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福懋油脂股份有限公司
FORMOSA OILSEED PROCESSING CO., LTD.

2022 ANNUAL REPORT

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VI. Any exchanges where the company's securities are traded offshore: None.

VII. Company website: www.fopco.com.tw

FORMOSA OILSEED PROCESSING CO., LTD.

2022 ANNUAL REPORT

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One. Letter to Shareholders

Ladies and gentlemen, our cherished shareholders:

We welcome all of you as our honored guests to participate and engage in the regular meeting of shareholders today. On behalf of the Company, I would like to thank you for your advocacy and support to our company over the past year. The Company's managerial performance in 2022 was good. The consolidated operating income amounted to NT\$360.840 million in 2022, and the consolidated profit before tax amounted to NT\$421.727 million.

I hereby presents the Company's operating results in 2022 and its business plan for the next year as follows:

I. 2022 Business Report

(I) Implementation of the business plan and budget

1. Implementation of the business plan

Unit: NT\$1,000

Title	2022	2021	Variable%
Operating revenue	15,274,361	13,103,954	16.56%
Operating costs	14,305,096	11,968,692	19.52%
Realized operating margin	1,000,542	1,157,068	-13.53%
Operating income	360,804	530,837	-32.03%
Profit before tax	421,727	596,545	-29.31%

2. The Company did not disclose the consolidated financial forecast for the year of 2022; therefore, the information regarding budget implementation is not available.

(II) Analysis of revenues, expenditures and profitability

Title		2022	2021
Financial structure (%)	Debt-Asset Ratio (%)	59.20	57.49
	Ratio of Long-term Capital to Fixed Assets (%)	171.45	159.67
Solvency (%)	Current Ratio	144.06	133.49
	Quick Ratio	82.44	80.17
Profitability (%)	Return on Assets	4.22	6.04
	Return on Shareholders' Equity	8.99	12.80
	Pre-tax net profit to paid-in capital ratio	19.28	27.28
	Earnings Per Share	1.69	2.07

(III) R&D Status:

The Company commits to the R&D for the edible oil products, the flour products, and animal feed products. In the aspect of frying oil products, we are trying to improve the quality of palm oil for increasing its stability for frying. In terms of flour, we provide products that show distinguishing features according to various wheat species and different places of origin to the downstream processing manufacturer's needs for the purpose of promoting the products' competitiveness in the market. As for animal feed products, we successively adopt adding vegetable oil and dehulled whole fat soybean powder into the new formula to lower material variation and elevate stability of feed and animal growth performance.

II. Summary of the Business Plan for 2023

(I) Estimated sales volume

Unit: ton

Main products	Estimated sales volume
Oil products	243,320
Raw material products	227,149
Feed products	75,681
Flour products	239,482
Total	785,632

(II) Guideline for management

1. Focusing on core business

The newly-built edible oil refinery in Taichung port area has been in mass production and will continue to focus on the two main objectives of increasing the availability and improving the quality of oil products. From the existing edible oil product customer base, we will seek potential customers to expand sales in the end-consumer market, increase the added value of our products and increase the market share of various niche products.

2. Implementation of food safety policy

The Company will continue to strengthen the food raw material safety and source tracing mechanism, and use the excellent and advanced equipment in the laboratory to real-time conduct the most stringent inspection and gate-keeping of incoming raw materials and production products, as well as integrating the exclusive raw material oil transportation pipeline at our own wharf to enhance the quality of food safety. The new Taichung port factory has obtained ISO and TQF quality system certification, which will enhance the market recognition and produce safe and excellent products, hoping to enter the value-oriented market of high-quality customers and establish a leading position in the industry.

3. Expanding export markets

The Company collects information on the feed and edible oil industries in neighboring countries, analyzes the supply and demand situation in each country, and obtains international market conditions from international grain traders for product export planning. Based on our existing customers in Japan, Korea, Vietnam, Malaysia, and Hong Kong, we are actively expanding our regular oil export customers and increasing the new factory availability.

4. Group Resource Integration

The Company will continue to improve the internal processes of the Group, closely monitor the fluctuations of the overall production and sales market through proactive decision-making, and layout adjustments ahead of time in response to changes in regulations and changes in the end-consumer market due to the pandemic. Internally, we will make use of the new factory's storage capacity and geographical advantages to carry out more flexible inventory adjustment strategies in pursuit of profit growth; externally, we will establish a logistics partnership strategy to maintain continuous growth in the Group's operations, so that we can fully meet the projected annual operating targets for each product.

III. The Company's Future Development Strategy

The Company keeps the faith of "Making health sustainable and creating future together". Engaging in food processing, we always put food safety into our first consideration. We monitor the process from raw materials to end-products strictly to ensure the stable quality of the edible oils and flour; therefore, we can earn customer's recognition and praise. By providing good quality products to customers, we are able to create high proficiency ad profit, and construct vision of sustainable health for the Company.

IV. Effect of external competition, the legal environment, and the overall business environment.

(I) Effect of External Competition

Under the effect of global free trade system and regional economic trends, models of import and export trade were more flexible and thus made the domestic competition become fiercer. The Company can handle the total competition from markets by seeking multiple pathways and models, controlling quality with R&D/Logistics Production team, collocating comprehensive sales channels, and strengthening orders management and customer relationship.

(II) Effect of Legal Environment

Compliance with laws and regulations is the most basic principle of business operation, and the effects include consumers, investors, employees and other stakeholders, hence the cost of compliance with various laws and regulations is also increased. In terms of food regulations and feed safety, the Company provides complete raw material source assurance, traceability management, and quality specifications for its products; in terms of sustainability and carbon reduction

planning, the Company has begun greenhouse gas inventory operations and reports quarterly to the Board of Directors on the progress of implementation; in terms of corporate governance, in accordance with the various regulatory amendments made by the competent authorities, the Company timely cooperates to respond with updates.

(III) Effect of Overall Business Environment

2022 was a year of intense volatility, with dramatic changes in the overall economic and international political and economic situation. The war between Russia and Ukraine caused global energy and raw material prices to rise, resulting in a rapid deterioration of the inflation problem, and China took strict control measures on the pandemic, which also had an impact on the supply chain to reduce inflationary pressure, the U.S. Federal Reserve (Fed) has taken the lead in raising interest rates, and various central banks have followed suit, resulting in a slowdown in global economic growth due to many factors. Looking ahead to 2023, uncertainties such as inflation and interest rate hikes, the stalemate in the Russia-Ukraine war, and the ongoing U.S.-China competition have yet to be eliminated, and the impact on the domestic economy must still be closely monitored. With the opening of the border and the relaxation of domestic measures to prevent epidemics, it will boost the growth momentum of cross-border tourism and private consumption of dining out, and domestic demand will become the main support for economic growth. In response to the turbulent economic development, the management team needs to control the inventory of raw materials properly and adjust the capital borrowing position appropriately in order to strengthen the competitiveness of operation.

I hereby earnestly request our shareholders's constant support and cherishing. All the staff of the Company will spare no efforts to create the greatest interest.

Wish you good health and great fortune.

Best Regards,

Chairman SHU, YI-CHEUN

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Two. Company Profile

I. Date of Incorporation/Registration : April 18th, 1986

II. Company History

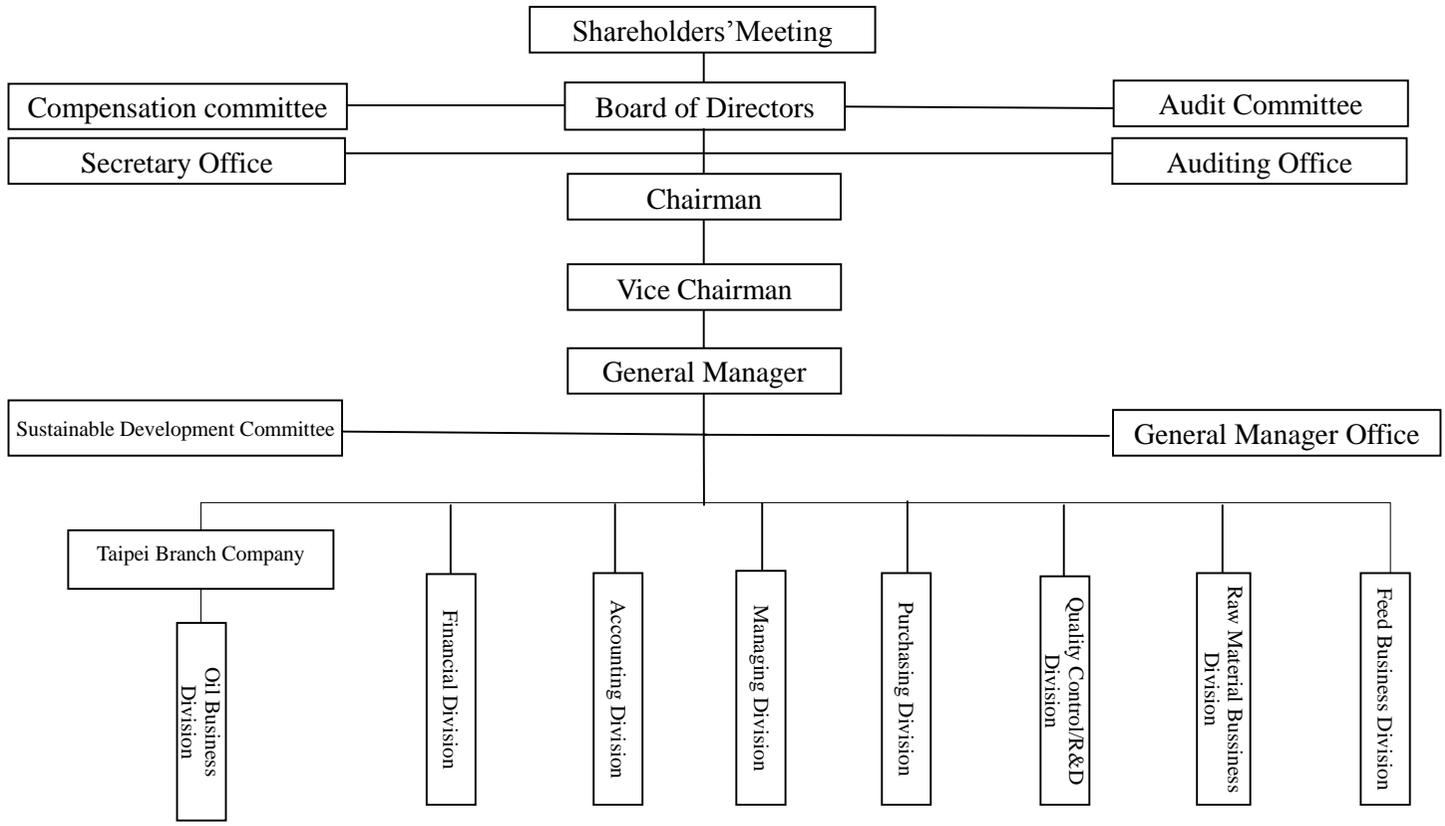
- 1991 Apr. The Company was listed on the Taiwan Stock Exchange
- 1991 Aug. A capital increase of 150,000,000 NTD in cash and 48,310,640 NTD by Capital Surplus Transferred to Capital. the amount of capital was changed to 520,381,580 NTD.
- 1992 Jul. A capital increase of 21,953,590 NTD by cumulative unappropriated earnings and 31,222,900 NTD by Capital Surplus. The amount of capital was changed to 573,558,070 NTD.
- 1992 Dec. The flour plant obtained The GMP Mark Certification.
- 1993 Feb. The oil plant obtained The GMP Mark Certification.
- 1993 Sep. The Company's stock was permitted by the Securities Regulatory Commission and began formal public offering.
- 1994 Mar. A capital increase of 120,000,000 NTD in cash and 30,291,040 NTD by earning. The amount of capital was changed to 723,849,110 NTD.
- 1994 Jul. A capital increase of 34,382,830 NTD by earning. The amount of capital was changed to 758,231,940 NTD.
- 1995 Aug. A capital increase of 150,000,000 NTD in cash, 39,911,600 NTD by earning, and 37,911,600 NTD by Capital Surplus Transferred to Capital. The amount of capital was changed to 986,055,140 NTD. Promoted from second board (TIGER Board) stocks to first board stocks.
- 1996 Jul.
- 1996 Aug. A capital increase of 62,861,020 NTD by earning, 59,163,310 NTD by capital surplus transferred, and 197,200,000 NTD in cash. the amount of capital was changed to 1,305,279,470 NTD.
- 1997 Jun. The flour plant and oil plant obtained The ISO 9002 Certification.
- 1997 Aug. A capital increase of 174,000,000 NTD in cash, 130,527,960 NTD by capital surplus transferred and earning, and 4,079,000 by employee bonus transferred. The amount of capital was changed to 1,613,886,430 NTD.
- 1998 Aug. A capital increase of 166,432,040 NTD by capital surplus transferred and earning. The amount of capital was changed to 1,780,318,470 NTD.
- 1998 Sep. A capital increase of 215,100,000 NTD. The amount of capital was changed to 1,995,418,470 NTD
- 1999 Oct. Investment Board, MOEA Approved investing via the third area. Established FORMOSA OILSEED PROCESSING (NINGBO) LTD. in the mainland China.
- 2002 May Department of Commerce, MOEA approved the Company merging with the subsidiary company, GaoMing Investment Co Ltd. 12,754,819 of treasury shares were cancelled, which equals to

