	
Non-controlling interests	28,494		24,608	
	\$ 251,161		\$ 310,561	
EARNINGS PER SHARE (NT\$)(Note 6)				
Basic earnings per share	\$ 3.65		\$ 4.01	

(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, 2023 and 2022
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Parent							
	Capital Stock	Capital surplus	Retained earnings			Other equity differences on translation of foreign financial statements		
	Common Stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Non-controlling interests	Total Equity
Balance, January 1, 2022	\$ 632,339	\$ 234,657	\$ 262,971	\$ 38,283	\$ 609,835	\$ (68,061)	\$ 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)
Net profit for 2022	-	-	-	-	253,404	-	24,162	277,566
Other comprehensive income (loss), net of tax, for 2022	-	-	-	-	7,581	24,968	446	32,995
Total comprehensive income (loss) for 2022	-	-	-	-	260,985	24,968	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)	\$ 109,430	\$ 1,915,705
Balance, January 1, 2023	\$ 632,339	\$ 234,657	\$ 289,122	\$ 68,062	\$ 625,188	\$ (43,093)	\$ 109,430	\$ 1,915,705
Appropriations of earnings :								
Legal reserve	-	-	26,099	-	(26,099)	-	-	-
Cash dividends of ordinary share	-	-	-	-	(189,702)	-	-	(189,702)
Reversal special reserve	-	-	-	(24,969)	24,969	-	-	-
Net profit for 2023	-	-	-	-	230,986	-	28,700	259,686
Other comprehensive income (loss), net of tax, for 2023	-	-	-	-	(211)	(8,108)	(206)	(8,525)
Total comprehensive income (loss), net of tax, for 2023	-	-	-	-	230,775	(8,108)	28,494	251,161
Cash dividends on ordinary shares of subsidiaries	-	-	-	-	-	-	(12,111)	(12,111)
Balance, December 31, 2023	\$ 632,339	\$ 234,657	\$ 315,221	\$ 43,093	\$ 665,131	\$ (51,201)	\$ 125,813	\$ 1,965,053

(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, 2023 and 2022
(In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit from continuing operations before tax	\$ 328,362	\$ 343,548
Adjustments :		
Depreciation expense	36,321	37,361
Amortization expense	17,414	19,162
Expected credit loss	4,468	57
Net loss on financial assets and liabilities at fair value through profit or loss	1,001	20
Finance costs	1,300	2,066
Interest income	(9,926)	(4,347)
Share of profit of associates and joint ventures accounted for using equity method	(9,791)	(8,281)
Loss on disposal of Property, plant and equipment	36	702
Unrealized gross profit from sale	4,396	-
Realized profit from sale	(10,343)	-
Changes in operating assets		
Increase in notes receivable	(2,292)	(1,597)
Decrease in accounts receivable	12,628	77,627
Decrease (increase) in other receivable	963	(876)
Decrease in inventories	125,972	13,914
Decrease in prepayments	9,222	21,424
Decrease (increase) in other current assets	(2,229)	10,312
Changes in operating liabilities		
Increase (decrease) in accounts payable	30,018	(28,515)
Decrease in other payable	(32,775)	(56,563)
Decrease in other current liabilities	(1,683)	(9,682)
Decrease in net defined benefit liabilities	(960)	(8,181)
Increase in deferred credits	-	1,322
Cash generated from operations	502,102	409,473
Interest received	9,926	4,347
Dividend received	-	3,338
Interest paid	(1,268)	(2,066)
Income taxes paid	(59,744)	(65,085)
Net cash flows from operating activities	451,016	350,007
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at amortized cost	(43,534)	(6,106)
Proceeds from disposal of financial assets at amortized cost	1,500	4,990
Acquisition of financial assets at fair value through profit or loss	(488,642)	(88,554)
Proceeds from disposal of financial assets at fair value through profit or loss	488,642	88,554
Acquisition of property, plant and equipment	(12,796)	(9,608)
Proceeds from disposal of property, plant and equipment	133	344
Increase in refundable deposits	(734)	-
Decrease in refundable deposits	-	168
Acquisition of intangible assets	(1,228)	(1,632)
Increase in prepayments for equipment	(2,625)	(2,305)
Net cash used in investing activities	(59,284)	(14,149)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term bank loans	(77,167)	(69,257)
Guarantee deposits refunded	(511)	(169)
Repayment of the principal portion of lease liabilities	(5,429)	(5,281)
Increase in other noncurrent liabilities	1,500	-
Cash dividends paid	(201,813)	(200,898)
Net cash used in financing activities	(283,420)	(275,605)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(4,855)	12,450
NET INCREASE IN CASH AND CASH EQUIVALENTS	103,457	72,703
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	764,465	691,762
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 867,922	\$ 764,465

(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, 2023 and 2022
(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, 2023 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 26, 2024.

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 2023 are as follows:

New IFRSs	Effective Date Announced by IASB (Note A)
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)
Amendments to IAS 12 “International Tax Reform — Pillar Two Model Rules”	(Note D)

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.

Note D : As a temporary exception under IAS 12, an entity shall not recognize deferred income tax assets and liabilities associated with Pillar 2 income tax, nor shall it disclose the related information. However, the entity shall disclose in its financial report that it has already applied this exception. An entity shall apply this part of the amendment retrospectively in accordance with IAS 8 since the date that the amendments were issued (i.e. May 23, 2023). An entity shall apply the remaining disclosure requirements for the annual reporting periods beginning on or after January 1, 2023 and needs not to disclose such information in its interim reports with a reporting date ending before or on December 31, 2023.

(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 disclose 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, recognise deferred taxes for all deductible and taxable temporary differences associated with (i) lease and (ii) decommissioning liabilities and recognise 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.

(4) Amendments to IAS 12 “International Tax Reform — Pillar Two Model Rules”

The amendments stipulate that, as a temporary exception to IAS 12, Group shall neither recognize nor disclose information about deferred income tax assets and liabilities for Pillar Two income tax relating to international tax reform; however, Group shall disclose in its financial reports that it has applied this exception. In addition, Group shall separately disclose its current income tax expenses (benefits) relating to Pillar Two income tax. If the Pillar Two bill has been enacted or has been

substantively enacted but has not yet taken effect, Group should disclose qualitative and quantitative information on its exposure to Pillar Two income tax that is known or can be reasonably estimated. Based on the Group's assessment, the New IFRSs above have no significant effect on the Group's financial position and financial performance.

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 2024

New standards, interpretations and amendments endorsed by the FSC and effective from 2024 are as follows:

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"	January 1, 2024 (Note A)
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
Amendments to IAS 7 and IFRS 7 "Supplier finance arrangements "	January 1, 2024 (Note B)

Note A : The seller-lessee shall apply the amendments retrospectively in accordance with IAS 8 for the sale and leaseback transactions made after the initial application of IFRS 16.

Note B : The amendment provides certain transitional reliefs. When initially applying the amendment, entities are not required to disclose comparative information and interim period information, as well as opening information required by paragraph 44H(b)(ii)-(iii).

(1) Amendments to IFRS 16 "Lease liability in a sale and leaseback"

The amendment clarifies that for a sale and leaseback transaction, if the transfer of the asset is treated as a sale in accordance with IFRS 15, the liabilities incurred by the seller-lessee due to the leaseback should be treated in accordance with the IFRS 16. Moreover, if any variable lease payments that do not depend on an index or rate are involved, the seller-lessee should still determine and recognize the lease liability arising from such variable payments in a manner that does not recognize gains and losses related to the retained right of use. The difference between the subsequent actual lease payment amount and the reduced carrying amount of the lease liability is recognized in profit or loss.

(2) Amendments to IAS 1 "Classification of Liabilities as Current or Non-current "

The amendments clarify that when an entity determines whether a liability is classified as non-current, the entity should assess whether it has the right to defer the settlement for at least twelve months after the reporting period. If the entity has that right on the end of reporting period, that liability must be classified as non-current regardless whether the entity expects whether to exercise the right or not. If the entity must follow certain conditions to have the right to defer the settlement of a liability, the entity must have followed those conditions at the end of reporting period in order to have that right, even if the lender tests the entity's compliance on a later date.

The aforementioned settlement means transferring cash, other economic resources or

the entity's equity instruments to the counter-party to extinguish the liability. If the terms of the liability give the counter-party an option to extinguish the liability by the entity's equity instruments, and this option is recognized separately in equity in accordance with IAS 32 "Financial Instruments: Presentation", then the classification of the liability will not be affected.

(3) Amendment to IAS 1 "Non-current Liabilities with Covenants "

This amendment further clarifies that only contractual terms that are required to be complied with before the end of the reporting period will affect the classification of the liability at that date. The contractual terms that required to be complied with within 12 months after the reporting period do not affect the classification of liabilities at the reporting date. However, for liabilities classified as non-current and must be repaid within 12 months after the reporting period due to potential non-compliance, the relevant facts and circumstances should be disclosed.

(4) Amendments to IAS 7 and IFRS 7 "Supplier finance arrangements "

Supplier financing arrangements involve one or more financing providers making payments to suppliers on behalf of an entity, and the entity agrees to repay the financing providers on the payment date agreed with the suppliers or a later date. The amendments to IAS 7 require an entity to disclose information on its supplier financing arrangements to enable users of financial statements to assess the impact of these arrangements on the entity's liabilities, cash flows and exposure to liquidity. The amendments to IFRS 7 include into its application guidance that when disclosing how an entity manages the liquidity risk of its financial liabilities, it may also consider whether it has obtained or can obtain financing facilities through supplier financing arrangements, and whether these arrangements may cause concentration of liquidity risk.

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 IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9—Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025

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 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 that are measured in terms of historical cost in foreign currencies are not retranslated.

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 consolidated financial statements, the assets and liabilities of the Group'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.

4.7 Cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value (including the original maturity of the time deposits within three months.)

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 12.2

(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 Group 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:

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 12.2.

(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 Group'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

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease. For a contract that contains a lease component and non-lease components, the Group allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately.

The Group as lessee

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.

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 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 rereasurement) 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. Rereasurement, 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. Rereasurement 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 Group'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.

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 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.

Except for those qualifying capitalization, all other borrowing costs are recognized as an expense in profit or loss as incurred.

4.20 Taxation

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

(1) Current tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities.

An additional tax calculated in accordance with Income Tax Act of the Republic of China is levied on the unappropriated retained earnings and is recorded as income tax expense in the subsequent year when the stockholders approve to distribute retain earnings.

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.

In the preparation of the consolidated financial statements, the critical accounting judgments the Group has made and the major sources of estimation and assumption uncertainty are described as follows:

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, 2023	December 31, 2022
Cash on hand	\$ 343	\$ 376
Checking deposits	701	450
Demand deposits	511,955	481,556
Time deposits	130,322	102,304
Repurchase agreements	224,601	179,779
	<u>\$ 867,922</u>	<u>\$ 764,465</u>

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

(2) The interest rates for repurchase agreements as of December 31, 2023 and 2022 were as follows:

	December 31, 2023	December 31, 2022
Repurchase agreements	1.10%	0.65%~0.75%

6.2 Financial instruments at fair value through profit or loss

	December 31, 2023	December 31, 2022
Financial liabilities - current		
Financial liabilities held for trading		
Foreign exchange forward contracts	<u>\$ 1,028</u>	<u>\$ 27</u>

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

(2) In 2023, 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, 2023				
Company Name	Derivative Name	Contract amount (Nominal Principal in thousands)		Contract period
Farcent Enterprise Co., Ltd.	foreign exchange forward contracts – NTD to RMB	RMB	3,140	2023.10.06~2024.01.12
"	"	RMB	2,130	2023.10.06~2024.01.12
"	"	RMB	3,390	2023.11.01~2024.02.05
"	"	RMB	940	2023.11.06~2024.02.05
"	"	RMB	540	2023.11.06~2024.02.05
"	"	RMB	660	2023.11.22~2024.02.29
"	"	RMB	450	2023.11.22~2024.02.29
"	"	RMB	1,770	2023.12.04~2024.02.29
"	"	RMB	1,480	2023.12.13~2024.03.15
"	"	RMB	1,450	2023.12.13~2024.03.15

6.3 Financial assets at amortized cost

	December 31, 2023	December 31, 2022
<u>Current</u>		
Time deposits with original maturity of more than 3 months	\$ 76,028	\$ 33,910

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

(2) The interest rates for financial assets at amortized cost as December 31, 2023 and 2022 were as follows:

	December 31, 2023	December 31, 2022
Time deposits with original maturity of more than 3 months	0.9%~1.45%	0.5%~1.21%

6.4 Notes receivable, Net

	December 31, 2023	December 31, 2022
Arising from operating activities -Non related parties	\$ 6,682	\$ 4,390
Less: Loss allowance	—	—
Notes receivable, net	\$ 6,682	\$ 4,390

The Group has no notes receivable pledged as collaterals.