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- 127,548,190 NTD. The amount of capital after cancellation is 1,867,870,280 NTD.
- 2002 Aug. Certified by the ISO 9001 : 2000 / CNS 12681 quality control system certification from Bureau of Standards, Metrology and Inspection, MOEA
- 2004 Feb. Department of Commerce, MOEA approved that the Company cancelled stock repurchase, 9,577,000 shares which equaled to 95,770,000 NTD. The amount of capital is 1,772,100,280 NTD after the cancellation.
- 2004 Sep. Department of Commerce, MOEA approved that the Company cancelled stock repurchase, 14,510,000 shares which equaled to 145,100,000NTD. The amount of capital is 1,627,000,280NTD after the cancellation.
- 2007 Aug. The Company increased the amount of investment up to 420,000,000 NTD in Top Food Industry Corporation at April, 2005, March and December, 2006. Now the Company hold 55.26% of shares.
- 2007 Oct. Transfer the production and sales business of flour to the subsidiary company-Top Food Industry Corporation.
- 2009 Dec. Issue the first secured convertible bonds 500,000,000 NTD domestically.
- 2010 Jul. Department of Commerce, MOEA approved the issuance of convertible bonds converting to new shares, which are 6,510,344 shares, equaled to 65,103,440 NTD. The amount of capital was 1,692,103,720 NTD.
- 2010 Sep. A capital increase of 56,945,000 NTD by earning. The amount of capital was 1,749,048,720 NTD.
- 2011 Sep. A capital increase of 69,961,950 NTD by earning. The amount of capital was 1,819,010,670 NTD.
- 2011 Oct. The Company invested 25,000,000NTD into Yuan He food Co. Ltd. and held its 100% shares.
- 2012 May Department of Commerce, MOEA approved the issuance of convertible bonds converting to new shares, which are 7,633 shares, equaled to 76,330NTD. The amount of capital was 1,819,087,000 NTD.
- 2012 Sep. A capital increase of 54,570,320 NTD by Capital Surplus Transferred to Capital. The amount of capital was 1,873,657,320NTD.
- 2012 Dec. Department of Commerce, MOEA approved the issuance of convertible bonds converting to new shares, which are 24,193 shares, equaled to 241,930 NTD. The amount of capital was 1,873,899,250 NTD after the issuance.
- 2013 Mar. The Company invested 25,000,000 NTD into Yuan He food Co. Ltd. at March, 2013, and held its 100% shares.

2013 Apr.	Department of Commerce, MOEA approved the issuance of convertible bonds converting to new shares, which are 80,644 shares, equaled to 806,440 NTD. The amount of capital was 1,874,705,690 NTD after the issuance.
2013 Sep.	Department of Commerce, MOEA approved the issuance of convertible bonds converting to new shares, which are 9,524,190 shares, equaled to 95,241,900NTD. The amount of capital was 1,969,947,590 NTD after the issuance.
2013 Nov.	After the oil product safety incident, MOEA cancelled the oil plant's GMP certification. The Company cancelled the ISO 9001 and ISO 22000 certification spontaneously.
2014 Feb.	Department of Commerce, MOEA approved the issuance of convertible bonds converting to new shares, which are 124,999 shares, equaled to 1,249,990 NTD. The amount of capital was 1,971,197,580 NTD after the issuance.
2014 Mar.	Department of Commerce, MOEA approved the issuance of convertible bonds converting to new shares, which are 4,316,652 shares, equaled to 43,166,520 NTD. The amount of capital was 2,014,364,100 NTD after the issuance.
2014 Jun.	Department of Commerce, MOEA approved the issuance of convertible bonds converting to new shares, which are 1,233,329 shares, equaled to 12,333,290 NTD. The amount of capital was 2,026,697,390 NTD after the issuance.
2014 Jun.	The Company's oil plant regained the ISO 9001 certification.
2014 Aug.	Department of Commerce, MOEA approved the issuance of convertible bonds converting to new shares, which are 324,998 shares, equaled to 3,249,980 NTD. The amount of capital was 2,029,947,370 NTD after the issuance.
2014 Dec.	Department of Commerce, MOEA approved the issuance of convertible bonds converting to new shares, which are 8,258,321 shares, equaled to 82,583,210 NTD. The amount of capital was 2,112,530,580 NTD after the issuance.
2015 Feb.	Department of Commerce, MOEA approved the issuance of convertible bonds converting to new shares, which are 7,449,993 shares, equaled to 74,499,930 NTD. The amount of capital was 2,187,030,510 NTD after the issuance.
2015 May	The Company's oil plant passed the ISO 22000 and HACCP certifications.
2016 Feb.	The Company's oil plant passed the Islamic HALAL certification.
2016 Mar.	The Company's oil plant joined the Sustainable Roundtable on Sustainable Palm Oil (RSPO) organization.

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- 2018 Mar. The Company's feed plant passed ISO 22000 certification. The Company's oil plant passed the Sanitation And Safety Control Of Food Businesses certification (Secondary Food Quality Control).
- 2018 May. The Company passed the Sustainable Roundtable on Sustainable Palm Oil (RSPO) organization certification.
- 2022 Dec. The Company obtained Taiwan Total Quality Food (TQF) Certification.

I. Organizational System of the Company
 (I) Organization Structure



(II) Businesses of principal divisions

Department	Main Duty
Secretary Office	Handling board of directors, shareholders related meetings, and stock affairs
General Manager Office	Planning managing strategies, commodity purchasing plans, attending related guild meetings, and other assignment from the general manager
Auditing Office	Establishing and operating each internal control system, executing audit plans, providing improving suggestions, and analyzing abnormality
Raw Material Business Division	Responsible for the processing and selling of single raw materials
Oil Business Division	Responsible for producing, selling, planning, and executing of edible oil
Feed Business Division	Responsible for producing, selling, planning, and executing of feed
Quality Control/R&D Division	Responsible for developing new products and quality control
Purchasing Division	Responsible for materials purchasing and managing the safety stock
Financial Division	Responsible for planning and executing financial operations and capital management
Accounting Division	Responsible for planning and executing accounting and tax affairs
Managing Division	Responsible for planning and executing human resource, general affairs, public safety, and information management
Taipei Branch Company	Selling edible oil, soybean meal, flour, and consumer goods

II. Information on the Company's Directors, Supervisors, General Manager, Assistant General Managers, Deputy Assistant General Managers, and the Supervisors of All the Company's Divisions and Branch Units

(I) Information on Directors

1. Directors

Unit: Share May 1, 2023

Title (Note1)	Nationality or place of registration	Name	Gender and Age (Note 2)	Date of Electing (Appointment)	Term of Office	Date of First Elected (Note3)	Shareholdings on election		Current shareholdings		Shares currently held by spouses and/or children of minor age		shares held through nominees		Principal work experience and academic qualification (Note4)	Position(s) held concurrently in the company and/or in any other company	Any other supervisor, Director or Supervisor who is a spouse or a relative within the second degree of kinship of this person			Notes (Note 5)
							Number of shares	Percentage (%)	Number of shares	Percentage (%)	Number of shares	Percenta ge (%)	Numbe r of shares	Percent age (%)			Title	Name	Relatio nship	
Chairman	ROC	JIN SHENG INVESTMENT LTD.	—	2022.6.23	3-year	2017.11.09	2,177,419	1.00	2,177,419	1.00	—	—	—	—	—	—	—	—	—	—
	ROC	Representative: Shu Yi-Cheun	Male 51-60	—	—	—	—	—	1,559,865	0.71	11,071	0.01	—	—	MBA, University of Southern California	Director of Fortune Electric Co., Ltd., CENTRAL UNION OIL CORP., NINGBO FORMOSA OILSEED PROCESSING LTD., Chairman of TOP FOOD INDUSTRY CORPORATION, and FU YOU AN KANG CO., LTD., Chairman & General Manager of JUNG SHIANG INTERNATIONAL CO., LTD.	—	—	—	—
Vice Chairman	ROC	AN-HE INVESTMENT AND HOLDING CO., LTD.	—	2022.6.23	3-year	2022.6.23	215,000	0.10	215,000	0.10	—	—	—	—	—	—	—	—	—	—
	ROC	Representative: Wu Hsing-Cheng	Male 31-40	—	—	—	—	—	1,009,765	0.46	—	—	—	—	Graduated from Department of Computer Science and Information Engineering, Providence University	Chairman of Genesis Technology Inc.	—	—	—	—
Director	ROC	TAI SHENG OCEAN DEVELOPMENT CO., LTD.	—	2022.6.23	3-year	2013.6.25	2,798,619	1.28	2,798,619	1.28	—	—	—	—	—	—	—	—	—	—
	ROC	Representative: Cheng Yi-Chia	Female 41-50	—	—	—	—	—	—	—	—	—	—	—	Dept. of Business Affairs, Kuochi Senior Vocational High School	Audit Supervisor of Shin Tai Industry Co., Ltd.	—	—	—	—
Director	ROC	SHIN FONG TRADING CO., LTD.	—	2022.6.23	3-year	2022.6.23	15,294,867	6.99	15,952,867	7.29	—	—	—	—	—	—	—	—	—	—
	ROC	Representative: Cheng Chao- Heng	Male 51-60	—	—	—	—	—	—	—	—	—	—	—	Master of School of Management, Ming Chuan University	—	—	—	—	—

Title (Note1)	Nationality or place of registration	Name	Gender and Age (Note 2)	Date of Electing (Appointment)	Term of Office	Date of First Elected (Note3)	Shareholdings on election		Current shareholdings		Shares currently held by spouses and/or children of minor age		shares held through nominees		Principal work experience and academic qualification (Note4)	Position(s) held concurrently in the company and/or in any other company	Any other supervisor, Director or Supervisor who is a spouse or a relative within the second degree of kinship of this person			Notes (Note 5)
							Number of shares	Percentage (%)	Number of shares	Percentage (%)	Number of shares	Percentage (%)	Number of shares	Percentage (%)			Title	Name	Relationship	
Director	ROC	MORN SUN FEED MILL CORP.	—	2022.6.23	3year	2016.6.28	5,169,889	2.36	5,169,889	2.36	—	—	—	—	—	—	—	—	—	—
	ROC	Representative: Wu Ching-Teh	Male 71-80	—	—	—	—	—	6,684	—	74,277	0.03	—	—	Business Manager Program at National Chengchi University, Financial Management Program at Sun Yat-sen University	Note 6	—	—	—	—
Director	ROC	SHIN TAI INDUSTRY CO., LTD.	—	2022.6.23	3year	2022.6.23	21,731,939	9.94	24,828,939	11.35	—	—	—	—	—	—	—	—	—	—
	ROC	Representative: Yeh Tzu-Ling	Female 31-40	—	—	—	—	—	62,000	0.03	—	—	—	—	Department of Accounting, Changhua University of Education	Director of FWUSOW INDUSTRY CO., LTD.	—	—	—	—
Independent Director	ROC	Lu Hsin-Hwa	Male 51-60	2022.6.23	3year	2016.6.28	—	—	—	—	—	—	—	Master, Normal University	Chairman of Jingyang Media Technology Co., Ltd.	—	—	—	—	—
Independent Director	ROC	Wang Shang-Ren	Male 31-40	2022.6.23	3year	2022.6.23	—	—	—	—	—	—	—	Ph.D. in Law, Tsinghua University, Beijing	Lawyer of Discernment Law Firm	—	—	—	—	—
Independent Director	ROC	Lien Ren-Lung	Male 61-70	2022.6.23	3year	2020.6.15	—	—	—	—	—	—	—	Department of Environmental Engineering, National Cheng Kung University	General Manager of BIG DOME CORPORATION	—	—	—	—	—

Note1: Corporate shareholder should present name and title separately (Representative's name should shown if exist)

Note2: List the actual age of the person and express it in intervals, such as 41-50 years old or 51-60 years old.

Note3: Date of first elected as a director or a supervisor. Explanation is required if discontinuance occurs.

Note4: Experience related to the current title. Disclosure of the Name and Position of the Person, and the Duration of Employment at the Accounting Firm or Its Affiliated Enterprise.

Note5: Where the chairman of the board of directors and the general manager or person of an equivalent post (the highest-level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto:

(1)The chairman Shu Yi-Chenu is the representative of JIN SHENG INVESTMENT LTD., as the same as the general manager. The Company belongs to commodity industry which needs instant decision-making. The chairman holding a concurrent position as general manager helps instant judgement of purchases, handling of industry information, and international price, and also, makes the board understand the managerial condition fully.

(2)The formal measurements for the Company to strengthen supervision: 1. We have Audit Committee which can efficiently supervise the Company. 2. Over the half of the members of the Board does not hold a concurrent position as an employee or a manager. 3. We strengthen the operating ability of the Board by arranging our members of the Board to attend professional director courses.

Note6: Chairman and President of MORN SUN FEED MILL CORPORATION, Chairman of MORN SUN FOODS CORPORATION, Chairman of FineTek Co., Ltd., Corporate Director representative of Formosa Oilseed Processing Co., Ltd., Corporate Director representative of TOP FOOD INDUSTRY CORPORATION, Director of Switchlab Inc., Director of Mao De Investment Co., Ltd.

2. Principal shareholders of institutional shareholders

May 1, 2023

Name of institutional Shareholder (Note1)	Principal shareholders of institutional shareholders (Note2)
MORN SUN FEED MILL CORP.	Huang Pei-Ling 7.14%, Huang Qi-Ye 6.67%, Lung De International Business Co., Ltd. 5.88%, Huang Qiang 4.68%, Ye Xue-Ling 3.81%, Xu Zhuo Feng-Jiao 3.59%, FineTek Co., Ltd. 3.53%, Huang Da-You 3.45%, Wu Shang-Ying 2.72%, Huang Yun-Hui 2.31%
JIN SHENG INVESTMENT LTD.	Shu, Yi-Cheun 38%, Kuan, Yiao-Lan 19%, Shu, Yi-Xuan 19%, Shu, Yi-Xin 19%
TAI SHENG OCEAN DEVELOPMENT CO., LTD.	Shin Tai Industry Co., Ltd. 100%
SHIN TAI INDUSTRY CO., LTD.	An Ding Investment Co., Ltd. 44.43%, TONG ANN CHEMICALS CO., LTD. 17.99%, MEI ANN BIOCHEMICAL TECHNOLOGY CO., LTD. 9.90%, NONG ANN BIOTECHNOLOGY CO., LTD. 8.35%, An Da Investment Co., Ltd. 4.46%, SHIN FONG TRADING CO., LTD. 3.26%, An He Investment Holding Co., Ltd. 2.35%, Wu Hsing-Cheng 1.79%, Qin Hui-Ru 1.13%, Wu Mei-Hong 0.63%
SHIN FONG TRADING CO., LTD.	Shin Tai Industry Co., Ltd. 100%
AN HE INVESTMENT HOLDING CO., LTD.	Wu Xiao-Yuan 56.36%, Wu Hsing-Ho 20%, Qin Hui-Ru 18.18%, Wu Chin-Chuan 1.82%, Lin Yueh-Tin 1.82%, Wu Hsing-Cheng 1.82%

Note1: For directors and supervisors acting as the representatives of institutional shareholders, this section shall indicate the names of the institutional shareholders

Note2: This section shall indicate the names of its 10 largest shareholders and the holding percentage of each. If the shareholder is an institution, fill up the following table.

Note3: For institutional shareholders not belonging to company organization, the aforementioned shareholders' names and percentage equal to donors' names and donating percentage (see the announcement from the Judicial Yuan). If the donor has passed away, note the person is "Deceased".

3. Principal shareholders of the principal shareholders who are juristic persons

Corporation name (Note1)	Principal shareholders of institutions (Note2)
Lung De International Business Co., Ltd.	Huang Da-Chong 26.7%, Huang Yun-Hui 8.9%, Huang Yun-Wen 7.5%, Huang Yun-Tian 7.5%
FineTek Co., Ltd.	Wu Ding-Guo 9.99%, Wu Ding-Guo segregated trust account of UBS Taipei Branch 8.54%, Lin Mi 8.18%, Wu Qui-Yong 7.76%, Wu Shao-Pei 6.72%, Yong Yi Investment Co., Ltd. 6.51%, Yi Da Investment Co., LTD. 6.43%, Wu Shao-Juan 5.60%, Yuan Shan-Ming 2.24%, Wu Ching-Teh 2.00%
An Ding Investment Co., Ltd.	Shin Tai Industry Co., Ltd. 48.84%, MEI ANN BIOCHEMICAL TECHNOLOGY CO., LTD. 6.34%

TONG ANN CHEMICALS CO., LTD.	Shin Tai Industry Co., Ltd. 39.16%, MEI ANN BIOCHEMICAL TECHNOLOGY CO., LTD.19.23%, An Ding Investment Co., Ltd.19.23%, Wu Chin-Chuan 19.23%
MEI ANN BIOCHEMICAL TECHNOLOGY CO., LTD.	Shin Tai Industry Co., Ltd. 36.21%, An Ding Investment Co., Ltd. 18.97%, TONG ANN CHEMICALS CO., LTD. 10.34%, Wu Chin-Chuan 17.24%
NONG ANN BIOTECHNOLOGY CO., LTD.	Tu Gui-Siang 13.64%
An Da Investment Co., Ltd.	Shin Tai Industry Co., Ltd. 47.79%, Lin Wan-Neng 5.42%, Wu Xiao-Yuan 2.23%, Wu Hsing-Cheng 1.94%

Note1: For principal shareholders are institutional shareholders, this section shall indicate the names of the institutional shareholders

Note2: This section shall indicate the names of its 10 largest shareholders and the holding percentage of each. If the shareholder is an institution, fill up the following table.

Note3: For institutional shareholders not belonging to company organization, the aforementioned shareholders' names and percentage equal to donors' names and donating percentage (see the announcement from the Judicial Yuan). If the donor has passed away, note the person is "Deceased".

4. Disclosure of the qualifications of directors and independence situations of independent directors:

Name (Note 1)		Condition	Professional Qualifications and Experiences (Note 1)	Independence Situation (Note 2)	Number of other public companies in which director is acting as independent director
Chairman	JIN SHENG INVESTMENT LTD. rep. : Shu Yi-Cheun		MBA, University of Southern California, currently the Chairman and General Manager of the Company, has over five years of relevant working experience.	None of the conditions indicated under Article 30 of the Company Act apply.	0
Vice Chairman	AN-HE INVESTMENT AND HOLDING CO., LTD. rep. : Wu Hsing-Cheng		Graduated from Department of Computer Science and Information Engineering, Providence University, currently the Vice Chairman of the Company and Chairman of Genesis Technology Inc., has over five years of experience working in commercial and experience required by the Company's business.	None of the conditions indicated under Article 30 of the Company Act apply.	0
Director	MORN SUN FEED MILL CORP. rep. : Wu Ching-Teh		Business Manager Program at National Chengchi University, currently the Chairman and General Manager of MORN SUN FEED MILL CORP., has over five years of experience working in commercial and experience required by the Company's business.	None of the conditions indicated under Article 30 of the Company Act apply.	0
Director	SHIN TAI INDUSTRY CO., LTD. rep. : Yeh Tzu-Ling		Department of Accounting, Changhua University of Education, currently the Director of FWUSOW INDUSTRY CO., LTD., has over five years of experience working in commercial and experience required by the Company's business.	None of the conditions indicated under Article 30 of the Company Act apply.	0
Director	TAI SHENG OCEAN DEVELOPMENT CO., LTD. rep. : Cheng Yi-Chia		Dept. of Business Affairs, Kuochi Senior Vocational High School, currently the Audit Supervisor of Shin Tai Industry Co., Ltd., has over five years of experience working in commercial and experience required by the Company's business.	None of the conditions indicated under Article 30 of the Company Act apply.	0
Director	SHIN FONG TRADING CO., LTD. rep. : Cheng Chao- Heng		Master of School of Management, Ming Chuan University, has over five years of experience working in commercial and experience required by the Company's business.	None of the conditions indicated under Article 30 of the Company Act apply.	0
Independent Director	Lu Hsin-Hwa		MA, National Taiwan Normal University, currently Chairman of Ching Yang Communications Technology Co., Ltd., Convener of the Company's Audit Committee, and also the member of the Company's Audit Committee and Remuneration Committee, has over five years of relevant working experience. None of the conditions indicated under Article 30 of the Company Act apply.	1. The person, their spouse, relative within the second degree of kinship are not the director, supervisor, or employee of the Company or related enterprises. 2. The person, their spouse, relative within the second degree of kinship do not hold the Company's shares. 3. Not a director, supervisor, or employee at an enterprise that has a specific relationship with the Company (Refer to the provisions of Article 3, Paragraph 1, Subparagraphs 5 to 8 of the Measures for the Establishment of Independent Directors of Public Offering Companies and the Matters to be Followed). 4. In the past two years, there has been no remuneration for providing business, legal, financial, accounting and other services to the Company or its affiliates.	0

Name (Note 1)		Condition	Professional Qualifications and Experiences (Note 1)	Independence Situation (Note 2)	Number of other public companies in which director is acting as independent director
Independent Director	Wang Shang-Ren		Ph.D. in Law, Tsinghua University Beijing, currently the Lawyer of Discernment Law Firm and the Convener of the Company's Remuneration Committee, and also the member of the Company's Audit Committee and Remuneration Committee, qualified as a lawyer with over five years of relevant work experience. None of the conditions indicated under Article 30 of the Company Act apply.	1. The person, their spouse, relative within the second degree of kinship are not the director, supervisor, or employee of the Company or related enterprises. 2. The person, their spouse, relative within the second degree of kinship do not hold the Company's shares. 3. Not a director, supervisor, or employee at an enterprise that has a specific relationship with the Company (Refer to the provisions of Article 3, Paragraph 1, Subparagraphs 5 to 8 of the Measures for the Establishment of Independent Directors of Public Offering Companies and the Matters to be Followed). 4. In the past two years, there has been no remuneration for providing business, legal, financial, accounting and other services to the Company or its affiliates.	0
Independent Director	Lien Ren-Lung		Department of Environmental Engineering, National Cheng Kung University, currently the General Manager of BIG DOME CORPORATION, and the member of the Company's Audit Committee and Remuneration Committee, has over five years of experience working in commercial and experience required by the Company's business. None of the conditions indicated under Article 30 of the Company Act apply.	1. The person, their spouse, relative within the second degree of kinship are not the director, supervisor, or employee of the Company or related enterprises. 2. The person, their spouse, relative within the second degree of kinship do not hold the Company's shares. 3. Not a director, supervisor, or employee at an enterprise that has a specific relationship with the Company (Refer to the provisions of Article 3, Paragraph 1, Subparagraphs 5 to 8 of the Measures for the Establishment of Independent Directors of Public Offering Companies and the Matters to be Followed). 4. In the past two years, there has been no remuneration for providing business, legal, financial, accounting and other services to the Company or its affiliates.	0

Note 1 : Professional qualifications and experience: state the professional qualifications and experience of individual directors and supervisors. If they are members of the audit committee and have accounting or financial expertise, their accounting or financial background and work experience should be stated, and whether the situations listed in Article 30 of the Company Law apply to each case.