6.5 Accounts receivable, Net

	December 31, 2023	December 31, 2022
<u>Amortized at cost</u>		
Gross carrying amount-Non related parties	\$ 498,916	\$ 506,907
Gross carrying amount from related parties	28,402	33,102
Less: loss allowance	(8,113)	(3,790)
Accounts receivable, net	<u>\$ 519,205</u>	<u>\$ 536,219</u>

Overdue receivable (presented as Other noncurrent assets)

	December 31, 2023	December 31, 2022
<u>Amortized at cost</u>		
Gross carrying amount	\$ 2,132	\$ 2,069
Less: loss allowance	(2,132)	(2,069)
Overdue receivable, net	<u>\$ –</u>	<u>\$ –</u>

- (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, 2023	Expected credit loss rate	Gross carrying amount	Loss allowance (Lifetime ECL)	Amortized cost
Not past due	0%~0.5%	\$ 488,224	\$ (1,856)	\$ 486,368
1 – 30 days	5%	31,337	(1,263)	30,074
31 – 60 days	10%	3,710	(78)	3,632
Over 60 days	50%	10,729	(4,916)	5,813
Overdue receivable	100%	2,132	(2,132)	–
		<u>\$ 536,132</u>	<u>\$ (10,245)</u>	<u>\$ 525,887</u>

<u>December 31, 2022</u>	<u>Expected credit loss rate</u>	<u>Gross carrying amount</u>	<u>Loss allowance (Lifetime ECL)</u>	<u>Amortized cost</u>
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)	–
		<u>\$ 546,468</u>	<u>\$ (5,859)</u>	<u>\$ 540,609</u>

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

	<u>2023</u>	<u>2022</u>
Balance at January 1	\$ 5,859	\$ 5,802
Add: Recognition of impairment losses	4,468	57
Less: Effect of foreign currency exchange difference	(82)	–
Balance at December 31	<u>\$ 10,245</u>	<u>\$ 5,859</u>

6.6 Inventories

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Merchandise	\$ 50,850	\$ 143,180
Raw materials	32,114	36,035
Supplies	30,191	33,963
Semi-finished goods	18,936	17,330
Finished goods	222,905	250,460
Net	<u>\$ 354,996</u>	<u>\$ 480,968</u>

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

(2) The cost of inventories recognized as expense for 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Cost of goods sold	\$ 1,374,043	\$ 1,530,186
Gain on reversal in market value of inventories	(8,798)	(22,154)
Loss on inventory given up	12,261	7,803
Gain on physical inventory	(1,312)	(1,130)
	<u>\$ 1,376,194</u>	<u>\$ 1,514,705</u>

6.7 Prepayments

	December 31, 2023	December 31, 2022
Prepayment for purchases	\$ 11,943	\$ 14,519
Others	7,235	13,881
	<u>\$ 19,178</u>	<u>\$ 28,400</u>

6.8 Subsidiaries

(1) The subsidiaries in the consolidated financial statements

Investor	Subsidiaries	Main businesses	Percentage of Ownership	
			December 31, 2023	December 31, 2022
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 Enterprise Co., Ltd.	Manufacturing, Wholesale and Retail	-	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) The Company's investee company Farcent Biotechnology International Enterprise Co., Ltd with an original investment cost of NT\$ 5,000 thousand decided to dissolve on August 18, 2022 and completed liquidation on March 13, 2023. The amount of the returned shares and the book value on the date of disposal were both NT\$ 4,422 thousand.

(c) Farcent International (Samoa) Co., Ltd. was approved by the board of directors on November 2, 2023, and resolved to reduce cash capital by NT\$ 15,627 thousand (USD 500 thousand). The base date of capital reduction is December 20, 2023. The cash capital reduction has been registered for change on November 27, 2023.

(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, 2023	December 31, 2022
Farcent Enterprise (Thailand) Ltd.	\$ 108,472	\$ 101,955

(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, 2023	December 31, 2022
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:

	2023	2022
The Group's share		
Profit from continuing operations \$	9,791	\$ 8,281
Other comprehensive income, net of tax	1,122	5,503
Total comprehensive income	\$ 10,913	\$ 13,784

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

	2023					
	Balance at January 1	Additions	Disposals	Reclassifi- cation	Effect of foreign currency exchange difference	Balance at December 31
<u>Cost</u>						
Land	\$ 327,949	\$ –	\$ –	\$ –	\$ (1,029)	\$ 326,920
Buildings	263,369	–	–	–	(4,917)	258,452
Office equipment	14,516	1,287	(1,496)	–	(159)	14,148
Transportation equipment	2,072	2,733	(1,015)	–	(18)	3,772
Machinery	77,136	2,941	(192)	1,502	(1,295)	80,092
Leased assets	376	–	(168)	–	–	208
Assets leased to others	27,697	1,563	(35)	569	(298)	29,496
Other equipment	81,346	4,272	(2,360)	333	(878)	82,713
Subtotal	794,461	12,796	(5,266)	2,404	(8,594)	795,801
<u>Accumulated impairment</u>	(2,639)	–	–	–	–	(2,639)
<u>Accumulated depreciation</u>						
Buildings	(117,118)	(13,146)	–	–	2,333	(127,931)
Office equipment	(12,960)	(1,063)	1,496	–	141	(12,386)
Transportation equipment	(1,724)	(381)	896	–	15	(1,194)
Machinery	(53,834)	(5,191)	192	–	861	(57,972)
Leased assets	(376)	–	168	–	–	(208)
Assets leased to others	(24,469)	(1,255)	35	–	265	(25,424)
Other equipment	(63,593)	(9,467)	2,310	–	706	(70,044)
Subtotal	(274,074)	(30,503)	5,097	–	4,321	(295,159)
Carrying amounts	\$ 517,748	\$ (17,707)	\$ (169)	\$ 2,404	\$ (4,273)	\$ 498,003

2022						
	Balance at January 1	Additions	Disposals	Reclassifi- cation	Effect of foreign currency exchange difference	Balance at December 31
<u>Cost</u>						
Land	\$ 326,661	\$ –	\$ –	\$ –	\$ 1,288	\$ 327,949
Buildings	259,027	–	–	–	4,342	263,369
Office equipment	14,651	791	(1,102)	–	176	14,516
Transportation equipment	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 equipment	81,683	5,523	(8,023)	1,506	657	81,346
Subtotal	784,583	9,608	(11,715)	4,235	7,750	794,461
<u>Accumulated impairment</u>	(3,439)	–	816	–	(16)	(2,639)
<u>Accumulated depreciation</u>						
Buildings	(102,361)	(13,183)	–	–	(1,574)	(117,118)
Office equipment	(12,578)	(1,218)	980	–	(144)	(12,960)
Transportation equipment	(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 equipment	(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

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

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

(2) 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.

(3) As there was no indication of impairment in 2023 and 2022, no impairment loss was recognized for the year.

6.11 Lease agreements

(1) Right-of-use assets

2023					
	Balance at January 1	Additions	Disposals	Effect of foreign currency exchange difference	Balance at December 31
<u>Cost</u>					
Land	\$ 14,179	\$ –	\$ –	\$ (291)	\$ 13,888
Buildings	11,513	–	–	–	11,513
Transportation equipment	5,262	–	–	–	5,262
Office equipment	–	266	–	–	266
Subtotal	30,954	266	–	(291)	30,929
<u>Accumulated depreciation</u>					
Land	(1,493)	(372)	–	37	(1,828)
Buildings	(3,183)	(3,652)	–	–	(6,835)
Transportation equipment	(2,631)	(1,754)	–	–	(4,385)
Office equipment	–	(40)	–	–	(40)
Subtotal	(7,307)	(5,818)	–	37	(13,088)
Carrying amounts	\$ 23,647	\$ (5,552)	\$ –	\$ (254)	\$ 17,841

2022					
	Balance at January 1	Additions	Disposals	Effect of foreign currency exchange difference	Balance at December 31
<u>Cost</u>					
Land	\$ 13,932	\$ –	\$ –	\$ 247	\$ 14,179
Buildings	10,627	10,119	(9,233)	–	11,513
Transportation equipment	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 equipment	(877)	(1,754)	–	–	(2,631)
Subtotal	(10,829)	(5,692)	9,233	(19)	(7,307)
Carrying amounts	\$ 18,992	\$ 4,427	\$ –	\$ 228	\$ 23,647

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

As there was no indication of impairment in 2023 and 2022, no impairment loss was recognized for the year.

(2) Lease liabilities

	December 31, 2023	December 31, 2022
Carrying amount of lease liabilities		
Current	\$ 4,626	\$ 5,400
Noncurrent	\$ 1,239	\$ 5,628

The ranges of discount rates for the lease liabilities:

	December 31, 2023	December 31, 2022
Buildings	1.359%~1.851%	1.359%~1.851%
Transportation equipment	1.587%	1.587%
Office equipment	13%	–

(3) Other lease information

	2023	2022
Expenses relating to short-term leases	\$ 4,210	\$ 3,100
Expenses relating to low-value asset leases	\$ 154	\$ 244
Expenses relating to variable lease payments not included in the measurement of lease liabilities	\$ 357	\$ 124
Total cash outflow for leases	\$ 10,304	\$ 8,906

6.12 Intangible assets

		2023				
		Balance at January 1	Additions	Disposals	Effect of foreign currency exchange difference	Balance at December 31
<u>Cost</u>						
Trademark	\$	146,980	\$ –	\$ –	\$ –	\$ 146,980
Patent		89,174	–	–	–	89,174
Goodwill		45,753	–	–	–	45,753
Computer software		9,793	1,228	(3,183)	(10)	7,828
Subtotal		291,700	1,228	(3,183)	(10)	289,735
<u>Accumulated Amortization</u>						
Trademark		(121,585)	(13,906)	–	–	(135,491)
Patent		(78,340)	(2,116)	–	–	(80,456)
Computer software		(7,351)	(1,392)	3,183	1	(5,559)
Subtotal		(207,276)	(17,414)	3,183	1	(221,506)
Carrying amounts	\$	84,424	\$ (16,186)	\$ –	\$ (9)	\$ 68,229
		2022				
		Balance at January 1	Additions	Disposals	Effect of foreign currency exchange difference	Balance at December 31
<u>Cost</u>						
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
<u>Accumulated Amortization</u>						
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

- (1) Amortization of the Group's intangible assets is computed using straight-line method over the following estimated useful lives:

Trademark	1 to 10 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 ten-years period approved by the managements. The Group used the annual discount rate of 6.9% (Republic of China) and 6.9% (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 2023 and 2022, no impairment loss was recognized for the year.

6.13 Other assets

	December 31, 2023	December 31, 2022
<u>Current</u>		
Other financial assets	\$ 190	\$ 139
Temporary payments	5,032	3,690
Payment on behalf of others	1,269	433
	<u>\$ 6,491</u>	<u>\$ 4,262</u>
<u>Non-current</u>		
Prepayments for equipment	\$ 2,798	\$ 2,605
Other financial assets	1,500	1,500
Refundable deposits	6,130	5,396
Consolidated borrowings	1,657	1,840
	<u>\$ 12,085</u>	<u>\$ 11,341</u>

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, 2023	December 31, 2022
Accounts payable-non-related parties	\$ 220,246	\$ 188,698
Accounts payable- related parties	5,998	7,528
	<u>\$ 226,244</u>	<u>\$ 196,226</u>

6.15 Long-term borrowings and current portion

	December 31, 2023	December 31, 2022
<u>Secured borrowings</u>		
Bank loans	\$ 30,000	\$ 107,167
Less: current portion	(8,671)	(18,620)
	<u>\$ 21,329</u>	<u>\$ 88,547</u>
Annual interest rate	<u>1.27%</u>	<u>1.97%</u>
Maturity year	<u>2026</u>	<u>2024</u>

Please refer to Note 8 for collaterals pledged for long-term borrowings for the years ended December 31, 2023 and 2022.

6.16 Other liabilities

	December 31, 2023	December 31, 2022
<u>Current</u>		
Other payables		
-accrued expenses	\$ 170,773	\$ 205,114
-Salary payable	82,362	84,937
-Others	12,282	8,109
Contract liabilities	2,090	1,624
Unearned receipts	1,397	1,482
Long-term borrowings, current portion	8,671	18,620
Temporary receipts	489	2,730
Receipts under custody	2,862	2,685
	<u>\$ 280,926</u>	<u>\$ 325,301</u>
<u>Non-current</u>		
Deferred Credits-Gains on Inter-Affiliate Accounts	\$ -	\$ 10,343
Guarantee deposits	2,256	2,767
Long-term deferred revenue	1,500	-
	<u>\$ 3,756</u>	<u>\$ 13,110</u>

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 contribution at a rate stipulated by local government is made without further obligations.

Accordingly, the Group recognized expenses of NT\$ 27,301 thousand and NT\$ 25,786 thousand in the statements of comprehensive income for the year ended December 31, 2023 and 2022, respectively. As of December 31, 2023 and 2022, the Group's due contribution amounts that has not yet been paid to the plan amounted to NT\$ 2,788 thousand and NT\$ 2,776 thousand, respectively. The aforementioned amounts have been paid after balance sheet date.

(2) Defined benefit plans

The Company and its domestic subsidiaries have 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, 2023	December 31, 2022
Present value of defined benefit obligations	\$ 29,439	\$ 30,803
Fair value of plan assets	(13,007)	(13,622)
Plan deficits	16,432	17,181
Unrecognized actuarial gain, net	—	—
Net defined benefit liability	\$ 16,432	\$ 17,181

(b) Movements in net defined benefit liabilities were as follows:

	2023		
	Present value of defined benefit obligations	Fair value of plan asset	Net defined benefit liability
Balance at January 1	\$ 30,803	\$ (13,622)	\$ 17,181
Service cost:			
Current service cost	—	—	—
Past service cost	—	—	—
Interest expense (revenue)	312	(108)	204
Curtailment or Settlement profit (loss)	(952)	881	(71)
Amounts recognized in profit or loss	(640)	773	133

Remeasurements:

Return on plan asset	—	(163)	(163)
Actuarial (gains) losses —			
Effect of change in demographic assumptions	—	—	—
Effect of change in financial assumptions	94	—	94
Experience adjustments	280	—	280
Amounts recognized in other comprehensive income	374	(163)	211
Pension fund contribution	—	(1,093)	(1,093)
Paid Pension	(1,098)	1,098	—
Balance at December 31	<u>\$ 29,439</u>	<u>\$ (13,007)</u>	<u>\$ 16,432</u>

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	—	(503)	(503)
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)	(503)	(7,581)
Pension fund contribution	—	(8,394)	(8,394)
Paid Pension	—	—	—
Balance at December 31	<u>\$ 30,803</u>	<u>\$ (13,622)</u>	<u>\$ 17,181</u>

(c) Amounts recognized in profit or loss in respect of defined benefit plans for the years ended December 31, 2023 and 2022 were summarized by function as follows:

	2023	2022
Cost of goods sold	\$ –	\$ –
Marketing expenses	\$ 69	\$ 109
Administrative expenses	\$ 64	\$ 104

(d) Because of the defined benefit plans under the Labor Standards Law, the Group 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 qualified actuary. 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, 2023	December 31, 2022
Discount rate	1.15%	1.20%
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, 2023
Discount rate 1.15%	
Increase 0.25%	\$ (441)
Decrease 0.25%	454
Future salary increase rate 2.00%	
Increase 0.25%	449
Decrease 0.25%	(439)
Turnover rate	
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\$ 334 thousand to the defined benefit pension plans in the next year starting from December 31, 2023. The weighted average duration of the defined benefit obligation is 6 years.