Note 2 : Independent directors shall state their independence, including but not limited to whether they, their spouse, or relatives within the second degree are the directors, supervisors or employees of the company or its affiliated companies; the number and proportion of the company's shares held in the name of another person; whether they serve as a director, supervisor, or employee of a company that has a specific relationship with the company (refer to the provisions of Article 3, Paragraph 1, Subparagraphs 5 to 8 of the Regulations on the Establishment of Independent Directors and Matters to be Followed by Public Offering Companies); the amount of remuneration received for providing business, legal, financial, accounting and other services to the company or its affiliates in the last two years.

5 Diversity and independence of the Board of Directors:

(1) Diversity of the Board of Directors:

1. Diversity Policy:

According to Article 20 of the Company's "Code of Practice on Corporate Governance", the composition of the board of directors should consider diversity, and formulate an appropriate diversity policy based on its own operation, operation type and development needs. It should include but not limited to the following standards:

- A. Basic conditions and values: gender, age, nationality and culture, etc.
- B. Professional knowledge and skills: professional background (e.g., law, accounting, industry, finance, marketing or technology), professional skills and industry experience, etc.

2. Specific management goals:

The Board of Directors of the Company shall guide the company's strategy, supervise the management level, and take responsibility for the Company and its shareholders. The operations and arrangements of its corporate governance system shall ensure that the Board of Directors exercises its functions and powers in accordance with laws and regulations, the Company's Articles of Association or the resolutions of the Shareholders' Meeting. The composition of the Board of Directors shall generally possess the necessary knowledge, skills and qualities to perform their duties. In order to achieve the ideal goals of corporate governance, the Board of Directors as a whole should have the following capabilities:

- A. Operational judgment.
- B. Accounting and financial analysis skills.
- C. Management ability.
- D. Crisis handling ability.
- E. Industry knowledge.
- F. International Market View.
- G. Leadership ability.
- H. Decision-making ability.

3. The status of the diversity of the Board of Directors is as follows:

The current Board of Directors of the Company consists of 9 directors with rich experience and expertise in the fields of finance, law, business, and management. In addition, the Company also pays attention to gender equality in the composition of the Board of Directors. The target ratio of female directors is over 20%. At present, there are 9 directors, including 2 female directors, with a ratio of 22.22%. The relevant implementation situation is as follows:

May 5, 2023

Name	Gender	Age				Years as independent director			Professional Knowledge and Skills						
		31-40	41-50	51-60	61 and up	Under 3 years	3-9 years	Over 9 years	Management	Leadership capability	Industry knowledge	Accounting and financial analysis	Law	Crisis Management	International Market View
Shu Yi-Cheun	Male			✓					✓	✓	✓	✓		✓	✓
Wu Hsing-Cheng	Male	✓							✓	✓	✓			✓	✓
Yeh Tzu-Ling	Female	✓							✓	✓	✓	✓	✓	✓	✓
Cheng Yi-Chia	Female		✓						✓		✓	✓			
Wu Ching-Teh	Male				✓				✓	✓	✓			✓	✓
Cheng Chao-Heng	Male			✓					✓	✓	✓	✓		✓	✓
Lu Hsin-Hwa	Male			✓			✓		✓	✓	✓			✓	✓
Lien Ren-Lung	Male				✓		✓		✓	✓		✓		✓	✓
Wang Shang-Ren	Male	✓				✓							✓	✓	

(2) Independence of the directors:

The current Board of Directors of the Company consists of 9 directors, including 3 independent directors (accounting for 33.33%). None of the directors are spouses or relatives within the second degree of kinship, which complies with the provisions of Article 26-3, Paragraph 3 and Paragraph 4 of the Securities and Exchange Act.

(II) Information on the Company's Directors, Supervisors, General Manager, Assistant General Managers, Deputy Assistant General Managers, and the Supervisors of All the Company's Divisions and Branch Units

Unit: Share May 1, 2023

Title (Note1)	Nationality	Name	Gender	Date of Election (Appointment)	Shares held		Shares held by spouses and/or children of minor age		Shares held through nominees		Principal work experience and academic qualifications (Note2)	Positions Held Concurrently in Other Companies	Any other managerial officer who is a spouse or a relative with the second degree of kinship of this person			Note (Note3)
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Chairman and General Manager	ROC	Shu Yi-Cheun	Male	2016.08.05	1,559,865	0.71	11,071	0.01	—	—	MBA, University of Southern California	Director of Fortune Electric Co., Ltd., CENTRAL UNION OIL CORP., NINGBO FORMOSA OILSEED PROCESSING LTD., Chairman of TOP FOOD INDUSTRY CORPORATION and FU YOU AN KANG CO., LTD., Chairman & General Manager of JUNG SHIANG INTERNATIONAL CO., LTD	—	—	—	Note3
Vice General Manager	ROC	Chang Chih-Pin	Male	2020.11.11	—	—	4,000	—	—	—	M.S. in Marketing, National Chung Hsing University	Director of NINGBO FORMOSA OILSEED PROCESSING, LTD.	—	—	—	—
Senior Assistant Manager	ROC	Chang Chin-Yu	Male	2016.06.01	12,383	0.01	—	—	—	—	National MinShyong Vocational High School of Agriculture & Industry	None	—	—	—	—
Assistant Manager	ROC	Lin Fang-Ru	Female	2020.10.30	20,860	0.01	640	—	—	—	Business Management, Ling Tung Junior Colleges of Commerce	None	—	—	—	—
Assistant Manager	ROC	Hsieh Chiang-Ling	Male	2020.10.30	—	—	—	—	—	—	M.S. in Industrial Management, National Central University	Supervisor of FU YOU AN KANG CO., LTD.	—	—	—	—
Assistant Manager	ROC	Chiu Pao-Sheng	Male	2020.10.30	—	—	—	—	—	—	B.S. in Adolescence and Child welfare, Providence University	None	—	—	—	—
Assistant Manager	ROC	Kuo Chung-Yi	Male	2021.07.01	—	—	—	—	—	—	B.A. in Accounting, National Chung Hsing University	Supervisor of NINGBO FORMOSA OILSEED PROCESSING, LTD.	—	—	—	—
Senior Manager	ROC	Tan Rong-Kai	Male	2022.09.28	—	—	—	—	—	—	Institute of Medical & Biological Engineering, RWTH Aachen University	None	—	—	—	—
Senior Manager	ROC	Huang Shi-Fen	Female	2023.05.25	—	—	—	—	—	—	Graduate Institute of Accounting, Soochow University	None	—	—	—	Note4
Manager	ROC	Lee Chien-Yi	Male	2020.03.27	—	—	—	—	—	—	M.S. in Finance, Chaoyang University of Technology	Manager of TOP FOOD INDUSTRY CORPORATION · Supervisor of JUNG SHIANG INTERNATIONAL CO., LTD.	—	—	—	—
Manager	ROC	Liao Jian-Shing	Male	2022.07.01	—	—	—	—	—	—	Graduate Institute of International Economics, Chung Cheng University	None	—	—	—	—

Note1: This section should include information of Information on the Company's General Manager, Assistant General Managers, Deputy Assistant General Managers, and the Supervisors of all the Company's divisions and branch units. And any title equals to General Manager, Assistant General Manager, or Assistant Manager shall be revealed.

Note2: Experience relates to the current position If the person held a post in the firm that the CPA is affiliated with or its associated enterprise, description of the title and duty is required.

Note3: If the chairman, general manager or person holding an equivalent position are the same person or are spouses, the information regarding the reasons, reasonableness, necessity and countermeasures (such as adding more seats of independent directors, with a majority of directors not concurring employees or managers) shall be disclosed.

(1) The chairman SHU, YI-CHEUN is the representative of JIN SHENG INVESTMENT LTD., as the same as the general manager. The Company belongs to commodity industry which needs instant decision-making. The chairman holding a concurrent position as general manager making instant judgement of purchases, handling of industry information, and international price, and also, makes the board understand the managerial condition fully.

(2) The formal measurements for the Company to strengthen supervision: 1. We have Audit Committee which can efficiently supervise the Company. 2. Over the half of the members of the Board does not hold a concurrent position as an employee or a manager. 3. We strengthen the operating ability of the Board by arranging our members of the Board to attend professional director courses.

Note 4: The former Accounting Supervisor Lin Fang-Ru retired on May 25, 2023 and was replaced by Senior Manager Huang Shih-Fen.

III. Remunerations Paid in the Most Recent Fiscal Year to Directors, Supervisors, President and Vice Presidents
(I) Remuneration to the Directors and Independent Directors

Unit: NT\$1,000 ; % December 31, 2022

Title	Name (Note 1)	Remuneration of Directors								Sum of A, B, C, and D and after- tax earnings ratio (Note 10)	Relevant remunerations received by Directors who are also employees								Total amount of A, B, C, D, E, F, and G, and percentage of net income after tax (Note 10)	Claim of remunerat ions from re- invested businesses other than subsidiar ies or the parent company (Note 11)					
		Remunerati on (A) (Note 2)		Retirement allowance/ severance (B)		Remuneration to Directors (C)(Note 3)		Businesses execution expenses (D) (Note 4)			Salary, bonus and special disbursement (E) (Note 5)		Retirement allowance/ severance (F)		Employees' compensation (G) (Note 6)										
		This co mp any	Compan ies in the financia l statem ents (Note 7)	This co mp any	Compan ies in the financia l statem ents (Note 7)	This comp any	Compan ies in the financia l statem ents (Note 7)	This co mp any	Compan ies in the financia l statem ents (Note 7)		This comp any	Compan ies in the financia l statem ents (Note 7)	This comp any	Compan ies in the financia l statem ents (Note 7)	This comp any	Compan ies in the financia l statem ents (Note 7)	Curre nt value	Stock value			Curre nt value	Stock value	This comp any	Compan ies in the financia l statem ents (Note 7)	
Chairman	JIN SHENG INVESTMENT LTD.	-	-	-	-	1,571	1,571	-	-	1,571	1,571	0.43%	0.43%	-	-	-	-	-	-	1,571	1,571	0.43%	0.43%	None	
	Representative : Shu Yi-Cheun	-	-	-	-	-	-	32	38	32	38	0.01%	0.01%	2,680	2,680	108	108	223	-	223	-	3,043	3,049	0.82%	0.83%
Vice Chairman	TAI SHENG OCEAN DEVELOPMENT CO., LTD.	-	-	-	-	745	745	-	-	745	745	0.20%	0.20%	-	-	-	-	-	-	745	745	0.20%	0.20%	None	
	Representative : Lin Yueh-Tin(*4)	-	-	-	-	-	-	42	48	42	48	0.01%	0.01%	1,292	1,292	52	52	-	-	-	-	1,386	1,392	0.38%	0.38%
Director	TAI SHENG OCEAN DEVELOPMENT CO., LTD.	-	-	-	-	1,571	1,571	-	-	1,571	1,571	0.43%	0.43%	-	-	-	-	-	-	1,571	1,571	0.43%	0.43%	None	
	Representative : Yeh Wen-Lung (*4)	-	-	-	-	-	-	20	26	20	26	0.01%	0.01%	-	-	-	-	-	-	20	26	0.01%	0.01%	None	
	Representative : Cheng Yi-Chia (*4)	-	-	-	-	-	-	8	8	8	-	-	-	-	-	-	-	-	-	8	8	-	-	None	
Director	MORN SUN FEED MILL CORP.	-	-	-	-	1,571	1,571	-	-	1,571	1,571	0.43%	0.43%	-	-	-	-	-	-	1,571	1,571	0.43%	0.43%	None	
	Representative : Huang Qiang(*4)	-	-	-	-	-	-	28	37	28	37	0.01%	0.01%	-	-	-	-	-	-	28	37	0.01%	0.01%	None	
	Representative : Wu Ching-Teh (*4)	-	-	-	-	-	-	4	16	4	16	-	-	-	-	-	-	-	-	4	16	-	-	None	
Director (*4)	Huaide Insurance Agent Company	-	-	-	-	745	745	-	-	745	745	0.20%	0.20%	-	-	-	-	-	-	745	745	0.20%	0.20%	None	
	Representative : Hsu Wei-Ping	-	-	-	-	-	-	12	12	12	12	-	-	-	-	-	-	-	-	12	12	-	-	None	
Director (*4)	You Wei Investment Corp.	-	-	-	-	745	745	-	-	745	745	0.20%	0.20%	-	-	-	-	-	-	745	745	0.20%	0.20%	None	
	Representative : Lin Wen-Peng	-	-	-	-	-	-	12	12	12	12	-	-	-	-	-	-	-	-	12	12	-	-	None	

Title	Name (Note 1)	Remuneration of Directors										Relevant remunerations received by Directors who are also employees						Total amount of A, B, C, D, E, F, and G, and percentage of net income after tax (Note 10)		Claim of remunerations from re-invested businesses other than subsidiaries or the parent company (Note 11)				
		Remuneration (A) (Note 2)		Retirement allowance/severance (B)		Remuneration to Directors (C)(Note 3)		Businesses execution expenses (D) (Note 4)		Sum of A, B, C, and D and after-tax earnings ratio (Note 10)		Salary, bonus and special disbursement (E) (Note 5)		Retirement allowance/severance (F)		Employees' compensation (G) (Note 6)								
		This company	Companies in the financial statements (Note 7)	This company	Companies in the financial statements (Note 7)	This company	Companies in the financial statements (Note 7)	This company	Companies in the financial statements (Note 7)	This company	Companies in the financial statements (Note 7)	This company	Companies in the financial statements (Note 7)	This company	Companies in the financial statements (Note 7)	This company	Companies in the financial statements (Note 7)	This company	Companies in the financial statements (Note 7)					
Director	Shin Tai Industry Co., Ltd.	-	-	-	-	827	827	-	-	827	827	0.22%	0.22%	-	-	-	-	-	-	827	827	0.22%	0.22%	None
	Representative : Li Ming-Shun(*4)	-	-	-	-	-	-	8	8	8	8	-	-	-	-	-	-	-	-	8	8	-	-	None
	Representative : Wu Chin-Chuan(*4)	-	-	-	-	-	-	8	8	8	8	-	-	-	-	-	-	-	-	8	8	-	-	None
Director	Shin Fong Trading Co., Ltd.	-	-	-	-	827	827	-	-	827	827	0.22%	0.22%	-	-	-	-	-	-	827	827	0.22%	0.22%	None
	Representative : Cheng Chao-Heng	-	-	-	-	-	-	16	16	16	16	-	-	-	-	-	-	-	-	16	16	-	-	None
Director	An-He Investment and Holding Co., Ltd.	-	-	-	-	827	827	-	-	827	827	0.22%	0.22%	-	-	-	-	-	-	827	827	0.22%	0.22%	None
	Representative : Lin Yueh-Tin (*4)	-	-	-	-	-	-	16	22	16	22	-	0.01%	-	-	-	-	-	-	16	22	-	0.01%	None
Independent Director	Chen Chong-Rui (*4)	231	231	-	-	-	-	12	12	243	243	0.07%	0.07%	-	-	-	-	-	-	243	243	0.07%	0.07%	None
Independent Director	Huang Shi-Hui (*4)	231	231	-	-	-	-	12	12	243	243	0.07%	0.07%	-	-	-	-	-	-	243	243	0.07%	0.07%	None
Independent Director	Lu Hsin-Hwa	480	480	-	-	-	-	32	32	512	512	0.14%	0.14%	-	-	-	-	-	-	512	512	0.14%	0.14%	None
Independent Director	Wang Shang-Ren	249	249	-	-	-	-	20	20	269	269	0.07%	0.07%	-	-	-	-	-	-	269	269	0.07%	0.07%	None
Independent Director	Lien Ren-Lung	249	249	-	-	-	-	20	20	269	269	0.07%	0.07%	-	-	-	-	-	-	269	269	0.07%	0.07%	None

1. Please specify the payment policy, system, standards and structure of the remuneration of independent directors, as well as the relevance between the factors, such as their responsibilities, risks, input time and the amount of paid remuneration: the Company's independent directors are paid with only fixed monthly transportation, but no performance bonus or any remuneration for directors/supervisors.

2. Other than the disclosures in the previous table, please specify the remunerations paid to the directors who provided services to any company in the financial statements (such as serving as non-employee advisor) in the recent year: None

*Disclosure of the related information on Directors (Independent Director excluded) and Independent Director:

- *1. No retirement allowance/ severance was given in 2022. 2. The item F means withdrawal of capitalized retirement allowance/ severance in 2022. 3. Remuneration of Directors and employees is proposed figure.
4. Change of representative of Tai Sheng Ocean Development Co., Ltd.: Yeh Wen-Lung resigned on 2022.08.11 and reassigned Cheng Yi-Chia as representative since then.
Change of the representative of MORN SUN FEED MILL CORPORATION: Huang Qiang resigned on 2022.10.05, and reassigned Wu Ching-Teh as representative since 2022.10.14.
Change of representative of SHIN TAI INDUSTRY CO., LTD.: Lee Ming-Shun resigned on 2022.08.11 and reassigned Wu Chin-Chuan; Wu Chin-Chuan resigned on 2023.04.12 and reassigned Yeh Tzu-Ling as representative since 2023.05.05.
Change of representative of An He Investment Holding Co., Ltd.: Lin Yueh-Tin resigned and reassigned Wu Hsing-Cheng as the representative since 2023.3.15.
2022.6.23 Resigned due to re-election: Tai Sheng Ocean Development Co., Ltd. reassigned representative: Lin Yueh-Tin; Huaide Insurance Agent Co. representative: Hsu Wei-Ping; You wei Investment Co., Ltd. representative: Lin Wen-Peng; independent director: Chen Chong-Rui; independent director: Huang Shi-Hui.

Note1: Names of Directors shall be listed separately (names and representatives of the institutional shareholders shall be listed separately) and Directors and Independent Directors shall be categorized separately and each amount of payment shall be disclosed on an aggregate basis. Where the Chairman concurrently serves as the General Manager or Assistant General Manager, this table and remuneration paid to General Manager and Assistant General Managers shall be completed (to disclose aggregate remuneration information with the name(s) indicated for each remuneration range), and the remuneration brackets shall be specified.

Note2: It indicates the remuneration paid to Directors (including Directors' salaries, duty allowances, severance pay, various bonuses and incentives, etc.) for the most recent fiscal year.

Note3: The distribution amount of remuneration to Directors approved by the Board of Directors for the most recent fiscal year shall be provided.

Note4: It indicates the expenses related to business executions of Directors (including travel expenses, special disbursement, allowances, accommodation, company car, and other physical items) for the most recent fiscal year. Where houses, cars, other means of transportation, or expenditures exclusively for individuals are offered, the nature and costs of the offered assets, the actual rent or fair market rent, expenses on fuel and other benefits shall be disclosed. In addition, where a driver is placed, please provide an explanation in the notes on the compensation paid to the driver by the company, which is not included in the remuneration. In addition, where a driver is placed, please provide an explanation in the notes on the compensation paid to the driver by the company, as it is not included in the remuneration.

Note5: It indicates the remuneration paid to a director who is also an employee (position held currently as General Manager, Assistant General Managers, other managerial officers or an employee) including directors' salaries, duty allowances, severance pay, various bonuses and incentives, etc., for the most recent fiscal year. Where houses, cars, other means of transportation, or expenditures exclusively for individuals are offered, the nature and costs of the offered assets, the actual rent or fair market rent, expenses on fuel and other benefits shall be disclosed. In addition, where a driver is placed, please provide an explanation in the notes on the compensation paid to the driver by the company, which is not included in the remuneration. In addition, where a driver is placed, please provide an explanation in the notes on the compensation paid to the driver by the company, as it is not included in the remuneration. In addition, the salaries recognized by IFRS 2 "Share-based Payment;" including the employee stock certificates, restricted employee rights to new shares and participation in cash replenishment of shares; must be calculated as compensation.

Note6: It indicates the employees' remuneration (including stocks and cash) received by a Director who is also an employee (including the position held currently as General Manager, Assistant General Managers, other managerial officer or an employee) for the most recent fiscal year, the distribution amount of employees' remunerations approved by the Board of Directors for the most recent fiscal year shall be disclosed. If it cannot be estimated, the proposed distribution amount this year shall be calculated in proportion to the actual distribution amount last year. For employee bonus paid to managerial officers, the names and distribution shall be additionally provided.

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

Note 8: The total remunerations paid to Directors by this Company, the name of a Director shall be disclosed in the corresponding remuneration range.

Note 9: The names of the directors must be disclosed in the attributable pay grade of the various remuneration amounts paid to the various directors by all of the companies listed in the consolidated report (including this company).

Note 10: After-tax earnings refer to the after-tax earnings listed in the unconsolidated or individual financial statements in the recent year.

Note 11: a. The amount of relevant remunerations received by a Supervisor of this Company from the invested company other than subsidiaries, or the parent company, shall be provided clearly in this column (please indicate "none" if there is no such remuneration)

b. Where Directors of this Company received relevant remunerations from the invested company other than subsidiaries, or the parent company, the remunerations received by Directors of this Company from the invested company other than subsidiaries shall be included in the "I" column of the remuneration range table with the field name changed to "the parent company and all reinvested companies."

c. The compensation refers to relevant remunerations to the Company's Directors including remunerations, compensation (including employees' remunerations and remunerations to Directors and Supervisors) and business execution expenses received by a Director of this Company in the capacity of a Directors, Supervisor or Managerial Officer of the invested company or the parent company.

* The information on the compensation disclosed in this table is different from the concept of income of the Income Tax Act. Therefore, the purpose of this Table is for information disclosure only and not for tax purposes.

(II) Remunerations for the General Manager and Vice General Manager

Unit: NT\$ 1000

Title	Name	Salaries(A) (Note2)		Retirement allowance/ severance (B)		Bonus and special expenditure (C)(Note 3)		Employee remunerations (D) (Note 4)				Sum of A, B, C, and D and after-tax earnings ratio (Note 8)		Receiving remuneration from a subsidiary company or parent company (Note9)
		This compa ny	Compa nies in the financial statemen ts(Note 5)	This compa ny	Compa nies in the financi al statem ents(N ote5)	This compa ny	Compa nies in the financi al statem ents(N ote5)	This company		Companies in the financial statements(Note5)		This company	Companie s in the financial statements (Note 5)	
								Curre nt value	Stock Value	Current value	Stock Value			
Chairman and General Manager	Shu Yi- Cheun	2,680	2,680	108	108	-	-	223	-	223	-	3,011 0.82%	3,011 0.82%	None
Vice General Manager	Chang Chih -Pin	1,676	1,676	99	99	791	791	171	-	171	-	2,737 0.74%	2,737 0.74%	None

* Any title equals to General Manager or Vice General Manager shall be disclosed.

Note 1: Names of general managers and vice general managers shall be listed separately and individual payments made shall be disclosed through a summary. Where the Chairman concurrently serves as the General Manager or Assistant General Manager, this table and remuneration paid to Directors/Independent Directors shall be completed (to disclose aggregate remuneration information with the name(s) indicated for each remuneration range) and the remuneration brackets shall be specified.

Note 2: Salaries, additional pay, and severance pay for general managers and vice general managers in the latest year.

Note 3: Various prizes, awards, transportation, special expenditure, various allowances, dormitory, cars and other actual items provided and other compensations for general managers and vice general managers in the latest year. Where houses, cars, other means of transportation, or expenditures exclusively for individuals are offered, the nature and costs of the offered assets, the actual rent or fair market rent, expenses on fuel and other benefits shall be disclosed. In addition, where a driver is placed, please provide an explanation in the notes on the compensation paid to the driver by the company, which is not included in the remuneration. In addition, where a driver is placed, please provide an explanation in the notes on the compensation paid to the driver by the company, as it is not included in the remuneration. In addition, the salaries recognized by IFRS 2 "Share-based Payment;" including the employee stock certificates, restricted employee rights to new shares and participation in cash replenishment of shares; must be calculated as compensation.