6.18 Equity

(1) Capital stock

	December 31, 2023	December 31, 2022
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, 2023	December 31, 2022
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. 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. If distributing surplus earning in the form of new shares, it shall be approved by a meeting of shareholders.
- (b) Details of the 2022 and 2021 earnings distributions and dividends per share as resolved by general shareholders’ meeting which were held on June 16, 2023 and June 15, 2022, respectively, are as follows:

Unit: NT\$ thousand/NT\$ per share

	Appropriation of Earnings		Dividends per share (NT\$)	
	2022(note)	2021(note)	2022	2021
Legal reserve	\$ 26,099	\$ 26,151		
Special reserve	(24,969)	29,779		
Cash dividend	189,702	189,702	\$ 3.00	\$ 3.00
	<u>\$ 190,832</u>	<u>\$ 245,632</u>		

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 24, 2023 and February 25, 2022, respectively.

The appropriations of earnings for 2023 had been approved in the meeting of the Board of Directors on February 26, 2024, and the appropriations and dividends per share were as follows:

	Appropriation of Earnings	Dividends per share (NT\$)
Legal reserve	\$ 23,077	
Special reserve	8,108	
Cash dividend	177,055	\$ 2.80
	<u>\$ 208,240</u>	

The appropriations of earnings for 2023 are to be presented for approval in the shareholders’ meeting which is to be held on June 13, 2024.

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

	2023	2022
Revenue from sale of goods	\$ 2,873,410	\$ 3,117,661
Less: Sales returns and discounts	(257,162)	(333,046)
	<u>\$ 2,616,248</u>	<u>\$ 2,784,615</u>

6.20 Additional information of expenses by nature

	2023	2022
Depreciation and amortization		
Depreciation of property, plant and equipment	\$ 30,503	\$ 31,669
Depreciation of right-of-use assets	5,818	5,692
Amortization of intangible assets	17,414	19,162
	<u>\$ 53,735</u>	<u>\$ 56,523</u>
By function		
Cost of goods sold	\$ 27,618	\$ 27,680
Operating expenses	26,117	28,843
	<u>\$ 53,735</u>	<u>\$ 56,523</u>
Employee benefits expenses		
Post-employment benefits		
Defined contribution plans	\$ 27,301	\$ 25,786
Defined benefit plans	133	213
Salaries and bonuses	335,295	355,675
	<u>\$ 362,729</u>	<u>\$ 381,674</u>
By function		
Cost of goods sold	\$ 75,675	\$ 81,234
Operating expenses	287,054	300,440
	<u>\$ 362,729</u>	<u>\$ 381,674</u>

- (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 2023 and 2022 are as follows:

2023		2022	
Employees' compensation	directors' and supervisors' remuneration	Employees' compensation	directors' and supervisors' remuneration
<u>\$ 14,183</u>	<u>\$ 1,217</u>	<u>\$ 15,352</u>	<u>\$ 1,317</u>

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 2022 and 2021 were resolved by general shareholders' meeting on June 16, 2023 and June 15, 2022, respectively. The amounts recognized in the financial reports were as follows:

	2022		2021	
	Employees' compensation	directors' and supervisors' remuneration	Employees' compensation	directors' and supervisors' remuneration
Amount resolved to be distributed	\$ 15,352	\$ 1,317	\$ 16,600	\$ 1,400
Amount recognized in financial reports	15,352	1,317	16,600	1,400
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 24, 2023 and February 25, 2022, 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:

	2023	2022
Current income tax expense		
Generated in the current year	\$ 68,677	\$ 66,291
Adjustments for prior periods	(1)	(309)
	68,676	65,982
Deferred tax		
Generated in the current year	–	–
Income tax expense recognized in profit or loss	\$ 68,676	\$ 65,982

- (2) A reconciliation of income before income tax and income tax expense recognized in profit or loss was as follow:

	2023	2022
Income tax expense at the statutory rate	\$ 86,178	\$ 86,969
Effect from items disallowed by tax regulation	(21,020)	(21,388)
Over provision of prior year's income tax	(1)	(309)
Tax on undistributed earnings	3,519	710
Income tax expense	<u>\$ 68,676</u>	<u>\$ 65,982</u>

- (3) Current tax assets and liabilities

	December 31, 2023	December 31, 2022
Current tax assets		
Income tax refund receivable	\$ 608	\$ 671
Prepaid income tax	7	8
	<u>615</u>	<u>679</u>
Current tax liabilities		
Income tax payable	<u>\$ 35,276</u>	<u>\$ 26,401</u>

- (4) Deferred tax liabilities

	December 31, 2023	December 31, 2022
Deferred tax liabilities -noncurrent		
Property, plant and equipment	<u>\$ 175</u>	<u>\$ 182</u>

- (5) The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority as of December 31, 2023.

6.22 Earnings per share

	2023	2022
Basic earnings per share:		
Net income attributable to shareholders of the parent	\$ 230,986	\$ 253,404
Less : dividends on preferred stock	—	—
Net income attributable to ordinary shareholders of the parent	<u>\$ 230,986</u>	<u>\$ 253,404</u>
Weighted average number of shares outstanding for the period (in thousands)	<u>63,234</u>	<u>63,234</u>
Basic earnings per share, after tax (in dollars)	<u>\$ 3.65</u>	<u>\$ 4.01</u>

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

<u>Names of related parties</u>	<u>Related Party Categories</u>
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

	<u>Years Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Associates	\$ 140,881	\$ 126,190

There is no significant difference between the Group's sales conditions to related parties and general customers.

(2) Processing fee

	<u>Years Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Related party in substance		
Yi Te	\$ 55,000	\$ 59,379

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Associates	\$ 28,402	\$ 33,102

(4) Accounts payable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Related party in substance	\$ 5,998	\$ 7,512

(5) Rental income

	Years Ended December 31	
	2023	2022
Related party in substance	\$ 854	\$ 1,057

As of December 31, 2023 and 2022, Rental income receivables were NT\$ 76 thousand and NT\$ 70 thousand, respectively, which was presented as Other receivables.

(6) Donations expenses

	Years Ended December 31	
	2023	2022
Other related parties	\$ 1,536	\$ 1,536

As of December 31, 2023 and 2022, 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	
	2023	2022
short-term employee benefits	\$ 41,718	\$ 39,958
Post-employment benefits	39	21
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, 2023 and 2022, the Group provides assets as collaterals, and the book value and usage details are as follows:

	December 31, 2023	December 31, 2022	purpose
Other financial assets -noncurrent	\$ 1,500	\$ 1,500	Import duty bond
Property, plant and equipment, net	—	264,534	Bank Loan Guarantee
	<u>\$ 1,500</u>	<u>\$ 266,034</u>	

The above-mentioned other financial assets-noncurrent which was presented as Other noncurrent assets.

9. Significant Contingent Liabilities and Unrecognized Contract Commitments : None

10. Significant Disaster Losses: None

11. Significant Subsequent Events: None

12. Others

12.1 Capital risk management

The Group requires an adequate capital structure to enable expansion and enhancement of its plant and equipment. Therefore, the Group manages its capital in a manner to ensure that it has sufficient and necessary financial resources to fund its working capital needs, capital asset purchases, research and development activities, dividend payments, debt service requirements and other business requirements associated with its existing operations over the next 12 months.

The Group is not subject to other external capital requirements.

12.2 Financial instruments

(1) Categories of financial instruments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial Assets</u>		
Financial assets at amortized cost (Note 1)	\$ 1,477,994	\$ 1,347,319
<u>Financial liabilities</u>		
FVTPL :		
Financial liabilities at fair value through profit or loss– current	1,028	27
Financial liabilities at amortized cost (Note 2)	529,782	615,348

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 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, 2023				
	Level 1	Level 2	Level 3	Total
Liabilities:				
<u>Recurring fair value measurements</u>				
Financial liabilities at FVTPL - current				
Forward exchange	\$ –	\$ 1,028	\$ –	\$ 1,028

December 31, 2022				
	Level 1	Level 2	Level 3	Total
Liabilities:				
<u>Recurring fair value measurements</u>				
Financial liabilities at FVTPL - current				
Forward exchange	\$ –	\$ 27	\$ –	\$ 27

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, 2023 and 2022.

(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, 2023

		Foreign Currency		Exchange Rate		Book Value
<u>Foreign currency assets</u>						
<u>Monetary items</u>						
USD	\$	7,899	30.7280	(USD : NTD)	\$	242,716
USD		318	7.1019	(USD : RMB)		9,774
USD		1,045	34.14	(USD : THB)		32,124
RMB		7,040	4.3267	(RMB : NTD)		30,460
<u>Non-Monetary items</u>						
Investments in associates and joint ventures						
USD		15,858	30.7280	(USD : NTD)		487,272
THB		189,482	0.9001	(THB : NTD)		170,553
THB		44,441	0.2080	(THB : RMB)		39,995
THB		1,142	34.14	(THB : USD)		1,028
VND		4,738,662	0.0013	(VND : NTD)		6,160
MYR		4,768	6.6978	(MYR : NTD)		31,932

Foreign currency liabilities

<u>Monetary items</u>						
USD		1,483	30.7280	(USD : NTD)		45,577
USD		73	24,270	(USD : VND)		2,308
USD		801	4.59	(USD : MYR)		24,620
RMB		24,430	4.3267	(RMB : NTD)		105,701

December 31, 2022

		Foreign Currency		Exchange Rate		Book Value
<u>Foreign currency assets</u>						
<u>Monetary items</u>						
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
<u>Non-Monetary items</u>						
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

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:

Functional Currency	Years Ended December 31			
	2023		2022	
	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	\$ (40)	1 : 1	\$ (1,179)
RMB	1 : 4.4113	167	1 : 4.4277	635
THB	1 : 0.8930	(1,080)	1 : 0.8503	962
VND	1 : 0.0013	44	1 : 0.0013	(209)
MYR	1 : 6.8405	(816)	1 : 6.7755	(1,516)
USD	1 : 30.7191	–	1 : 29.8517	1

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, 2023	December 31, 2022
The impact of a 1% change on profit and loss \$	1,369	\$ 598

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 Group's interest rate risk come from long-term borrowings. Borrowings issued

at floating interest rates expose the Group to cash flow interest rate risk. The Group's borrowings calculated at floating interest rates in 2023 are denominated in New Taiwan Dollars.

If the borrowing interest rate changes by 1%, and all other factors remain unchanged, the net profit after tax in 2023 will change by NT\$ 300 thousand, mainly due to the change in interest expenses caused by floating interest rate borrowings.

(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, 2023 and 2022 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, 2023						
		Less Than 1 Year	2-3 Years	4-5 Years	More Than 5 Years	Total		
<u>Non-derivative financial liabilities</u>								
Accounts payable	\$	226,244	\$	—	\$	—	\$	226,244
Other payable		265,417		—		—		265,417
Long-term loans		8,671		21,329		—		30,000
Lease liabilities		4,626		1,156		83		5,865
	\$	504,958	\$	22,485	\$	83	\$	—
								527,526

	December 31, 2022				
	Less Than 1 Year	2-3 Years	4-5 Years	More Than 5 Years	Total
<u>Non-derivative financial liabilities</u>					
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
	<u>\$ 518,406</u>	<u>\$ 94,175</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 612,581</u>

(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.

13. Supplementary Disclosures

When preparing the consolidated financial report, all major transactions and balances between the parent company and the subsidiary have been eliminated.

13.1 Significant 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: Please see Table 5 attached;
- (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 6 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 Group exercises significant influence, control or joint control: Please see Table 2 attached.

13.3 Information on investment in mainland China

- (1) The name of the investee in mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income(losses) of the investee, share of profits(losses) of investee, ending balance, amount received as dividends from the investee, and the limitation on investee: 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 6 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 7 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			
	2023			
	Daily necessities and other departments	agency department	Elimination	Total
Sales from external customers	\$ 2,480,239	\$ 136,009	\$ –	\$ 2,616,248
interest income	9,926	–	–	9,926
Total sales	\$ 2,490,165	\$ 136,009	\$ –	\$ 2,626,174
Interest expense	\$ 1,300	\$ –	\$ –	\$ 1,300
Depreciation and Amortization	\$ 53,666	\$ 69	\$ –	\$ 53,735
Operating profit	\$ 262,914	\$ (3,228)	\$ –	\$ 259,686

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

The revenue reported above was generated from transactions with external clients. As of December 31, 2023 and 2022, 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 refer 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.

14.3 Geographical 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				
Areas	2023		2022	
	Amount	%	Amount	%
Taiwan	\$ 2,066,325	79	\$ 2,242,927	81
China	225,304	9	252,566	9
Thailand	140,881	5	126,190	4
Malaysia	52,127	2	48,610	2
Hong Kong	31,729	1	24,915	1
Japan	8,387	–	31,309	1
Others	91,495	4	58,098	2
	\$ 2,616,248	100	\$ 2,784,615	100

Revenues listed above are classified by country where customers located.

(2) Non-current assets

Areas	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%
Taiwan	\$ 404,287	69	\$ 424,412	68
China	147,190	25	166,581	27
Malaysia	35,387	6	37,416	5
Vietnam	7	–	15	–
	<u>\$ 586,871</u>	<u>100</u>	<u>\$ 628,424</u>	<u>100</u>

14.4 Main customer information

The customers whose sales revenue accounted for more than 10% of the revenue on the consolidated income statement in 2023 and 2022 of the Group are as follows:

Customer	Years Ended December 31			
	2023		2022	
	Amount	%	Amount	%
Customer A	<u>\$ 266,894</u>	<u>10</u>	<u>\$ 399,000</u>	<u>14</u>

TABLE 1

Farcent Enterprise Co., Ltd.