Note 4: Employee remunerations (including stock and cash) distributed to general managers and vice general managers through the Board of Directors in the latest year (including stock and cash). If it is impossible to estimate the value planned to be distributed this year, follow the actual value distributed last year and calculate proportionally. In addition, the attached Table 1-3 shall be completed.

Note 5: The total value of remunerations paid to general managers and vice general managers of the Company by all companies in the Consolidated Report (including the Company) shall be disclosed.

Note 6: For the total value of various remunerations paid to each general manager and vice general manager by the Company, disclose the name of the general manager and the vice general manager in the respective bracket.

Note 7: For the total value of various remunerations paid to each general manager and vice general manager of the Company by all companies (including the Company) in the Consolidated Report, disclose the name of the general manager and vice general manager in the respective bracket.

Note 8: After-tax earnings refer to the after-tax earnings listed in the unconsolidated or individual financial statements in the recent year.

Note 9: a. The amount of relevant remunerations received by the general managers and vice general managers of this Company from the invested company other than subsidiaries, or the parent company, shall be provided clearly in this column (please indicate "none" if there is no such remuneration)

b. In the event that the general managers and vice general managers of the Company claim related remunerations from reinvested businesses other than subsidiaries or the parent company, the said remunerations shall be combined in Column E of the remuneration bracket table and the name of the column shall be changed to "the parent company and all reinvested businesses."

c. Remunerations are the compensation, rewards (including rewards for employees, directors and supervisors) and operational expenses, among others, claimed by general managers and vice general managers of the Company who serve as the director, supervisor or manager at a reinvested business other than the subsidiary or the parent company.

* The information on the compensation disclosed in this table is different from the concept of income of the Income Tax Act.

Therefore, the purpose of this Table is for information disclosure only and not for tax purposes.

(III) Top Five Managers Received the Highest Remuneration and their status(Note 1)

Title	Name	Salaries (A) (Note 2)		Retirement allowance/ severance (B)		Bonus and special expenditure (C) (Note 3)		Employee remunerations (D) (Note 4)				Sum of A, B, C, and D and after- tax earnings ratio (Note 6)		Claim of remunerations from re- invested businesses other than subsidiaries or the parent company(Note 7)
		This Company	Companies in the financial statements (Note 5)	This Compa ny	Companie s in the financial statements (Note 5)	This Company	Companie s in the financial statements (Note 5)	This Company		Companies in the financial statements(Note 5)		This Company	Companies in the financial statements (Note 5)	
								Current value	Stock Value	Current value	Stock Value			
Chairman and General Manager	Shu Yi-Cheun	2,680	2,680	108	108	-	-	223	-	223	-	3,011 0.82%	3,011 0.82%	None
Vice General Manager	Chang Chih-Pin	1,676	1,676	99	99	791	791	171	-	171	-	2,737 0.74%	2,737 0.74%	None
Assistant Manager	Chiu, Pao-Sheng	1,177	1,177	69	69	473	473	95	-	95	-	1,814 0.49%	1,814 0.49%	None
Assistant Manager	Kuo Chung-Yi	1,163	1,163	76	76	450	450	104	-	104	-	1,793 0.49%	1,793 0.49%	None
Assistant Manager	Hsieh Chiang-Ling	1,188	1,188	73	73	376	376	99	-	99	-	1,736 0.47%	1,736 0.47%	None

Note 1 : The so called “Top Five Managers Received the Highest Remuneration”, the managers mean the managers of the Company. As the definition of managers, we obey the rule set by the section about the “Manager” in Taiwan Caizheng Sanzi No. 0920001301 Letter Order by the Former Ministry of Finance Securities and Futures Regulatory Commission. The calculating rules of the “Top Five Managers Received the Highest Remuneration” is the sum-up of the Salaries, Retirement allowance/ severance, Bonus and special expenditure, and Employee remunerations(A+B+C+D). If any director is the aforementioned manager, this table and the table(1-1) shall be filled.

Note 2: Salaries, additional pay, and severance pay for Top Five Managers Received the Highest Remuneration in the latest year.

Note 3: Various prizes, awards, transportation, special expenditure, various allowances, dormitory, cars and other actual items provided and other compensations for Top Five Managers Received the Highest Remuneration in the latest year. Where houses, cars, other means of transportation, or expenditures exclusively for individuals are offered, the nature and costs of the offered assets, the actual rent or fair market rent, expenses on fuel and other benefits shall be disclosed. In addition, where a driver is placed, please provide an explanation in the notes on the compensation paid to the driver by the company, which is not included in the remuneration. In addition, where a driver is placed, please provide an explanation in the notes on the compensation paid to the driver by the company, as it is not included in the remuneration. In addition, the salaries recognized by IFRS 2 “Share-based Payment;” including the employee stock certificates, restricted employee rights to new shares and participation in cash replenishment of shares; must be calculated as compensation.

Note 4: Employee remunerations (including stock and cash) distributed to Top Five Managers Received the Highest Remuneration through the Board of Directors in the latest year (including stock and cash). If it is impossible to estimate the value planned to be distributed this year, follow the actual value distributed last year and calculate proportionally. In addition, the attached Table 1-3 shall be completed.

Note 5 : The total value of remunerations paid to general managers and vice general managers of the Company by all companies in the Consolidated Report (including the Company) shall be disclosed.

Note 6 : After-tax earnings refer to the after-tax earnings listed in the unconsolidated or individual financial statements in the recent year.

Note 7 : a. The amount of relevant remunerations received by Top Five Managers Received the Highest Remuneration of this Company from the invested company other than subsidiaries, or the parent company, shall be provided clearly in this column (please indicate “none” if there is no such remuneration)

b. Remunerations are the compensation, rewards (including rewards for employees, directors and supervisors) and operational expenses, among others, claimed by Top Five Managers Received the Highest Remuneration of the Company who serve as the director, supervisor or manager at a reinvested business other than the subsidiary or the parent company.

* The information on the compensation disclosed in this table is different from the concept of income of the Income Tax Act. Therefore, the purpose of this Table is for information disclosure only and not for tax purposes.

(IV) Managers received the distributed remuneration and their status

Unit : NT\$1000 / 1000 shares May 1, 2023

	Title (Note1)	Name (Note1)	Stock value	Current value	Total	Total amount to after-tax earnings ratio (%)
Manager	Chairman and General Manager	Shu Yi-Cheun	-	942	942	0.26
	Vice General Manager	Chang Chih-Pin				
	Senior Assistant Manager	Chang Chin-Yu				
	Assistant Manager	Hsieh Chiang-Ling				
	Assistant Manager	Kuo Chung-Yi				
	Assistant Manager	Chiu Pao-Sheng				
	Senior Manager	Huang Shi-Fen				
	Manager	Lee Chien-Yi				

Note 1: The name and title of the individual shall be disclosed but distribution of profits may be disclosed through an aggregation.

Note 2: Employee remunerations (including stock and cash) distributed to managers through the Board of Directors in the latest year. If it is impossible to estimate the value planned to be distributed this year, follow the actual value distributed last year and calculate proportionally. After-tax earnings are those in the latest year. When the International Financial Reporting Standards are adopted, after-tax earnings are those indicated in the entity or individual financial report from the most recent year.

Note 3: For the applicability to managers, follow the Tai-Cai-Zheng-San-Zi No. 0920001301 letter dated March 27, 2003. It shall apply to the following:

- (1)The general manager and his/her equivalent;
- (2)The vice general manager and his/her equivalent;
- (3)The associate manager and his/her equivalent;
- (4)The head of the Department of Finance;
- (5)The head of the Department of Accounting;
- (6)Others that deal with corporate management and have the right to provide their signatures.

Note 4: If the director, general manager and vice general manager claimed employee remunerations (including stock and cash), besides providing information about remunerations paid to directors (including independent directors), supervisors, general managers and vice general managers, this table shall also be completed.

- (V) Compare and describe separately the analysis of ratios of total remunerations paid to directors, supervisors, general managers, and vice general managers of the Company for the past two years by the Company and all companies in the Consolidated Report in after-tax earnings indicated in the entity or individual financial reports and describe correlation among the remuneration payment policy, standards and combination, remuneration establishing procedures, and management efficacy and risks in the future. :

Year \ Title	2022		2021	
	The Company	Companies in the financial statements	The Company	Companies in the financial statements
Director	4.21%	4.22%	4.62%	4.62%
General Manager and Vice General Manager	1.56%	1.56%	1.48%	1.48%

- Explanation : (I) Remuneration payment policy : Directors' remuneration is the remuneration for attending meeting. Chairman, vice chairman, general manager, and vice general manager are paid monthly.
- (II) Remuneration payment standard : Salaries for chairman, vice chairman, general manager, and vice general manager are determined by general standards.
- (III) Procedure for determining remuneration : Directors' and supervisors' remuneration and salaries for attending meetings are determined by the articles of incorporation. General managers' and vice general managers' salaries are determined by the conclusion of the directors' meeting.
- (IV) Linkage to operating performance : The outcome of the operating performance affects the assignment of year-end bonuses and earning for managers. The Company conducts performance evaluation in accordance with the " Regulations on Performance Management and Evaluation". The performance evaluation items include: 1. quantitative evaluation, 2. overall work function evaluation, 3. personal development plan, and 4. follow-up evaluation, and reviews the managerial remuneration system in accordance with the actual operating conditions and relevant laws and regulations, so that the remuneration of management executives is effectively linked to the operating performance of the Company.

IV. Implementation of Corporate Governance

(I) State of Board of Directors

(1) Information for State of Board of Directors

Throughout 2022 and up to the date this Annual Report was printed, the Board of Directors met 8 times (A); attendance of directors and supervisors is as follows:

Title	Name (Note1)	Actual frequency of attendance (being seated) in meetings (B)	Frequency of attendance through proxy	Actual attendance (being seated) rate (B/A) (Note 2)	Note
Chairman	JIN SHENG INVESTMENT LTD. Representative : Shu Yi-Cheun	8	0	100%	1. Re-elected, re-election date 2022.06.23 2. 2022.06.27 Assigned representative Shu Yi-Cheun
Director	MORN SUN FEED MILL CORP. Representative : Huang Qiang Representative : Wu Ching-Teh	6	2	75%	1. Re-elected, re-election date 2022.06.23 2. 2022.06.27 Assigned representative Huang Qiang 3. 2022.10.14 Reassigned representative Wu Ching-Teh
Director	SHIN TAI INDUSTRY CO., LTD. Representative : Li Ming-Shun Representative : Wu Chin-Chuan	3	1	60%	1. Newly-elected, re-election date 2022.06.23 2. 2022.06.24 Assigned representative Li Ming-Shun 3. 2022.08.11 Reassigned representative Wu Chin-Chuan
Director	TAI SHENG OCEAN DEVELOPMENT CO., LTD. Representative : Lin Yueh-Tin Representative : Yeh Wen-Lung Representative : Cheng Yi-Chia	10	0	90.91%	1. Re-elected, re-election date 2022.06.23 2. 2022.06.24 Assigned representative Yeh Wen-Lung 3. 2022.08.11 Reassigned representative Cheng Yi-Chia
Director	SHIN FONG TRADING CO., LTD. Representative : Cheng Chao- Heng	4	0	80%	1. Newly elected, re-election date 2022.06.23 2. 2022.06.24 Assigned representative Cheng Chao- Heng
Director	AN-HE INVESTMENT AND HOLDING CO., LTD. Representative : Lin Yueh-Tin	2	2	40%	1. Newly elected, re-election date 2022.06.23 2. 2022.06.24 Assigned representative Lin Yueh-Tin
Director	HUAIDE INSURANCE AGENT COMPANY Representative : Hsu Wei-Ping	3	0	100%	Former elected (re-election on 2022.06.23)
Director	YOU WEI INVESTMENT CORP. Representative : Lin Wen-Peng	2	1	66.67%	Former elected (re-election on 2022.06.23)

Title	Name (Note1)	Actual frequency of attendance (being seated) in meetings (B)	Frequency of attendance through proxy	Actual attendance (being seated) rate (B/A) (Note 2)	Note
Independent Director	Lu Hsin-Hwa	8	0	100%	Re-elected (re-election on 2022.06.23)
Independent Director	Wang Shang-Ren	5	0	100%	Newly elected (re-election on 2022.06.23)
Independent Director	Lien Ren-Lung	5	0	100%	Newly elected (re-election on 2022.06.23)
Independent Director	Chen Chong-Rui	3	0	100%	Former elected (re-election on 2022.06.23)
Independent Director	Huang Shi-Hui	3	0	100%	Former elected (re-election on 2022.06.23)

Other details to be documented:

I. In case of any following situation during the operation of the Board of Directors, the date, meeting, description of proposal, opinions from all independent directors and the Company's treatment to such opinions shall be specified.

- (I) Matters specified in Paragraph 3, Article 14, Securities and Exchange Act
- (II) Other than the aforementioned, any resolution of the Board of Directors meetings objected to by the independent directors or with reserved opinions, recorded or by written statements.

Date	Proposal content	Opinions from all independent directors, and the Company responses to their opinions
2022.01.21	1. Proposal of the Company's 2021 year-end bonus distribution plan for managers.	Approved by all the attending independent directors
2022.03.25	1. Proposal of the Company's 2021 individual financial statements. 2. Proposal of the Company and its subsidiaries's 2021 consolidated financial statements. 3. Proposal of the Company's 2021 "Internal Control System Effectiveness Assessment" and "Internal Control System Declaration". 4. Proposal of the Company's application for a \$1.5 billion combined loan facility from E.SUN BANK for the overall capital planning for the completion of the construction of the oil and grease factory in Taichung Port. 5. Proposal of the Company's endorsement guarantee for its subsidiary, Top Food industry Corporation. 6. Proposal of the amendment of some articles of the Company's "Procedures for the Acquisition or Disposal of Assets".	Approved by all the attending independent directors

2022.05.12	1. Proposal of Company and its subsidiaries's consolidated financial statements for the first quarter of 2022. 2. Proposal of the amendment of some articles of the Company's "Accounting System".	Approved by all the attending independent directors
2022.08.10	1. Proposal of the Company and its subsidiaries's consolidated financial statements of the company and its subsidiaries for the second quarter of 2022. 2. Proposal of the Company's endorsement and guarantee for its subsidiary, Top Food industry Corporation. 3. Proposal of the amendment of some articles of the Company's "Internal Control System"	Approved by all the attending independent directors
2022.09.28	1. Proposal of the Company's 2021 year-end bonus distribution plan for managers.	Approved by all the attending independent directors
2022.11.10	1. Proposal of the Company and its subsidiaries's consolidated financial statements for the third quarter of 2022. 2. Proposal of the evaluation of the independence and suitability of the CPA. 3. Proposal of the Company's 2023 audit plan. 4. Proposal of the amendment of some articles of the Company's "Internal Control System".	Approved by all the attending independent directors

II. For the enforcement of recusal upon conflicts of interest among directors, the name of the director, content of the proposal, reason for the recusal, and participation in the voting process or not shall be described:

2022.1.21 The Board of Directors' Meeting discussed the proposal of "The Company's 2021 year-end bonus distribution plan for managers". The chairman Shu Yi-Cheun and Vice Chairman Lin Yueh-Tin recused themselves from the discussion and voting due to conflict of interests. 2022.9.28 The Board of Directors' Meeting discussed the proposal of "The Company's 2021 year-end bonus distribution plan for managers", the chairman Shu Yi-Cheun recused himself from the discussion and voting due to a conflict of interest.

III. The public listed company shall disclose the cycle and period, scope, method, and description of self-evaluation or peer evaluation of the board of directors:

Self-evaluation cycle: once annually

Self-evaluation period: 2022.01.01~2022.12.31

Self-evaluation range	Self-evaluation method	Self-evaluation description
The board of directors overall	Self-evaluation of the board of directors	The Company established the criteria for evaluating the performance of the board of directors as the following five aspects (45 questions): A. Participation in the operation of the company; B. Improvement of the quality of the board of directors' decision making; C. Composition and structure of the board of directors; D. Election and continuing education of the directors; and E. Internal control. The average score is 4.27 points (out of 5 points), and the evaluation result is "excellent".
Board members	Self-evaluation of the board members	The criteria for evaluating the performance of the board members (on themselves or peers) covers the following six aspects (23 questions): A. Alignment of the goals and missions of the company; B. Awareness of the duties of a director; C. Participation in the operation of the company; D. Management of internal relationship and communication; E. The director's professionalism and continuing education; and

		F. Internal control. The average score is 4.22 points (out of 5 points), and the evaluation result is "excellent".
Audit committee	Self-evaluation of the audit committee	The criteria for evaluating the performance of the audit committee covers the following five aspects (22 questions): A. Participation in the operation of the company; B. Awareness of the duties of the functional committee; C. Improvement of quality of decisions made by the functional committee; D. Makeup of the audit committee and election of its members and E. Internal control. The average score is 4.77 points (out of 5 points), and the evaluation result is "excellent".
Compensation committee	Self-evaluation of the compensation committee	The criteria for evaluating the performance of the compensation committee covers the following four aspects(19questions): A. Participation in the operation of the company; B. Awareness of the duties of the functional committee; C. Improvement of quality of decisions made by the functional committee; D. Makeup of the compensation committee and election of its members The average score is 4.68 points (out of 5 points), and the evaluation result is "excellent".

IV. Assessment of the reinforced functional objectives of the Board of Directors (e.g., to set up the Audit Committee and to enhance information transparency, among others) and implementation status of the objectives of the immediate year and the latest year:

1. The operation of the Board of Directors is carried out in accordance with the "Rules of Procedure for the Board of Directors" and the Board of Directors is convened in accordance with this standard. The status of implementation is in good condition.
2. Enhancement of information transparency: The Company established the "Procedures for Handling Material Internal Information" in 2022 to establish a mechanism for handling and disclosing material internal information of the Company and to enhance and strengthen the transparency of the Company's information.

Note1 : For directors and supervisors acting as the representatives of institutional shareholders, shall indicate the names of the institutional shareholders and the names of their representatives.

Note2 : (1) The date of resignation is specified for Directors or Supervisors who had resigned prior to the close of the financial year. The percentage of actual attendance (%) is calculated based on the number of board of directors meetings held and the number of actual attendance during active duty.

(2) If a re-election of directors or supervisors had taken place prior to the close of the financial year, directors/supervisors of both the previous and the current term are listed; in which case, the remarks column would specify the re-election date and whether the director/supervisor was elected in the previous term, the new term, or both. The percentage of actual attendance (%) was calculated based on the number of board of directors meetings held and actual attendance during active duty.

(II) Operation of the Audit Committee or Participation of Supervisors in the Operations of the Board of Directors:

1. Operation of the Audit Committee

Throughout 2022 and up to the date this Annual Report was printed, the Board of Directors met 4 times (A); attendance to the meetings as follows:

Title	Name (Note1)	Actual frequency of attendance (being seated) in meetings (B)	Frequency of attendance through proxy	Actual attendance (being seated) rate (B/A) (Notes 1 & 2)	Note
Independent Director	Lu Hsin-Hwa	4	0	100%	Re-elected
Independent Director	Wang Shang-Ren	2	0	100%	Newly-elected Re-election date 2022.06.23
Independent Director	Lien Ren-Lung	2	0	100%	Newly-elected Re-election date 2022.06.23
Independent Director	Chen Chong-Rui	2	0	100%	Former elected Re-election date 2022.06.23
Independent Director	Huang Shi-Hui	2	0	100%	Former elected Re-election date 2022.06.23

Other details to be documented:

I. In case of any of the following circumstances in the operation of the Audit Committee, the date of the meeting of the Audit Committee, the period, the content of the proposals, the independent directors' objections, the content of reservations or major recommendations, the results of the Audit Committee's resolutions, and the Company's response to the Audit Committee shall be stated.

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

Date	Description of proposal	Outcome of resolution	The Company's treatment to audit committee's opinions
2022.03.25	<ol style="list-style-type: none"> 1. Proposal of the Company's 2021 individual financial statements. 2. Proposal of the Company and its subsidiaries's 2021 consolidated financial statements. 3. Proposal of the Company's 2021 "Internal Control System Effectiveness Assessment" and "Statement on Internal Control System". 4. Proposal of the Company's application for a \$1.5 billion combined loan facility from E.SUN BANK for the overall capital planning for the completion of the construction of the oil and grease factory in Taichung Port. 5. Proposal of the Company's endorsement guarantee for its subsidiary, Top Food industry Corporation. 6. Proposal of the amendment of some articles of the Company's "Procedures for the Acquisition or Disposal of Assets". 	Approved	Approved by the Board of Directors

2022. 05.12	1. Proposal of the Company and its subsidiaries's consolidated financial statements for the first quarter of 2022. 2. Proposal of the amendment to the Company's "Organizational Structure". 3. Proposal of the amendment of some articles of the Company's "Accounting System".	Approved	Approved by the Board of Directors
2022. 08.10	1. Proposal of the Company and its subsidiaries's consolidated financial statements for the second quarter of 2022. 2. Proposal of the Company's endorsement and guarantee for its subsidiary, Top Food industry Corporation. 3. Proposal of the amendment of some articles of the Company's "Internal Control System"	Approved	Approved by the Board of Directors
2022.11.10	1. Proposal of the Company and its subsidiaries's consolidated financial statements for the third quarter of 2022. 2. Proposal of the evaluation of the independence and suitability of the CPA. 3. Proposal of the Company's 2023 audit plan. 4. Proposal of the establishment of the Company's "Procedures for Handling Material Internal Information" 5. Proposal of the amendment of some articles of the Company's "Internal Control System"	Approved	Approved by the Board of Directors
		Approved	Not approved by the Board of Directors

(II) Any matter that has not been approved by the audit committee, but has been adopted with the approval of two-thirds or more of all board directors without having been approved by the audit committee : None.

II. If an independent director has any conflict of interest regarding issues discussed during the meeting that could result in harm to the Company's interests said director shall recuse him or herself. If this prevents the Committee from coming to a decision, then the situation shall be reported to the Board of Directors and the Board will make the final decision on said resolution: None.

III. Communication between independent directors and internal audit managers and external auditors (regarding issues such as Company financial and operational status):

(I) Policies of the communication between independent directors and internal audit managers:

1. Independent directors and accountants have regular meetings at least once a year. Accountants report to the audit committee on matters related to the company's review (audit) plan, findings and results; in case of major abnormal events, they may convene meetings at any time.
2. Independent directors and internal audit managers have regular meetings at least once a year; the internal audit managers attend the audit committee to report on the company's internal audit performance and internal control operations; in case of major abnormal events, they can convene meetings at any time.

(II) Summary of communication results between independent directors and external auditors:		
Date	Communication focuses	Result
2022.11.10 (Forum)	The accountant's explanation on the annual audit plan: 1. Scope and methods of auditing 2. Assessment on fraud 3. Identify significant risks (1) Recognition of income (2) Assessment on inventory 4. Key auditing matters	No objection
(III) Summary of communication results between independent directors and internal audit managers:		
Date	Communication focuses	Result
2022.03.25	Execution of audit business from November 2021 to January 2022.	No objection
2022.05.12	Execution of audit business from November 2021 to April 2022.	No objection
2022.08.10	Execution of audit business from March to June 2022.	No objection
2022.09.28	Execution of audit business from May to August 2022	No objection
2022.11.10 (Forum)	1. The internal audit manager summarized the audit work in the first 10 months and explained the key audit work in the coming year. 2. The internal audit manager discussed and communicated with the questions raised by the participants.	No objection

Note 1: If an independent director leaves office before the end of the year, the date of resignation shall be indicated in the remarks column, and the actual attendance rate (%) shall be calculated based on the number of meetings of the Audit Committee and the actual attendance during his/her term of office.