Loans to Others

For the Year Ended December 31, 2023

(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	Transa ction Amou- nt	Reason for short-term financing	Recog- nized loss allowa- nce	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	\$ 61,456 (USD 2,000)	\$ 30,728 (USD 1,000)	\$ 21,510 (USD 700)	2.50%~ 5%	(Note2)	—	Operating capital	—	—	—	\$ 735,696	\$ 919,620
1	Farcent International (Samoa) Co., Ltd.	Farcent Enterprise Co., Ltd.	Other receivables	Yes	\$ 15,634 (USD 500)	\$ — (USD —)	\$ — (USD —)	5%	(Note2)	—	Operating capital	—	—	—	\$ 56,233 (USD 1,830)	\$ 70,291 (USD 2,288)
2	Farcent (xiamen) chemical products for daily use co., Ltd.	Yang Lun (Shanghai) Trading Co., Ltd.	Other receivables	Yes	\$ 36,877 (RMB 8,500)	\$ 21,692 (RMB 5,000)	\$ 21,692 (RMB 5,000)	3.70%~ 4.35%	(Note2)	—	Operating capital	—	—	—	\$ 58,447 (RMB 13,508)	\$ 73,058 (RMB 16,885)

(Continued)

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	Transa ction Amou- nt	Reason for short-term financing	Recog- nized loss allowa- nce	Collateral		Limit on loans granted to a single party (Note3)	Ceiling on total loans granted (Note3)
													Item	Value		
3	Farcent International (Asia) Co., Ltd.	Farcent Enterprise Co., Ltd.	Other receivables	Yes	\$ 30,729 (USD 1,000)	\$ 30,729 (USD 1,000)	\$ 30,729 (USD1,000)	3.70%	(Note2)	—	Operating capital	—	—	—	\$ 41,284 (THB45,866)	\$ 51,605 (THB57,333)
4	Farcent (Suzhou) Environmental Technology Co., Ltd.	Yang Lun (Shanghai) Trading Co., Ltd.	Other receivables	Yes	\$ 26,031 (RMB 6,000)	\$ 26,031 (RMB6,000)	\$ 26,031 (RMB6,000)	3.55%	(Note2)	—	Operating capital	—	—	—	\$ 158,732 (RMB36,686)	\$ 198,415 (RMB45,858)

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, 2023

(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, 2023	December 31, 2022	Number of Shares	Percentage of Ownership	Carrying Value			
Farcent Enterprise Co., Ltd.	Farcent International (Samoa) Co., Ltd.	Samoa	Investment activities	\$ 120,347 (USD 3,578)	\$ 135,974 (USD 4,078)	3,577,882	100%	\$ 140,455	\$ (18,725)	(18,762)	Subsidiary
Farcent Enterprise Co., Ltd.	Eutech International Co., Ltd.	Seychelles	Investment activities	\$ 260,314 (USD 8,538)	\$ 260,314 (USD 8,538)	854	100%	307,233	3,884	4,165	Subsidiary
Farcent Enterprise Co., Ltd.	Farcent Biotechnology International Enterprise Co., Ltd.	Taiwan	Manufacturing, Wholesale and Retail	\$ -	\$ 5,000	-	-	-	7	7	Note 3
Farcent Enterprise Co., Ltd.	Dikai International Enterprise Co., Ltd.	Taiwan	Manufacturing, Wholesale and Retail	\$ 307,173	\$ 307,173	12,007,021	75.119%	414,640	128,366	85,228	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%	108,472	24,479	9,791	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, 2023	December 31, 2022	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)	-	65%	\$ 6,160	\$ 1,346	875	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%	31,932	(4,283)	(3,823)	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%	62,081	(678)	(407)	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%	39,995	(678)	(264)	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%	1,028	(678)	(7)	Subsidiary
Farcent International (Samoa) Co., Ltd.	Farcent Group (Mauritius) Co., Ltd.	Mauritius	Investment activities	USD 3,193	USD 3,193	3,193,382	100%	148,337	5,048	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, 2023	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%	\$ 39,584	3,978	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: Liquidation procedure has been completed on March 13, 2023.

TABLE 3

Farcent Enterprise Co., Ltd
Information on Investment in Mainland China
For the Year Ended December 31, 2023

(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, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Net Income (Losses) of the Investee	Ownership held by the Company (direct or indirect) (%)	Share of Profits / Losses	Carrying Amount as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023
					Outflow	Inflow						
Farcent (xiamen) chemical products for daily use co., Ltd.	processing, manufacturing Indoor and car fragrances, dehumidifier, insect repellent and detergent, etc.	USD 3,300	(Note 1)	\$ 106,958 (USD 3,193)	\$ -	\$ -	\$ 106,958 (USD 3,193)	\$ 5,048	100%	\$ 5,048	\$ 148,321	\$ -
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)	\$ 4,855	100%	\$ 4,855	\$ 396,830	\$ -

(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, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Net Income (Losses) of the Investee	Ownership held by the Company (direct or indirect) (%)	Share of Profits / Losses	Carrying Amount as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023
					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)	\$ -	\$ -	\$ -	-	\$ (26,311)	100%	\$ (26,311)	\$ (16,024)	\$ 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)	\$ -	\$ -	\$ -	-	\$ 3,978	75.119%	\$ 2,988	\$ 29,853	\$ 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.

Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$ 367,039 (USD11,723)	\$ 401,015 (USD12,893)	\$ 1,103,544

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, 2023

(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	\$ 268,229	30%	Closing on the 30th of the current month, 60 days for ticket/remittance	(Note1)	Normal	\$ (106,167)	36%	
Farcent Enterprise Co., Ltd.	Farcent Enterprise (Thailand) Ltd.	Associate	Sales	\$ 140,881	7%	Closing on the 25th of the current month, 45 days for ticket/remittance	(Note1)	Normal	\$ 28,402	8%	

Note1: The price of purchase or sale is set by using cost-plus pricing.

TABLE 5

Farcent Enterprise Co., Ltd.
 Receivables from Related Parties Amounting to at Least NT\$100 Million or 20% of the Paid-in Capital
 For the Year Ended December 31, 2023

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

Creditor	Counterparty	Relationship with the counterparty	Ending balance	Turnover rate	Overdue receivables		Amount collected subsequent to the end of the reporting period	Recognized loss allowance
					Amount	Action taken		
Farcent (Suzhou) Environmental Technology Co., Ltd.	Farcent Enterprise Co., Ltd.	Parent company	\$ 106,167	3	\$ —	—	\$ 44,446	—

TABLE 6

Farcent Enterprise Co., Ltd.
Intercompany Relationship and Significant Intercompany Transactions
For the Year Ended December 31, 2023
(Amounts in Thousands of New Taiwan Dollars)

Number (Note1)	Company name	Counterparty	Relationship (Note2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note3)
				General ledger account	Amount (Note4)	Transaction terms	
0	Farcent Enterprise Co., Ltd.	Farcent (Suzhou) Environmental Technology Co., Ltd	1	Net Purchase	268,229	purchase price according to cost-plus pricing	10.25%
0	Farcent Enterprise Co., Ltd.	Farcent (Suzhou) Environmental Technology Co., Ltd	1	Accounts payable	106,167	Under normal payment terms	4.15%
0	Farcent Enterprise Co., Ltd.	Dikai International Enterprise Co., Ltd.	1	Net Purchase	72,603	purchase price according to cost-plus pricing	2.78%
0	Farcent Enterprise Co., Ltd.	Farcent International (Asia) Co., Ltd.	1	Other payable	30,921	Under normal loan terms	1.21%

(Continued)

Number (Note1)	Company name	Counterparty	Relationship (Note2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note3)
				General ledger account	Amount (Note4)	Transaction terms	
1	Yang Lun (Shanghai) Trading Co., Ltd	Farcent (Suzhou) Environmental Technology Co., Ltd	3	Net Purchase	79,809	purchase price according to cost-plus pricing	3.05%
1	Yang Lun (Shanghai) Trading Co., Ltd.	Farcent(Suzhou) Environmental Technology Co., Ltd.	3	Accounts payable	32,854	Under normal payment terms	1.29%
1	Yang Lun (Shanghai) Trading Co., Ltd.	Farcent (Suzhou) Environmental Technology Co., Ltd.	3	Other payable	26,294	Under normal loan terms	1.03%

(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 7

Farcent Enterprise Co., Ltd.
Information on Major Shareholders
For the Year Ended December 31, 2023

Unit: Shares

Major shareholders	Shares	Numbers of Shares	Percentage of ownership
Tsai, Hsin-Hsin		10,408,322	16.46%
Shi Da Investment Co., Ltd		5,763,495	9.11%
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%

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, 2023 and 2022, 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, 2023 and 2022, 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, 2023 and 2022, 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, 2023. 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, 2023 is stated as follows:

1. Goodwill impairment test included in investment subsidiaries

Description of key audit matters

As of December 31, 2023, the balance of goodwill generated by the merger and acquisition transaction for investments accounted for using the equity method was NT\$ 414,640 thousand, accounting for 17% 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 arising 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 4.15 to 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.

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, 2023 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 Ya Quan Zhang.

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

February 26, 2024

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, 2023 and 2022
(In Thousands of New Taiwan Dollars)

	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6 and 12)	\$ 585,438	25	\$ 374,289	16
Notes receivable, net (Notes 4, 6 and 12)	6,682	-	4,390	-
Accounts receivable, net (Notes 4, 6, 7 and 12)	359,112	15	386,579	17
Other receivables (Notes 4, 7 and 12)	21,624	1	21,673	1
Inventories (Notes 4, 6 and 7)	263,718	11	367,036	16
Prepayments	10,584	-	18,193	1
Other current assets (Notes 4, 6 and 12)	3,571	-	1,793	-
Total current assets	1,250,729	52	1,173,953	51
NONCURRENT ASSETS				
Investments accounted for using the equity method (Notes 4, 5, 6 and 13)	1,070,973	45	1,064,932	46
Property, plant and equipment (Notes 4 and 6)	61,147	3	58,639	3
Right-of-use assets (Notes 4 and 6)	3,673	-	7,447	-
Intangible assets (Notes 4 and 6)	1,889	-	2,675	-
Other noncurrent assets (Notes 4, 6, 8 and 12)	4,395	-	4,868	-
Total noncurrent assets	1,142,077	48	1,138,561	49
TOTAL ASSETS	\$ 2,392,806	100	\$ 2,312,514	100
	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Financial liabilities at fair value				
through profit or loss – current (Notes 4, 6 and 12)	\$ 1,028	-	\$ 27	-
Accounts payable (Notes 4, 6, 7 and 12)	294,197	12	211,730	9
Other payables (Notes 4, 6, 7 and 12)	216,278	9	237,680	11
Current tax liabilities (Notes 4 and 6)	18,184	1	10,525	-
Lease liabilities – current (Notes 4, 6 and 12)	3,211	-	4,008	-
Other current liabilities (Note 6)	3,713	-	7,751	-
Total current liabilities	536,611	22	471,721	20
NONCURRENT LIABILITIES				
Lease liabilities – noncurrent (Notes 4, 6 and 12)	523	-	3,497	-
Net defined benefit liabilities – noncurrent (Notes 4 and 6)	16,432	1	17,181	1
Other noncurrent liabilities (Notes 4 and 6)	-	-	13,840	1
Total noncurrent liabilities	16,955	1	34,518	2
TOTAL LIABILITIES	553,566	23	506,239	22
EQUITY (Note 6)				
Share capital				
Ordinary shares	632,339	26	632,339	27
Capital surplus	234,657	10	234,657	10
Retained earnings				
Legal reserve	315,221	13	289,122	13
Special reserve	43,093	2	68,062	2
Unappropriated retained earnings	665,131	28	625,188	27
	1,023,445	43	982,372	42
Other equity				
Exchange differences on translation of foreign financial statements	(51,201)	(2)	(43,093)	(1)
	(51,201)	(2)	(43,093)	(1)
TOTAL EQUITY	1,839,240	77	1,806,275	78
TOTAL LIABILITIES AND EQUITY	\$ 2,392,806	100	\$ 2,312,514	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, 2023 and 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
Operating revenue (Notes 4, 6 and 7)	\$ 2,008,014	100	\$ 2,163,158	100
Operating costs (Notes 4, 6 and 7)	(1,147,475)	(57)	(1,258,487)	(58)
Gross profit from operations	860,539	43	904,671	42
Unrealized gross profit from sale	(7,268)	-	(13,840)	(1)
Realized profit from sale	13,840	1	11,718	1
Gross profit from operations, net	867,111	44	902,549	42
Operating expenses (Notes 4, 6 and 7)				
Marketing expenses	(583,051)	(28)	(595,914)	(27)
General and administrative expenses	(92,019)	(5)	(85,419)	(4)
Research and development expenses	(16,142)	(1)	(16,287)	(1)
Total operating expenses	(691,212)	(34)	(697,620)	(32)
NET OPERATING INCOME	175,899	9	204,929	10
Non-operating income and expenses				
Share of profit of associates and joint ventures accounted for using equity method (Notes 4 and 6)	77,074	4	78,830	4
Interest income (Note 7)	6,386	-	1,438	-
Other income (Note 7)	10,584	-	8,738	-
Finance costs (Notes 4 and 7)	(953)	-	(349)	-
Loss on disposal of Property, plant and equipment (Note 4)	(51)	-	(924)	-
Foreign exchange loss, net (Notes 4 and 12)	(254)	-	(2,869)	-
Net loss on financial asset at fair value through profit or loss (Note 4)	(1,001)	-	(20)	-
Total non-operating income and expenses	91,785	4	84,844	4
INCOME BEFORE INCOME TAX	267,684	13	289,773	14
INCOME TAX EXPENSE (Notes 4 and 6)	(36,698)	(2)	(36,369)	(2)
NET INCOME	230,986	11	253,404	12
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit obligation (Notes 4 and 6)	(211)	-	7,581	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences arising from translation of foreign operations (Notes 4 and 6)	(8,108)	-	24,968	1
Other comprehensive income for the year, net of income tax	(8,319)	-	32,549	1
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	\$ 222,667	11	\$ 285,953	13
Earnings per share (NT\$)(Note 6)	Amount		Amount	
Basic earnings per share	\$ 3.65		\$ 4.01	

(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, 2023 and 2022
(In Thousands of New Taiwan Dollars)

	Capital Stock	Capital surplus	Retained earnings			Other equity differences on translation of foreign financial statements	Total equity
	Common Stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings		
Balance, January 1, 2022	\$ 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
Appropriations of earnings :							
Legal reserve	-	-	26,099	-	(26,099)	-	-
Cash dividends of ordinary share	-	-	-	-	(189,702)	-	(189,702)
Reversal special reserve	-	-	-	(24,969)	24,969	-	-
Net profit for 2023	-	-	-	-	230,986	-	230,986
Other comprehensive income (loss),net of tax, for 2023	-	-	-	-	(211)	(8,108)	(8,319)
Total comprehensive income (loss) for 2023	-	-	-	-	230,775	(8,108)	222,667
Balance, December 31, 2023	\$ 632,339	\$ 234,657	\$ 315,221	\$ 43,093	\$ 665,131	\$ (51,201)	\$ 1,839,240

(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, 2023 and 2022
(In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit from continuing operations before tax	\$ 267,684	\$ 289,773
Adjustments :		
Depreciation expense	8,653	10,129
Amortization expense	1,668	2,822
Expected credit loss	63	-
Net loss on financial assets and liabilities at fair value through profit of loss	1,001	20
Finance costs	953	349
Interest income	(6,386)	(1,438)
Share of profit of associates and joint ventures accounted for using equity method	(77,074)	(78,830)
Loss on disposal of Property, plant and equipment	51	924
Unrealized gross profit from sale	7,268	-
Realized profit from sale	(13,840)	-
Changes in operating assets		
Increase in notes receivable	(2,292)	(1,919)
Decrease in accounts receivable	27,404	94,158
Decrease (increase) in other receivable	87	(21,553)
Decrease in inventories	103,318	12,723
Decrease in prepayments	7,609	19,693
Decrease (increase) in other current assets	(1,778)	9,281
Changes in operating liabilities		
Increase (decrease) in accounts payable	82,467	(24,481)
Decrease in other payable	(21,486)	(38,408)
Decrease in other current liabilities	(4,038)	(6,280)
Decrease in net defined benefit liabilities	(960)	(8,181)
Increase in deferred credits	-	2,123
Cash generated from operations	380,372	260,905
Interest received	6,348	1,438
Dividend received	35,607	37,141
Interest paid	(869)	(259)
Income taxes paid	(29,039)	(41,996)
Net cash flows from operating activities	392,419	257,229
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of subsidiaries	4,423	-
Proceeds from capital reduction on investments accounted for using equity method	15,627	-
Acquisition of property, plant and equipment	(6,603)	(1,320)
Proceeds from disposal of property, plant and equipment	-	117
Acquisition of intangible assets	(882)	(1,123)
Increase in other noncurrent assets	(96)	-
Increase in prepayments for equipment	-	(568)
Net cash flows from (used in) investing activities	12,469	(2,894)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of the principal portion of lease liabilities	(4,037)	(3,946)
Cash dividends paid	(189,702)	(189,702)
Net cash used in financing activities	(193,739)	(193,648)
NET INCREASE IN CASH AND CASH EQUIVALENTS	211,149	60,687
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	374,289	313,602
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 585,438	\$ 374,289

(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, 2023 and 2022

(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 26, 2024.

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 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)
Amendments to IAS 12 “International Tax Reform — Pillar Two Model Rules”	(Note D)

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.

Note D : As a temporary exception under IAS 12, an entity shall not recognize deferred income tax assets and liabilities associated with Pillar 2 income tax, nor shall it disclose the related information. However, the entity shall disclose in its

financial report that it has already applied this exception. An entity shall apply this part of the amendment retrospectively in accordance with IAS 8 since the date that the amendments were issued (i.e. May 23, 2023). An entity shall apply the remaining disclosure requirements for the annual reporting periods beginning on or after January 1, 2023 and needs not to disclose such information in its interim reports with a reporting date ending before or on December 31, 2023.

(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 disclose 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, recognise deferred taxes for all deductible and taxable temporary differences associated with (i) lease and (ii) decommissioning liabilities and recognise 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.

(4) Amendments to IAS 12 “International Tax Reform — Pillar Two Model Rules”

The amendments stipulates that, as a temporary exception to IAS 12, Group shall neither recognize nor disclose information about deferred income tax assets and liabilities for Pillar Two income tax relating to international tax reform; however, Group shall disclose in its financial reports that it has applied this exception. In addition, Group shall separately disclose its current income tax expenses (benefits) relating to Pillar Two income tax. If the Pillar Two bill has been enacted or has been substantively enacted but has not yet taken effect, Group should disclose qualitative and quantitative information on its exposure to Pillar Two income tax that is known or can be reasonably estimated. Based on the Group’s assessment, the New IFRSs above have no significant effect on the Group’s financial position and financial performance.

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 2024

New standards, interpretations and amendments endorsed by the FSC and effective from 2024 are as follows:

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"	January 1, 2024 (Note A)
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
Amendments to IAS 7 and IFRS 7 "Supplier finance arrangements "	January 1, 2024 (Note B)

Note A : The seller-lessee shall apply the amendments retrospectively in accordance with IAS 8 for the sale and leaseback transactions made after the initial application of IFRS 16.

Note B : The amendment provides certain transitional reliefs. When initially applying the amendment, entities are not required to disclose comparative information and interim period information, as well as opening information required by paragraph 44H(b)(ii)-(iii).

(1) Amendments to IFRS 16 "Lease liability in a sale and leaseback"

The amendment clarifies that for a sale and leaseback transaction, if the transfer of the asset is treated as a sale in accordance with IFRS 15, the liabilities incurred by the seller-lessee due to the leaseback should be treated in accordance with the IFRS 16. Moreover, if any variable lease payments that do not depend on an index or rate are involved, the seller-lessee should still determine and recognize the lease liability arising from such variable payments in a manner that does not recognize gains and losses related to the retained right of use. The difference between the subsequent actual lease payment amount and the reduced carrying amount of the lease liability is recognized in profit or loss.

(2) Amendments to IAS 1 "Classification of Liabilities as Current or Non-current "

The amendments clarify that when an entity determines whether a liability is classified as non-current, the entity should assess whether it has the right to defer the settlement for at least twelve months after the reporting period. If the entity has that right on the end of reporting period, that liability must be classified as non-current regardless whether the entity expects whether to exercise the right or not. If the entity must follow certain conditions to have the right to defer the settlement of a liability, the entity must have followed those conditions at the end of reporting period in order to have that right, even if the lender tests the entity's compliance on a later date.

The aforementioned settlement means transferring cash, other economic resources or the entity's equity instruments to the counter-party to extinguish the liability. If the terms of the liability give the counter-party an option to extinguish the liability by the entity's equity instruments, and this option is recognized separately in equity in accordance with IAS 32 "Financial Instruments: Presentation", then the classification of the liability will not be affected.

(3) Amendment to IAS 1 “Non-current Liabilities with Covenants ”

This amendment further clarifies that only contractual terms that are required to be complied with before the end of the reporting period will affect the classification of the liability at that date. The contractual terms that required to be complied with within 12 months after the reporting period do not affect the classification of liabilities at the reporting date. However, for liabilities classified as non-current and must be repaid within 12 months after the reporting period due to potential non-compliance, the relevant facts and circumstances should be disclosed.

(4) Amendments to IAS 7 and IFRS 7 “Supplier finance arrangements ”

Supplier financing arrangements involve one or more financing providers making payments to suppliers on behalf of an entity, and the entity agrees to repay the financing providers on the payment date agreed with the suppliers or a later date. The amendments to IAS 7 require an entity to disclose information on its supplier financing arrangements to enable users of financial statements to assess the impact of these arrangements on the entity's liabilities, cash flows and exposure to liquidity. The amendments to IFRS 7 include into its application guidance that when disclosing how an entity manages the liquidity risk of its financial liabilities, it may also consider whether it has obtained or can obtain financing facilities through supplier financing arrangements, and whether these arrangements may cause concentration of liquidity risk.

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 IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9—Comparative Information”	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025

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

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

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 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 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 that are measured in terms of historical cost in foreign currencies are not retranslated.

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.

4.5 Cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value (including the original maturity of the time deposits within three months.)

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 12.2

(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:

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 12.2.

(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

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease. For a contract that contains a lease component and non-lease components, the Company allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately.

The Company as lessee

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 parent company only 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 rereasurement) 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. Rereasurement, 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. Rereasurement 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.

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.

Sale of goods

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 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.

Except for those qualifying capitalization, all other borrowing costs are recognized as an expense in profit or loss as 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 charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities.

An additional tax calculated in accordance with Income Tax Act of the Republic of China is levied on the unappropriated retained earnings and is recorded as income tax expense in the subsequent year when the stockholders approve to distribute retain earnings.

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 parent company only 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.

In the preparation of the parent company only financial statements, the critical accounting judgments the Company has made and the major sources of estimation and assumption uncertainty are described as follows:

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, 2023	December 31, 2022
Cash on hand	\$ 150	\$ 150
Checking deposits	701	450
Demand deposits	384,878	203,897
Repurchase agreements	199,709	169,792
	<u>\$ 585,438</u>	<u>\$ 374,289</u>

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

(2) The interest rates for repurchase agreements as of December 31, 2023 and 2022 is as follows:

	December 31, 2023	December 31, 2022
Repurchase agreements	1.10%	0.70%~0.75%

6.2 Financial instruments at fair value through profit or loss

	December 31, 2023	December 31, 2022
Financial liabilities - current		
Financial liabilities held for trading		
Foreign exchange forward contracts	\$ 1,028	\$ 27

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

(2) In 2023, 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, 2023				
Company Name	Derivative Name	Contract amount (Nominal Principal in thousands)		Contract period
Farcent Enterprise Co., Ltd.	foreign exchange forward contracts – NTD to RMB	RMB	3,140	2023.10.06~2024.01.12
"	"	RMB	2,130	2023.10.06~2024.01.12
"	"	RMB	3,390	2023.11.01~2024.02.05
"	"	RMB	940	2023.11.06~2024.02.05
"	"	RMB	540	2023.11.06~2024.02.05
"	"	RMB	660	2023.11.22~2024.02.29
"	"	RMB	450	2023.11.22~2024.02.29

"	"	RMB	1,770	2023.12.04~2024.02.29
"	"	RMB	1,480	2023.12.13~2024.03.15
"	"	RMB	1,450	2023.12.13~2024.03.15

6.3 Notes receivable, Net

	December 31, 2023	December 31, 2022
Arising from operating activities	\$ 6,682	\$ 4,390
Less: Loss allowance	—	—
Notes receivable, net	<u>\$ 6,682</u>	<u>\$ 4,390</u>

The Company has no notes receivable pledged as collaterals.

6.4 Accounts receivable, Net

	December 31, 2023	December 31, 2022
<u>Amortized at cost</u>		
Gross carrying amount-Non related parties	\$ 303,121	\$ 340,294
Gross carrying amount from related parties	58,513	48,807
Less: loss allowance	(2,522)	(2,522)
Accounts receivable, net	<u>\$ 359,112</u>	<u>\$ 386,579</u>

Overdue receivable (presented as Other noncurrent assets)

	December 31, 2023	December 31, 2022
<u>Amortized at cost</u>		
Gross carrying amount	\$ 2,132	\$ 2,069
Less: loss allowance	(2,132)	(2,069)
Overdue receivable, net	<u>\$ —</u>	<u>\$ —</u>

(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, 2023	Expected credit loss rate	Gross carrying amount	Loss allowance (Lifetime ECL)	Amortized cost
Not past due	0%~0.5%	\$ 338,660	\$ (470)	\$ 338,190
1 – 30 days	5%	27,457	(1,263)	26,194
31 – 60 days	10%	776	(78)	698
Over 60 days	50%	1,423	(711)	712
Overdue receivable	100%	2,132	(2,132)	–
		<u>\$ 370,448</u>	<u>\$ (4,654)</u>	<u>\$ 365,794</u>

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)	–
		<u>\$ 395,560</u>	<u>\$ (4,591)</u>	<u>\$ 390,969</u>

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

	2023	2022
Balance at January 1	\$ 4,591	\$ 4,591
Add: Recognition of impairment losses	63	–
Balance at December 31	<u>\$ 4,654</u>	<u>\$ 4,591</u>

6.5 Inventories

	December 31, 2023	December 31, 2022
Merchandise	\$ 47,330	\$ 139,093
Raw materials	14,263	15,681
Supplies	20,013	21,671
Semi-finished goods	3,900	2,440
Finished goods	178,212	188,151
	<u>\$ 263,718</u>	<u>\$ 367,036</u>

- (1) The Company has no inventories pledged as collaterals.

(2) The cost of inventories recognized as expense for 2023 and 2022:

	2023	2022
Cost of goods sold	\$ 1,145,633	\$ 1,277,084
Gain on reversal in market value of inventories	(7,998)	(22,271)
Loss on inventory given up	10,415	5,197
Gain on physical inventory	(575)	(1,523)
	<u>\$ 1,147,475</u>	<u>\$ 1,258,487</u>

6.6 Investments accounted for using the equity method

	December 31, 2023	December 31, 2022
Subsidiaries	\$ 962,501	\$ 962,977
Associates	108,472	101,955
	<u>\$ 1,070,973</u>	<u>\$ 1,064,932</u>

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

(2) Investments in subsidiaries:

	December 31, 2023		December 31, 2022	
Subsidiaries	Carrying Amount	Percentage of Ownership	Carrying Amount	Percentage of Ownership
Eutech International Co., Ltd.	\$ 307,233	100.00%	\$ 308,760	100.00%
Dikai International Enterprise Co., Ltd	414,640	75.119%	364,108	75.119%
Farcent International (Samoa) Co., Ltd.	140,455	100.00%	177,069	100.00%
Farcent International (Asia) Co., Ltd.	62,081	60.148%	61,728	60.148%
Farcent Vina Co., Ltd.	6,160	65.00%	7,399	65.00%
Farcent Malaysia SDN BHD	31,932	100.00%	39,497	100.00%
Farcent Biotechnology International Enterprise Co., Ltd	-	-	4,416	100.00%
	<u>\$ 962,501</u>		<u>\$ 962,977</u>	

(a) Investments in subsidiaries accounted for using the equity method and the Company's share of profit or loss and other comprehensive income for 2023 and 2022 in these investments are calculated based on the financial statements audited by accountant. °

(b) The Company's investee company Farcent Biotechnology International Enterprise Co., Ltd with an original investment cost of NT\$ 5,000 thousand decided to dissolve on August 18, 2022 and completed liquidation on March 13, 2023. The amount of the returned shares and the book value on the date of disposal were both NT\$ 4,422 thousand.

- (c) Farcent International (Samoa) Co., Ltd. was approved by the board of directors on November 2, 2023, and resolved to reduce cash capital by NT\$ 15,627 thousand (USD 500 thousand). The base date of capital reduction is December 20, 2023. The cash capital reduction has been registered for change on November 27, 2023.

(3) Investments in associates:

	December 31, 2023	December 31, 2022
Farcent Enterprise (Thailand) Ltd.	\$ 108,472	\$ 101,955

- (a) The Ownership and voting rights held by the Company at the balance sheet date is as follows:

	December 31, 2023	December 31, 2022
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:

	2023	2022
The Company's share		
Profit from continuing operations	\$ 9,791	\$ 8,281
Other comprehensive income, net of tax	1,122	5,503
Total comprehensive income	\$ 10,913	\$ 13,784

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

	2023				
	Balance at January 1	Additions	Disposals	Reclassification	Balance at December 31
<u>Cost</u>					
Land	\$ 40,367	\$ –	\$ –	\$ –	\$ 40,367
Buildings	29,156	–	–	–	29,156
Transportation equipment	–	2,600	–	–	2,600
Office equipment	8,067	975	(1,455)	–	7,587
Leased assets	376	–	(168)	–	208
Assets leased to others	13,219	1,563	(35)	569	15,316
Other equipment	18,383	1,465	(2,077)	–	17,771
Subtotal	109,568	6,603	(3,735)	569	113,005
<u>Accumulated impairment</u>	(2,639)	–	–	–	(2,639)
<u>Accumulated depreciation</u>					
Buildings	(13,695)	(518)	–	–	(14,213)
Transportation equipment	–	(130)	–	–	(130)
Office equipment	(7,230)	(676)	1,455	–	(6,451)
Leased assets	(376)	–	168	–	(208)
Assets leased to others	(11,718)	(1,150)	35	–	(12,833)
Other equipment	(15,271)	(2,139)	2,026	–	(15,384)
Subtotal	(48,290)	(4,613)	3,684	–	(49,219)
Carrying amounts	\$ 58,639	\$ 1,990	\$ (51)	\$ 569	\$ 61,147

		2022					
		Balance at January 1	Additions	Disposals	Reclassification	Balance at December 31	
<u>Cost</u>							
Land	\$	40,367	\$	—	\$	—	\$ 40,367
Buildings		29,156		—		—	29,156
Office equipment		8,518		606		(1,057)	8,067
Leased assets		376		—		—	376
Assets leased to others		13,219		—		—	13,219
Other equipment		25,447		714		(7,948)	18,383
Subtotal		117,083		1,320		(9,005)	109,568
<u>Accumulated impairment</u>		(2,639)		—		—	(2,639)
<u>Accumulated depreciation</u>							
Buildings		(13,176)		(519)		—	(13,695)
Office equipment		(7,476)		(689)		935	(7,230)
Leased assets		(376)		—		—	(376)
Assets leased to others		(10,593)		(1,125)		—	(11,718)
Other equipment		(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)	\$ 58,639

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

Buildings	16 to 56 years
Transportation equipment	5 years
Office equipment	2 to 6 years
Leased assets	3 to 5 years
Assets leased to others	1 to 5 years
Other equipment	1 to 6 years

(2) The Company has no property, plant and equipment pledged as collaterals.

(3) As there was no indication of impairment in 2023 and 2022, no impairment loss was recognized for the year.

6.8 Lease agreements

(1) Right-of-use assets

		2023					
		Balance at January 1	Additions	Disposals	Reclassification	Balance at December 31	
<u>Cost</u>							
Buildings	\$	7,297	\$ –	\$ –	\$ –	\$ 7,297	
Transportation equipment		5,263	–	–	–	5,263	
Office equipment		–	266	–	–	266	
Subtotal		12,560	266	–	–	12,826	
<u>Accumulated depreciation</u>							
Buildings		(2,482)	(2,246)	–	–	(4,728)	
Transportation equipment		(2,631)	(1,754)	–	–	(4,385)	
Office equipment		–	(40)	–	–	(40)	
Subtotal		(5,113)	(4,040)	–	–	(9,153)	
Carrying amounts	\$	7,447	\$ (3,774)	\$ –	\$ –	\$ 3,673	
		2022					
		Balance at January 1	Additions	Disposals	Reclassification	Balance at December 31	
<u>Cost</u>							
Buildings	\$	6,847	\$ 5,903	\$ (5,543)	\$ –	\$ 7,297	
Transportation equipment		5,263	–	–	–	5,263	
Subtotal		12,110	5,903	(5,453)	–	12,560	
<u>Accumulated depreciation</u>							
Buildings		(5,703)	(2,232)	5,453	–	(2,482)	
Transportation equipment		(877)	(1,754)	–	–	(2,631)	
Subtotal		(6,580)	(3,986)	5,453	–	(5,113)	
Carrying amounts	\$	5,530	\$ 1,917	\$ –	\$ –	\$ 7,447	

The Company has no right-of-use assets pledged as collaterals.

As there was no indication of impairment in 2023 and 2022 no impairment loss was recognized for the year.

(2) Lease liabilities

	December 31, 2023	December 31, 2022
Carrying amount of lease liabilities		
Current	\$ 3,211	\$ 4,008
Noncurrent	\$ 523	\$ 3,497

The ranges of discount rates for the lease liabilities:

	December 31, 2023	December 31, 2022
Buildings	1.359%~1.851%	1.359%~1.851%
Transportation equipment	1.587%	1.587%
Office equipment	13%	—

(3) Other lease information

	2023	2022
Expenses relating to short-term leases	\$ 1,605	\$ 676
Expenses relating to low-value asset leases	\$ 53	\$ 114
Total cash outflow for leases	\$ 5,801	\$ 4,863

6.9 Intangible assets

	2023			
	Balance at January 1	Additions	Retirements	Balance at December 31
<u>Cost</u>				
Trademark	\$ 5,000	\$ —	\$ —	\$ 5,000
Computer software	8,955	882	(3,146)	6,691
Subtotal	13,955	882	(3,146)	11,691
<u>Accumulated Amortization</u>				
Trademark	(4,265)	(455)	—	(4,720)
Computer software	(7,015)	(1,213)	3,146	(5,082)
Subtotal	(11,280)	(1,668)	3,146	(9,802)
Carrying amounts	\$ 2,675	\$ (786)	\$ —	\$ 1,889

	2022			
	Balance at January 1	Additions	Retirements	Balance at December 31
<u>Cost</u>				
Trademark	\$ 5,000	\$ –	\$ –	\$ 5,000
Computer software	12,809	1,123	(4,977)	8,955
Subtotal	17,809	1,123	(4,977)	13,955
<u>Accumulated Amortization</u>				
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

(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 3 years

(2) The Company has no intangible assets pledged as collaterals.

6.10 Other assets

	December 31, 2023	December 31, 2022
<u>Current</u>		
Other financial assets	\$ 76	\$ 76
Temporary payments	2,325	1,242
Payment on behalf of others	1,170	475
	<u>\$ 3,571</u>	<u>\$ 1,793</u>
<u>Non-current</u>		
Prepayments for equipment	\$ –	\$ 568
Refundable deposits	2,895	2,800
Other financial assets	1,500	1,500
	<u>\$ 4,395</u>	<u>\$ 4,868</u>

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, 2023	December 31, 2022
Accounts payable-non-related parties	\$ 155,413	\$ 116,391
Accounts payable- related parties	138,784	95,339
	<u>\$ 294,197</u>	<u>\$ 211,730</u>

6.12 Other liabilities

	December 31, 2023	December 31, 2022
<u>Current</u>		
Other payables		
-accrued expenses	\$ 129,596	\$ 168,899
-Salary payable	49,562	52,382
-Loans	30,920	15,463
-Others	6,200	936
Contract liabilities	1,018	930
Unearned receipts	161	144
Temporary receipts	469	4,762
Receipts under custody	2,065	1,915
	<u>\$ 219,991</u>	<u>\$ 245,431</u>
<u>Non-current</u>		
Deferred Credits-Gains on Inter-Affiliate Accounts	\$ –	\$ 13,840

Please refer to Note 7.2 for information on the Company's loans from related parties as of December 31, 2023 and 2022.

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\$ 7,204 thousand and NT\$ 7,093 thousand in the statements of comprehensive income for the year ended December 31, 2023 and 2022, respectively. As of December 31, 2023 and 2022, the Company's due contribution amounts that has not yet been paid to the plan amounted to NT\$ 1,825 thousand and NT\$ 1,754 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, 2023	December 31, 2022
Present value of defined benefit obligations	\$ 29,439	\$ 30,803
Fair value of plan assets	(13,007)	(13,622)
Plan deficits	16,432	17,181
Unrecognized actuarial gain, net	—	—
Net defined benefit liability	\$ 16,432	\$ 17,181

(b) Movements in net defined benefit liabilities were as follows:

	2023		
	Present value of defined benefit obligations	Fair value of plan asset	Net defined benefit liability
Balance at January 1	\$ 30,803	\$ (13,622)	\$ 17,181
Service cost:			
Current service cost	—	—	—
Past service cost	—	—	—
Interest expense (revenue)	312	(108)	204
Curtailment or Settlement profit (loss)	(952)	881	(71)
Amounts recognized in profit or loss	(640)	773	133
Remeasurements:			
Return on plan asset	—	(163)	(163)
Actuarial (gains) losses —			
Effect of change in demographic assumptions	—	—	—
Effect of change in financial assumptions	94	—	94
Experience adjustments	280	—	280
Amounts recognized in other comprehensive income	374	(163)	211
Pension fund contribution	—	(1,093)	(1,093)
Paid Pension	(1,098)	1,098	—
Balance at December 31	\$ 29,439	\$ (13,007)	\$ 16,432

	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	—	(503)	(503)
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)	(503)	(7,581)
Pension fund contribution	—	(8,394)	(8,394)
Paid Pension	—	—	—
Balance at December 31	\$ 30,803	\$ (13,622)	\$ 17,181

- (c) Amounts recognized in profit or loss in respect of defined benefit plans for the years ended December 31, 2023 and 2022 were summarized by function as follows:

	2023	2022
Cost of goods sold	\$ —	\$ —
Marketing expenses	\$ 69	\$ 109
Administrative expenses	\$ 64	\$ 104

- (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 qualified actuary. 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, 2023	December 31, 2022
Discount rate	1.15%	1.20%
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, 2023
Discount rate 1.15%	
Increase 0.25%	\$ (441)
Decrease 0.25%	454
Future salary increase rate 2.00%	
Increase 0.25%	449
Decrease 0.25%	(439)
Turnover rate	
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\$ 334 thousand to the defined benefit pension plans in the next year starting from December 31, 2023. The weighted average duration of the defined benefit obligation is 6 years.

6.14 Equity

(1) Capital stock

	December 31, 2023	December 31, 2022
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, 2023	December 31, 2022
Share premium	\$ 232,991	\$ 232,991
Employee share options	1,645	1,645
Donations from shareholders	21	21
	<u>\$ 234,657</u>	<u>\$ 234,657</u>

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. 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. If distributing surplus earning in the form of new shares, it shall be approved by a meeting of shareholders.

- (b) Details of the 2022 and 2021 earnings distributions and dividends per share as resolved by general shareholders' meeting June 16, 2023 and June 15, 2022, respectively, are as follows:

Unit: NT\$ thousand/NT\$ per share

	Appropriation of Earnings		Dividends per share(NT\$)	
	2022(note)	2021(note)	2022	2021
Legal reserve	\$ 26,099	\$ 26,151		
Special reserve	(24,969)	29,779		
Cash dividend	189,702	189,702	\$ 3.00	\$ 3.00
	<u>\$ 190,832</u>	<u>\$ 245,632</u>		

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 24, 2023 and February 25, 2022, respectively.

The appropriations of earnings for 2023 had been approved in the meeting of the Board of Directors on February 26, 2024, and the appropriations and dividends per share were as follows:

	Appropriation of Earnings	Dividends per share(NT\$)
Legal reserve	\$ 23,077	
Special reserve	8,108	
Cash dividend	177,055	\$ 2.80
	<u>\$ 208,240</u>	

The appropriations of earnings for 2023 are to be presented for approval in the shareholders' meeting which is to be held on June 13, 2024.

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

	2023	2022
Revenue from sale of goods	\$ 2,246,021	\$ 2,475,472
Less: Sales returns and discounts	(238,007)	(312,314)
	<u>\$ 2,008,014</u>	<u>\$ 2,163,158</u>

6.16 Additional information of expenses by nature

	2023	2022
Depreciation and amortization		
Depreciation of property, plant and equipment	\$ 4,613	\$ 6,143
Depreciation of right-of-use assets	4,040	3,986
Amortization of intangible assets	1,668	2,822
	<u>\$ 10,321</u>	<u>\$ 12,951</u>
By function		
Cost of goods sold	\$ 2,881	\$ 3,500
Operating expenses	7,440	9,451
	<u>\$ 10,321</u>	<u>\$ 12,951</u>
Employee benefits expenses		
Post-employment benefits		
Defined contribution plans	\$ 7,204	\$ 7,093
Defined benefit plans	133	213
Salaries and bonuses	190,502	199,841
	<u>\$ 197,839</u>	<u>\$ 207,147</u>
By function		
Cost of goods sold	\$ –	\$ –
Operating expenses	197,839	207,147
	<u>\$ 197,839</u>	<u>\$ 207,147</u>

- (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 2023 and 2022 are as follows:

2023		2022	
Employees' compensation	directors' and supervisors' remuneration	Employees' compensation	directors' and supervisors' remuneration
<u>\$ 14,183</u>	<u>\$ 1,217</u>	<u>\$ 15,352</u>	<u>\$ 1,317</u>

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 2022 and 2021 were resolved by general shareholders' meeting on June 16, 2023 and June 15, 2022, respectively. The amounts recognized in the financial reports were as follows:

	2022		2021	
	Employees' compensation	directors' and supervisors' remuneration	Employees' compensation	directors' and supervisors' remuneration
Amount resolved to be distributed	\$ 15,352	\$ 1,317	\$ 16,600	\$ 1,400
Amount recognized in financial reports	15,352	1,317	16,600	1,400
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 24, 2023 and February 25, 2022, 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:

	2023	2022
Current income tax expense		
Generated in the current year	\$ 36,705	\$ 36,499
Adjustments for prior periods	(7)	(130)
	36,698	36,369
Deferred tax		
Generated in the current year	–	–
Income tax expense recognized in profit or loss	\$ 36,698	\$ 36,369

(2) A reconciliation of income before income tax and income tax expense recognized in profit or loss was as follow:

	2023	2022
Income tax expense at the statutory rate	\$ 53,537	\$ 57,955
Effect from items disallowed by tax regulation	(20,340)	(22,140)
Over provision of prior year's income tax	(7)	(130)
Tax on undistributed earnings	3,508	684
Income tax expense	\$ 36,698	\$ 36,369

(3) Current tax liabilities

	December 31, 2023	December 31, 2022
Income tax payable	\$ 18,184	\$ 10,525

(4) The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority as of December 31, 2023.

6.18 Earnings per share

	2023	2022
Basic earnings per share:		
Net income from continuing operations	\$ 230,986	\$ 253,404
Less : dividends on preferred stock	—	—
Net income attributable to common shareholders	\$ 230,986	\$ 253,404
Weighted average number of shares outstanding for the period (in thousands)	63,234	63,234
Basic earnings per share, after tax (in dollars)	\$ 3.65	\$ 4.01

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 Technology 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
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	
	2023	2022
Associates	\$ 140,881	\$ 126,190
Subsidiaries	80,708	62,741
	<u>\$ 221,589</u>	<u>\$ 188,931</u>

There is no significant difference between the Company's sales conditions to related parties and general customers.

(2) Purchases

	Years Ended December 31	
	2023	2022
Subsidiaries		
Farcent (Suzhou)	\$ 268,229	\$ 293,181
Other	97,499	103,384
	<u>\$ 365,728</u>	<u>\$ 396,565</u>

There is no significant difference between the Company's purchase conditions from related parties and general suppliers.

(3) Processing fee

	Years Ended December 31	
	2023	2022
Subsidiaries	\$ 835	\$ 5,156
Related party in substance		
Yi Te	55,000	59,379
	<u>\$ 55,835</u>	<u>\$ 64,535</u>

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, 2023	December 31, 2022
Subsidiaries	\$ 30,111	\$ 15,705
associates	28,402	33,102
	<u>\$ 58,513</u>	<u>\$ 48,807</u>

(5) Other receivables

	December 31, 2023	December 31, 2022
Related party in substance		
Yi Te	<u>\$ 76</u>	<u>\$ 70</u>

(6) Accounts payable

	December 31, 2023	December 31, 2022
Subsidiaries		
Farcent (Suzhou)	\$ 106,167	\$ 65,177
Other	26,619	22,634
Related party in substance	5,998	7,512
Associates	–	16
	<u>\$ 138,784</u>	<u>\$ 95,339</u>

(7) Loans to related parties

(a) Outstanding balance

	December 31, 2023	December 31, 2022
Subsidiaries		
Farcent-Malaysia	<u>\$ 21,510</u>	<u>\$ 20,665</u>

The Company's loans to related parties was presented as Other receivables.

(b) Interest income

	Years Ended December 31	
	2023	2022
Subsidiaries		
Farcent-Malaysia	<u>\$ 1,024</u>	<u>\$ –</u>
Interest rate	<u>2.5%~5%</u>	<u>–</u>

The interest rates for loans to related parties are close to market interest rates. As of December 31, 2023 and 2022, the interest income receivables of the Company were NT\$ 38 thousand and NT\$ 0 thousand, respectively, which was presented as Other receivables.

(8) Loans from related parties

(a) Outstanding balance

	December 31, 2023	December 31, 2022
Subsidiaries		
Farcent-Samoa	\$ –	\$ 15,354
International (Asia)	30,728	–
	<u>\$ 30,728</u>	<u>\$ 15,354</u>

The Company's loans from related parties were presented as Other payables.

(b) Interest expense

	Years Ended December 31	
	2023	2022
Subsidiaries		
Farcent-Samoa	\$ 651	\$ 222
International (Asia)	198	–
	<u>\$ 849</u>	<u>\$ 222</u>
Interest rate	3.7%~5%	1.129%~5%

The interest rates for loans from related parties are close to market interest rates. As of December 31, 2023 and 2022, the unpaid interest amounts of the Company were NT\$ 193 thousand and NT\$ 109 thousand, respectively, which was presented as Other payables.

(9) Rental income

	Years Ended December 31	
	2023	2022
Related party in substance		
Yi Te	<u>\$ 854</u>	<u>\$ 1,057</u>

As of December 31, 2023 and 2022, Rental income receivables were NT\$ 76 thousand and NT\$ 70 thousand, respectively, which was presented as Other receivables.

(10) Donations expenses

	Years Ended December 31	
	2023	2022
Farcent Foundation	<u>\$ 1,536</u>	<u>\$ 1,536</u>

As of December 31, 2023 and 2022, the Company has paid all the above payments in full.

(11) Commission expense

	Years Ended December 31	
	2023	2022
Subsidiaries	\$ 2,099	\$ 1,315

As of December 31, 2023 and 2022, the Company's outstanding balance (including tax) were NT\$ 545 thousand and NT\$ 63 thousand, respectively, which was presented as Other payables.

(12) Other

(a) In 2023 and 2022, the Company signed an entrustment contract with Dikai to provide marketing management services entrusted by it, and the service income generated were NT\$ 6,400 thousand and NT\$ 6,873 thousand respectively, which was recorded as other income. As of December 31, 2023 and 2022, the Company has received all the above payments in full.

(b) In 2023 and 2022, the Company sold inventories (raw materials, supplies and semi-finished products) of NT\$ 9,744 thousand and NT\$ 13,165 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\$ 657 thousand and NT\$ 348 thousand respectively, which was recorded as other income.

(c) In 2022, the subsidiary dispatched manpower to provide kitchenware product sales services for the Company, and the marketing and promotion expenses incurred were NT\$ 264 thousand.

7.3 Key management compensation

The compensation to directors and other key management personnel were as follows:

	Years Ended December 31	
	2023	2022
Short-term employee benefits	\$ 41,718	\$ 39,958
Post-employment benefits	39	21
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, 2023 and 2022, the Company provides assets as collaterals, and the book value and usage details are as follows:

	December 31, 2023	December 31, 2022	Purpose
Other financial assets			Import duty bond
-noncurrent	\$ 1,500	\$ 1,500	

The above-mentioned other financial assets-noncurrent which was presented as Other noncurrent assets.

9. Significant Contingent Liabilities and Unrecognized Contract Commitments : None

10. Significant Disaster Losses: None

11. Significant Subsequent Events: None

12. Others

12.1 Capital risk management

The Company requires an adequate capital structure to enable expansion and enhancement of its plant and equipment. Therefore, the Company manages its capital in a manner to ensure that it has sufficient and necessary financial resources to fund its working capital needs, capital asset purchases, research and development activities, dividend payments, debt service requirements and other business requirements associated with its existing operations over the next 12 months.

The Company is not subject to other external capital requirements.

12.2 Financial instruments

(1) Categories of financial instruments

	December 31, 2023	December 31, 2022
<u>Financial Assets</u>		
Financial assets at amortized cost (Note 1)	\$ 977,327	\$ 791,307
<u>Financial liabilities</u>		
FVTPL:		
Financial liabilities at fair value through profit or loss– current	1,028	27
Financial liabilities at amortized cost (Note 2)	514,209	456,915

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 and lease liabilities.

(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, 2023				
	Level 1	Level 2	Level 3	Total
Liabilities:				
<u>Recurring fair value measurements</u>				
Financial liabilities at FVTPL - current				
Forward exchange	\$	–	\$ 1,028	– \$ 1,028

December 31, 2022				
	Level 1	Level 2	Level 3	Total
Liabilities:				
<u>Recurring fair value measurements</u>				
Financial liabilities at FVTPL - current				
Forward exchange	\$	–	\$ 27	– \$ 27

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, 2023 and 2022.

(3) Financial risk management objectives and policies

The Company's financial risk management objective is to manage market risk, including foreign exchange risk and 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, 2023					
	Foreign Currency		Exchange Rate		Book Value
<u>Foreign currency assets</u>					
<u>Monetary items</u>					
USD	\$	7,741	30.7280	(USD:NTD)	\$ 237,852
RMB		6,861	4.3267	(RMB:NTD)	29,685

Non-Monetary items

Investments in associates and joint ventures

USD	14,569	30.7280	(USD:NTD)	447,688
THB	189,482	0.9001	(THB:NTD)	170,553
VND	4,738,662	0.0013	(VND:NTD)	6,160
MYR	4,768	6.6978	(MYR:NTD)	31,932

Foreign currency liabilitiesMonetary items

USD	1,346	30.728	(USD:NTD)	41,361
RMB	24,349	4.3267	(RMB:NTD)	105,349

December 31, 2022

	Foreign Currency	Exchange Rate	Book Value
--	------------------	---------------	------------

Foreign currency assetsMonetary 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 liabilitiesMonetary items

USD	863	30.7080	(USD:NTD)	26,486
RMB	14,672	4.4175	(RMB:NTD)	64,815

Sensitivity analysis

The Company is mainly affected by fluctuations in the exchange rates of the USD, RMB, THB, VND and MYR.

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, 2023	December 31, 2022
The impact of a 1% change on profit and loss	\$ 1,208	\$ 383

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, 2023 and 2022 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, 2023				
		Less Than 1 Year	2-3 Years	4-5 Years	More Than 5 Years	Total
<u>Non-derivative financial assets</u>						
Accounts payable	\$	294,197	\$ —	\$ —	\$ —	\$ 294,197
Other payable		216,278	—	—	—	216,278
Lease liabilities		3,211	439	84	—	3,734
	\$	513,686	\$ 439	\$ 84	\$ —	\$ 514,209

	December 31, 2022					
	Less Than 1 Year	2-3 Years	4-5 Years	More Than 5 Years	Total	
<u>Non-derivative financial assets</u>						
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	

(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.

13. Supplementary Disclosures

13.1 Significant transactions information

The relevant information of the Company's significant transactions in 2023 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: Please see Table 5 attached;
- (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 6 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

- (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 6 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 7 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.

TABLE 1

Farcent Enterprise Co., Ltd.

Loans to Others

For the Year Ended December 31, 2023

(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	Transa ction Amou- nt	Reason for short-term financing	Recog- nized loss allowa- nce	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	\$ 61,456 (USD 2,000)	\$ 30,728 (USD 1,000)	\$ 21,510 (USD 700)	2.50%~ 5%	(Note2)	—	Operating capital	—	—	—	\$ 735,696	\$ 919,620
1	Farcent International (Samoa) Co., Ltd.	Farcent Enterprise Co., Ltd	Other receivables	Yes	\$ 15,634 (USD 500)	\$ — (USD —)	\$ — (USD —)	5%	(Note2)	—	Operating capital	—	—	—	\$ 56,233 (USD 1,830)	\$ 70,291 (USD 2,288)
2	Farcent (xiamen) chemical products for daily use co., Ltd.	Yang Lun (Shanghai) Trading Co., Ltd.	Other receivables	Yes	\$ 36,877 (RMB 8,500)	\$ 21,692 (RMB 5,000)	\$ 21,692 (RMB 5,000)	3.70%~ 4.35%	(Note2)	—	Operating capital	—	—	—	\$ 58,447 (RMB 13,508)	\$ 73,058 (RMB 16,885)

(Continued)

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	Transa ction Amou- nt	Reason for short-term financing	Recog- nized loss allowa- nce	Collateral		Limit on loans granted to a single party (Note3)	Ceiling on total loans granted (Note3)
													Item	Value		
3	Farcent International (Asia) Co., Ltd.	Farcent Enterprise Co., Ltd	Other receivables	Yes	\$ 30,729 (USD 1,000)	\$ 30,729 (USD 1,000)	\$ 30,729 (USD1,000)	3.70%	(Note2)	—	Operating capital	—	—	—	\$ 41,284 (THB45,866)	\$ 51,605 (THB57,333)
4	Farcent (Suzhou) Environmental Technology Co., Ltd.	Yang Lun (Shanghai) Trading Co., Ltd.	Other receivables	Yes	\$ 26,031 (RMB 6,000)	\$ 26,031 (RMB6,000)	\$ 26,031 (RMB6,000)	3.55%	(Note2)	—	Operating capital	—	—	—	\$ 158,732 (RMB36,686)	\$ 198,415 (RMB45,858)

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, 2023**

(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, 2023	December 31, 2022	Number of Shares	Percentage of Ownership	Carrying Value			
Farcent Enterprise Co., Ltd.	Farcent International (Samoa) Co., Ltd.	Samoa	Investment activities	\$ 120,347 (USD 3,578)	\$ 135,974 (USD 4,078)	3,577,882	100%	\$ 140,455	\$ (18,725)	(18,762)	Subsidiary
Farcent Enterprise Co., Ltd.	Eutech International Co., Ltd.	Seychelles	Investment activities	\$ 260,314 (USD 8,538)	\$ 260,314 (USD 8,538)	854	100%	307,233	3,884	4,165	Subsidiary
Farcent Enterprise Co., Ltd.	Farcent Biotechnology International Enterprise Co., Ltd.	Taiwan	Manufacturing, Wholesale and Retail	\$ -	\$ 5,000	-	-	-	7	7	Note 3
Farcent Enterprise Co., Ltd.	Dikai International Enterprise Co., Ltd.	Taiwan	Manufacturing, Wholesale and Retail	\$ 307,173	\$ 307,173	12,007,021	75.119%	414,640	128,366	85,228	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%	108,472	24,479	9,791	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, 2023	December 31, 2022	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)	-	65%	\$ 6,160	\$ 1,346	875	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%	31,932	(4,283)	(3,823)	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%	62,081	(678)	(407)	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%	39,995	(678)	(264)	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%	1,028	(678)	(7)	Subsidiary
Farcent International (Samoa) Co., Ltd.	Farcent Group (Mauritius) Co., Ltd.	Mauritius	Investment activities	USD 3,193	USD 3,193	3,193,382	100%	148,337	5,048	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, 2023	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%	\$ 39,584	3,978	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: Liquidation procedure has been completed on March 13, 2023.

TABLE 3

Farcent Enterprise Co., Ltd
Information on Investment in Mainland China
For the Year Ended December 31, 2023

(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, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Net Income (Losses) of the Investee	Ownership held by the Company (direct or indirect) (%)	Share of Profits / Losses	Carrying Amount as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023
					Outflow	Inflow						
Farcent (xiamen) chemical products for daily use co., Ltd.	processing, manufacturing Indoor and car fragrances, dehumidifier, insect repellent and detergent, etc.	USD 3,300	(Note 1)	\$ 106,958 (USD 3,193)	\$ -	\$ -	\$ 106,958 (USD 3,193)	\$ 5,048	100%	\$ 5,048	\$ 148,321	\$ -
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)	\$ 4,855	100%	\$ 4,855	\$ 396,830	\$ -

(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, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Net Income (Losses) of the Investee	Ownership held by the Company (direct or indirect) (%)	Share of Profits / Losses	Carrying Amount as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023
					Outflow	Inflow						
Yang Lun (Shanghai) Trading Co., Ltd.	Purchase and sale dehumidifier, air freshener, Daily deodorizer, Daily cleansing products and other plastic products	USD 700	(Note 1)	\$ -	\$ -	\$ -	-	\$ (26,311)	100%	\$ (26,311)	\$ (16,024)	\$ 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)	\$ -	\$ -	\$ -	-	\$ 3,978	75.119%	\$ 2,988	\$ 29,853	\$ 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.

Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$ 367,039 (USD11,723)	\$ 401,015 (USD12,893)	\$ 1,103,544

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, 2023

(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	\$ 268,229	30%	Closing on the 30th of the current month, 60 days for ticket/remittance	(Note1)	Normal	\$ (106,167)	36%	
Farcent Enterprise Co., Ltd.	Farcent Enterprise (Thailand) Ltd.	Associate	Sales	\$ 140,881	7%	Closing on the 25th of the current month, 45 days for ticket/remittance	(Note1)	Normal	\$ 28,402	8%	

Note1: The price of purchase or sale is set by using cost-plus pricing.

TABLE 5

Farcent Enterprise Co., Ltd.
 Receivables from Related Parties Amounting to at Least NT\$100 Million or 20% of the Paid-in Capital
 For the Year Ended December 31, 2023

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

Creditor	Counterparty	Relationship with the counterparty	Ending balance	Turnover rate	Overdue receivables		Amount collected subsequent to the end of the reporting period	Recognized loss allowance
					Amount	Action taken		
Farcent (Suzhou) Environmental Technology Co., Ltd.	Farcent Enterprise Co., Ltd.	Parent company	\$ 106,167	3	\$ —	—	\$ 44,446	—

TABLE 6

Farcent Enterprise Co., Ltd.
Intercompany Relationship and Significant Intercompany Transactions
For the Year Ended December 31, 2023
(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	268,229	purchase price according to cost-plus pricing	10.25%
0	Farcent Enterprise Co., Ltd.	Farcent (Suzhou) Environmental Technology Co., Ltd	1	Accounts payable	106,167	Under normal payment terms	4.15%
0	Farcent Enterprise Co., Ltd.	Dikai International Enterprise Co., Ltd.	1	Net Purchase	72,603	purchase price according to cost-plus pricing	2.78%
0	Farcent Enterprise Co., Ltd.	Farcent International (Asia) Co., Ltd.	1	Other payable	30,921	Under normal loan terms	1.21%

(Continued)

Number (Note1)	Company name	Counterparty	Relationship (Note2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note3)
				General ledger account	Amount (Note4)	Transaction terms	
1	Yang Lun (Shanghai) Trading Co., Ltd	Farcent (Suzhou) Environmental Technology Co., Ltd	3	Net Purchase	79,809	purchase price according to cost-plus pricing	3.05%
1	Yang Lun (Shanghai) Trading Co., Ltd.	Farcent(Suzhou) Environmental Technology Co., Ltd.	3	Accounts payable	32,854	Under normal payment terms	1.29%
1	Yang Lun (Shanghai) Trading Co., Ltd.	Farcent (Suzhou) Environmental Technology Co., Ltd.	3	Other payable	26,294	Under normal loan terms	1.03%

(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 7

Farcent Enterprise Co., Ltd.
Information on Major Shareholders
For the Year Ended December 31, 2023

Unit: Shares

Major shareholders	Shares	Numbers of Shares	Percentage of ownership
Tsai, Hsin-Hsin		10,408,322	16.46%
Shi Da Investment Co., Ltd		5,763,495	9.11%
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	2023.12.31	2022.12.31	Difference	
			Amount increased (decreased)	Percentage of change (%)
Current assets	1,851,454	1,854,593	(3,139)	0%
Investments accounted for by using the equity method	108,472	101,955	6,517	6%
Property, plant and equipment	498,003	517,748	(19,745)	-4%
Right-of-use assets	17,841	23,647	(5,806)	-25%
Intangible assets	68,229	84,424	(16,195)	-19%
Other non-current assets	12,085	11,341	744	7%
Total assets	2,556,084	2,593,708	(37,624)	-1%
Current liabilities	548,100	553,355	(5,255)	-1%
Non-current liabilities	42,931	124,648	(81,717)	-66%
Total liabilities	591,031	678,003	(86,972)	-13%
Share capital	632,339	632,339	0	0%
Capital reserve	234,657	234,657	0	0%
Retained earnings	1,023,445	982,372	41,073	4%
Other equity	(51,201)	(43,093)	(8,108)	19%
Equity attributable to owner of the parent company	1,839,240	1,806,275	32,965	2%
Non-controlling interest	125,813	109,430	16,383	15%
Total shareholders' equity	1,965,053	1,915,705	49,348	3%
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: Non-current liabilities decreased by 66%, primarily due to the repayment of long-term borrowings. 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	2023	2022	Amount increased/decreased	Percentage of change (%)
Net operating income	2,616,248	2,784,615	(168,367)	-6.0%
Operating costs	(1,376,194)	(1,514,705)	138,511	-9.1%
Gross profit	1,246,001	1,267,788	(21,787)	-1.7%
Operating expenses	(944,687)	(944,260)	(427)	0.0%
Net profit	301,314	323,528	(22,214)	-6.9%
Non-operating income and expenses	27,048	20,020	7,028	35.1%
Net profit before tax	328,362	343,548	(15,186)	-4.4%
Income tax expenses	(68,676)	(65,982)	(2,694)	4.1%
Net profit of continuing operation for the period	259,686	277,566	(17,880)	-6.4%

I. Descriptions of the analysis of changes in the most recent two years (changes reaching 20% or above)

1. Non-operating income and expenses increased by 35.1% from the preceding year, primarily due to the increase in interest income.

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
764,465	451,016	(59,284)	(283,420)	(4,855)	867,922	None

Analysis of changes in cash flows for the period:

1. The cash inflow from operating activities was primarily due to the profits of the period.
2. The cash outflow from investing activities was primarily due to the acquisition of financial assets measured at amortized cost.
3. The cash outflow from financing activities was 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
867,922	400,512	(36,717)	(212,484)	0	1,019,233	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 (18,725)	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 5,048	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 3,884	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 (26,311)	Investment in the Mainland	Recession and decline in performance.	Strengthen the control	—
Flower Fairies (Xiamen) Daily-Use Chemicals Limited Company	NTD 5,048	Investment in the Mainland	Gross profit and lease income from leasing plants.	—	—
Suzhou Flower Faerie Environmental Technology Co., Ltd.	NTD 4,855	Investment in the Mainland	Stable profits.	—	—
Farcent Biotechnology International Enterprise Co., Ltd.	NTD 7	General investment	Dissolution	—	2023/3/13 Liquidation completed
Dikai International Enterprise Co., Ltd.	NTD 128,366	General investment	Stable profits.	—	—
Dikai (Taicang) Industrial Co., Ltd.	NTD 3,978	Investment in the Mainland	Stable profits.	—	—
Dikai Holding Corp.	NTD 3,978	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 24,479	General investment	Stable profits.	—	—
Farcent Vina Co., Ltd	NTD 1,346	General investment	Stable profits.	—	—
Farcent International (Asia) Co., Ltd	NTD (678)	General investment	Exchange gains of term deposits in USD.	—	—
Farcent Malaysia Sdn. Bhd.	NTD (4,283)	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	2023 (NT\$000')
Net gains (losses) from currency exchange	NT\$(1,725)
Interest expenses	NT\$(1,300)

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 10% 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 3.75% 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.

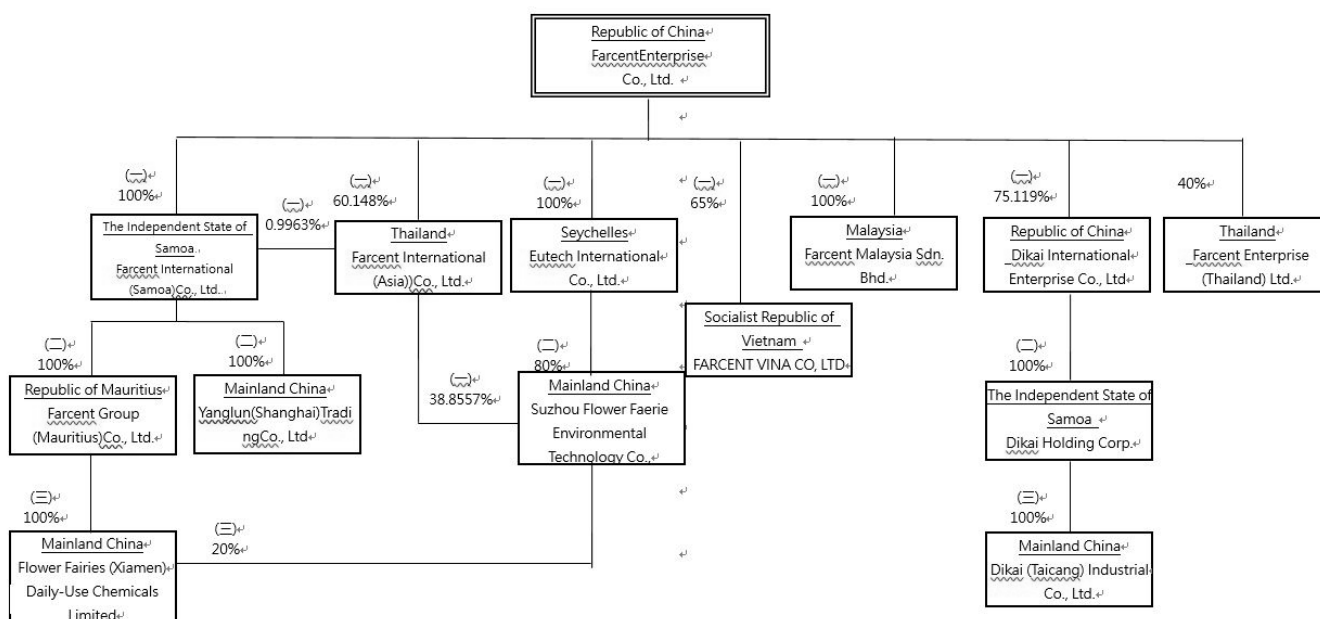
VII. Other important matters: None.

Eight. Special Items

I. Information on affiliates:

(I) Overview of the organization of affiliates:

1. Organizational structure of affiliates:



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\$3,577,882	General investment
Farcent Group (Mauritius) Co., Ltd.	2002/02/04	2 nd 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	RMB\$26,412,637	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	RMB\$72,638,037	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	RMB\$4,397,330	Trading of dehumidifiers, fragrances, deodorizers, daily use cleaning supplies, and other plastic products
Dikai International Enterprise Co., Ltd.	2007/07/17	No.4, Ln. 561, Sec. 2, Guoji Rd., Taoyuan City, Taoyuan County	NTD159,840,000	Wholesale of cleaning suppliers
Dikai Holding Corp.	2015/07/10	2 nd 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	RMB\$6,407,800	Manufacture and processing of plastic packaging boxes and

Name of enterprise	Establishment date	Address	Paid-in capital	Major scope of business or product
		Innovation Industry Park, Shaxi Town, Taicang City		containers, plastic parts, and daily use plastic items
Farcent Enterprise (Thailand) Ltd.	2001/07/25	15 Chaloe 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	VND\$ 6,812,700,000	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	3,577,882	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%
Dikai International Enterprise Co., Ltd.	Chairman	Representative of Farcent Enterprise Co., Ltd.: Cynthia Tsai	12,007,021	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 2023 and operating results in 2023 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 3,577,882	USD 4,673,588.71	USD 98,516.54	USD 4,575,072.17	USD 854,842.20	USD 57,304.25	USD (609,544.5)	USD (0.17)
Farcent Group (Mauritius) Co., Ltd.	USD 3,193,382	USD 4,827,425.19	USD 0	USD 4,827,425.19	USD 0	USD 0	USD 164,337.99	USD 0.05
Eutech International Co., Ltd.	USD 8,537,925	USD 10,331,996	USD 0	USD 10,331,996	USD 0	USD 0	USD 126,437.44	USD 148.05
Flower Fairies (Xiamen) Daily-Use Chemicals Limited Company	RMB 26,412,636.86	RMB 34,383,215.40	RMB 612,449.37	RMB 33,770,766.03	RMB 2,060,853.33	RMB (119,961.85)	RMB 1,144,354.46	(Note 1)
Suzhou Flower Faerie Environmental Technology Co., Ltd.	RMB 72,638,037.00	RMB 102,950,715.46	RMB 11,234,890.99	RMB 91,715,824.47	RMB 79,749,162.35	RMB 683,945.41	RMB 1,100,538.95	(Note1)
Yanglun (Shanghai) Trading Co., Ltd.	RMB 4,397,330	RMB 21,908,402	RMB 25,611,839.87	RMB (3,703,437.87)	RMB 45,158,544.90	RMB (5,969,871)	RMB (5,964,519.14)	(Note1)
Dikai International Enterprise Co., Ltd.	NTD 159,840,000	NTD 602,962,162	NTD 129,184,780	NTD 473,777,382	NTD 442,473,618	NTD 151,967,629	NTD 128,365,921	NTD 8.03
Dikai Holding Corp.	USD 1,000,000	USD 1,293,359.25	USD 0	USD 1,293,359.25	USD 0	USD 0	USD 129,486.32	USD 0.13
Dikai (Taicang) Industrial Co., Ltd.	RMB 6,407,800.00	RMB 10,475,429.22	RMB 1,290,473.03	RMB 9,184,956.19	RMB 14,258,819.64	RMB 846,575.22	RMB 901,703.88	(Note1)
Farcent Enterprise (Thailand) Ltd.	THB 54,320,000.00	THB 437,845,573.5	THB 173,209,536.98	THB 264,636,036.52	THB 360,107,473.12	THB 33,130,737.71	THB 27,411,674.22	50.46
Farcent International (Asia) Co., Ltd.	THB 100,000,000	THB 114,665,898	THB 0	THB 114,665,898	THB 0	THB (105,751.45)	THB (759,283.99)	(0.75)
Farcent Vina Co, Ltd.	VND 6,812,700,000	VND 10,132,298,479	VND 2,154,673,991	VND 7,977,624,488	VND 10,801,804,552	VND 996,937,466	VND 1,035,601,923	(Note1)
Farcent Malaysia Sdn. Bhd.	MYR 2,000,000	MYR 8,503,986.33	MYR 5,606,891	MYR 2,897,095.33	MYR 7,658,887	MYR (522,487.55)	MYR (626,085.03)	(0.31)

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: 26 February 2024

The Company's internal control system for 2023, 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 2023, 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 26 February 2024. 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
CEO: Lei Hui-Min	Signature & Seal

**Thank you for participating in the annual
shareholders' meeting!**

Please feel free to tell us your opinions at all times!