Note 2: Before the end of the year, if there is an independent director reelected, the new and former independent directors shall be listed, and the date of the new or reelected independent director shall be indicated in the remarks column. The actual attendance rate (%) shall be calculated based on the number of meetings of the Audit Committee and the number of actual attendances.

(III) Corporate Governance Implementation Status and Deviations from “the Corporate Governance Best-Practice Principles for TWSE Listed Companies” and Reasons

Evaluation items	Operation situation (Note 1)			Deviations from "the Corporate Governance Best-Practice Principles for TWSE Listed Companies" and Reasons
	Y	N	Summary	
1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE Listed Companies”?	✓		The Company has stipulated “Code of Practice for Corporate Governance” and announced it on the official website.	None
2. Corporate Ownership Structure and Shareholders’ Rights and Interests:				
(I) Does the Company have internal operating procedures for dealing with shareholders’ suggestions, doubts, disputes and lawsuits and implement them in accordance with the procedures?	✓		The company has a dedicated line to handle shareholder suggestions or disputes and other issues.	None
(II) Does the Company have a list of the major shareholders and the final controllers of the major shareholders who actually control the Company?	✓		The Company regularly discloses important matters related to shareholding changes of major shareholders, and keeps a good relationship with major shareholders.	None
(III) Does the Company establish, implement risk control and firewall mechanisms between interested enterprises?	✓		The management of assets and finances is clearly defined in accordance with internal control rights and responsibilities, and risk assessments are indeed carried out and appropriate firewalls are established. The parent company has established regulations for the supervision of subsidiaries.	None
(IV) Does the Company have internal regulations that prohibit insiders from buying and selling securities using unpublished information in the market?	✓		The Company has formulated “Procedures for the Prevention of Insider Trading Management” to establish confidential operations and prohibition measures before major internal information affecting stock prices is disclosed to the public.	None
3. Composition and Duties of the Board of Directors				
(I) Have a diversity policy and specific management objectives been adopted for the board and have they been fully implemented?	✓		The Company has formulated the qualifications of directors and independent directors in Articles 20 and 24 of the "Code of Practice on Corporate Governance", among which the diversity of directors is also an important consideration. The nomination and selection of members of the Board of Directors is in accordance with the Articles of Association of the Company and the regulations for the election of directors, and a candidate nomination system is adopted. For details on the implementation of the diversity policy, please refer to page 17 of this annual report.	None

<p>(II) Does the company voluntarily set up other functional committees besides Compensation Committee and Audit Committee according to law?</p>	<p>✓</p>	<p>The Company has set up a Remuneration Committee and an Audit Committee in accordance with the law, and has also set up a Sustainable Development Committee.</p>	<p>None</p>
<p>(III) Does the Company have a performance evaluation system for the Board of Directors and its evaluation methods, which are evaluated annually and regularly; The Company also report the results of the performance evaluation to the Board of Directors and apply them to the remuneration of individual directors and the reference for nomination renewal?</p>	<p>✓</p>	<p>The company's board of directors approved the "Board Performance Evaluation Measures" on March 27, 2020. The 2022 board performance evaluation has been completed and the board of directors reported on March 15, 2023.</p>	<p>None</p>
<p>(IV) Does the Company evaluate the independence of Accountant on a regular basis?</p>	<p>✓</p>	<p>The company has established the company's assessment standards for the independence of accountants in accordance with Article 47 of the Accountants Law and the No. 10 Bulletin of the Code of Professional Ethics for Accountants. The Company Regularly assess the independence of the certified public accountant every year, after obtaining the independence statement issued by the certified public accountant and perform the assessment in accordance with the above-mentioned independence evaluation standards. According to the assessment results, both accountants Liao, Wan-Yi and Chen, Zhao-Mei from the Deloitte & Touche CPA firm meet the company's independence assessment standards. The Company The company has submitted the results to the audit committee and the board of directors on November 10, 2022 and approved.(Note 1)</p>	<p>None</p>
<p>4. Does a TWSE Listed Company allocate qualified and appropriate number of corporate governance personnel, and designate corporate governance supervisor to be responsible for corporate governance related affairs (including but not limited to providing directors and supervisors with the necessary information to carry out business, assisting directors and supervisors to comply with the laws, handling the relevant matters of the meetings of the Board of Directors and shareholders' meetings according to law, making the minutes of the Board of</p>	<p>✓</p>	<p>On May 12, 2021, the board of directors of the company approved the establishment of the corporate governance director and appointed Kuo Chung-Yi as the corporate governance director to handle corporate governance-related affairs, and other departments provided support manpower. Associate Manager Kuo Chung-Yi has been in charge of internal audit, finance and stock affairs in a publicly listed company for more than three years. The scope of responsibilities of the corporate governance officer has been specified in Article 3-1 of the Code of Practice on Corporate Governance. The main responsibilities are to provide directors with the information they need to carry out their business, assist directors in complying with laws and regulations, handle matters related to the board of directors, shareholders' meetings and executing the corporate governance</p>	<p>None</p>

Directors and shareholders' meetings, etc.)?			evaluation, and plan for directors and corporate governance executives to participate in training courses. Please refer to page 39 for the training courses of corporate governance officers.	
5. Does the Company establish communication channels with stakeholders (including but not limited to shareholders, employees, customers and suppliers), and set up stakeholder zones on its website, and properly respond to stakeholders' concerns on important issues of corporate social responsibility?	✓		The company has spokespersons and acting spokespersons, and has set up a special area for stakeholders on the company's website to establish communication channels with stakeholders.	None
6. Does the Company appoint a professional stock agency to handle the affairs of the shareholder' meeting?	✓		The company appointed a professional stock agency, the stock agency department of Capital Securities Corp., to handle the affairs of the shareholders' meeting.	None
7. Information Disclosure (I) Does the Company set up a website to disclose financial business and corporate governance information?	✓		The company's website (www.fopco.com.tw) has disclosed business and corporate governance information.	None
(II) Does the Company adopt other ways of disclosure of information (e.g. setting up English websites, appointing special persons to be responsible for the collection and disclosure of Company information, implementing the spokesperson system, placing Company websites in the process of legal person's presentation, etc.)?	✓		The Company has set up an English website, and has designated a person responsible for the collection and disclosure of company information and the implementation of a spokesperson system.	None
(III) Does the Company announce and declare the annual financial report within two months after the end of the fiscal year, and announce and declare the first, second, and third quarter financial reports and the monthly operating situation as early as possible within the prescribed time limit?	✓		The company announced the first, second, third quarter and annual financial reports and monthly operating conditions within the time limit as required.	In the future, the company will announce and report financial reports and monthly operating conditions in advance based on actual needs.
8. Does the Company have any other important information that is helpful to understand the operation of corporate governance (including but not limited to the rights and interests of employees, employee care, investor	✓		1. Employee rights and care: The company has established working rules, held regular labor-management meetings, established employee care mailboxes to maintain two-way communication with employees, provided employees with labor insurance, health insurance, and retirement pensions in accordance with the law, and set up	None

<p>relations, supplier relations, rights of stakeholders, further education of directors and supervisors, implementation of risk management policies and risk measurement standards, implementation of customer policies, and purchase of liability insurance for directors and supervisors)?</p>		<p>employee restaurants, regular health checks, and prepared employee dormitories for remote employees. Establish an employee welfare committee to provide a perfect workplace for employees.</p> <ol style="list-style-type: none"> 2. Investor Relations: In accordance with relevant regulations, the company announces relevant business, financial and other important information at the "Market Observation Post System". There is also a spokesperson system to respond to the information required by investors in real time. 3. Supplier Relations: The company fills out supplier information survey forms for qualified suppliers, and schedules actual factory visit procedures for important suppliers; in terms of supplier communication, the purchasing division conducts two-way communication to coordinate various departments of the company to deal with related issues. 4. Stakeholder's rights: A Sustainable Development Committee is established with a senior executive as the point of contact with related parties, so as to respond to related parties' questions at any time and safeguard the legitimate rights and interests of both parties. 5. Directors' training situation: The directors of the company have relevant professional knowledge and arrange courses related to relevant laws and regulations according to actual needs. Please refer to page 39 for the training courses of directors. 6. Implementation of risk management policies and risk measurement standards : Please refer to this annual report, Seven. Review and Analysis of Financial Position and Financial Performance, and the Risk Concern (page 271). 7. Enforcement of customer policy: The company maintains close contact with customers. In addition to providing customized products and services, there is also a research and development unit that provides professional consultations on the feed customers' use of materials. The information provided by customers is used as a reference for product improvement, so as to achieve the company's and A win-win goal for customers. 8. The company has purchased liability insurance for all directors. The insurance period is from September 7, 2022 to September 7, 2023. 	
<p>9. Please state the improvement of the corporate governance assessment issued by the Corporate Governance Center of Taiwan Stock Exchange Co., Ltd. in recent years, and put forward priorities and measures for strengthening the assessment of those who have not yet improved. (Those who are not included in the Company are not required to fill in): None</p>			

Note1 : Independence Assessment Form for Certified Public Accountants

Item	Assessment	Y	N
1	As of the most recent audit, the CPAs have been changed within seven years.	✓	
2	CPAs have no significant financial relationship with the client.	✓	
3	CPAs avoid any inappropriate relationship with the client.	✓	
4	CPAs should ensure that their assistants are honest, just, and independent.	✓	
5	The financial statements of institutions served by CPAs within the first two years of their practice shall not be audited.	✓	
6	The name of CPAs may not be used by others.	✓	
7	CPAs do not hold shares in the company and related companies.	✓	
8	CPAs do not have any money borrowing from the company and affiliated companies.	✓	
9	CPAs do not have a co-investment or benefit-sharing relationship with the company or affiliated companies.	✓	
10	CPAs do not concurrently perform regular jobs in the company or affiliated companies, and receive fixed salary.	✓	
11	CPAs do not involve the management function of the company or related companies to make decisions.	✓	
12	CPAs do not concurrently operate other businesses that may lose their independence.	✓	
13	CPAs have no spouse or second-class kinship with the management staff of the company.	✓	
14	CPAs do not charge any commissions related to the business.	✓	
15	Up to now, no punishment has been imposed or the principle of independence has been compromised.	✓	

Assessment Date : 2022 Outcome : The CPAs are independent

Corporate Governance Supervisor Training Status (2021/5/12-2022/12/31)

Date of training		Organizer	Course Title	Training Hours	Total training hours for the current year
From	To				
2021.11.18	2021.11.19	Accounting Research and Development Foundation	Latest Developments in Taiwan's IFRS Policies and Analysis of Compliance Issues for Financial Reports and Legal Matters in Supervision	3	12
			The Role and Operating Practice of Independent Directors in Corporate Governance	3	
			Practical Analysis of "Sustainability Reports" Under the Policies of Corporate Governance 3.0	3	
			Case Analysis of "False Financial Reports" and the Discussion of Legal Responsibilities	3	
2022.03.11	2022.03.11	Securities and Futures Institute	The Protection of Business Secrets	3	6
2022.03.29	2022.03.29		Newest Corporate Governance Policies and Food Analysis in Corporate Governance Assessments	3	
			Up-to-date Corporate Governance Policy and Practical Analysis of Corporate Governance Evaluation		

The current directors' training situation:

Title	Name	Date of taking office	Date of training		Organizer	Course Title	Training Hours
			From	To			
Intuitional Director Representative	Shu Yi-Cheun	2022.06.27	2022/09/28	2022/09/28	Securities and Futures Institute	Internal Control and Financial Perspectives on the Supervision of subsidiaries' business management	6
			2022/11/10	2022/11/10		From CSR to ESG Corporate Management Mindset	
Intuitional Director Representative	Wu Ching-Teh	2022.10.14	2022/08/08	2022/08/08	Taiwan Investor Relations Institute	Introduction to Common Enterprise Value Assessment Techniques Broken chain or exercise? How to turn a crisis into an opportunity?	9
			2022/11/10	2022/11/10	Securities and Futures Institute	From CSR to ESG Corporate Management Mindset	
Intuitional Director Representative	Wu Chin-Chuan	2022.08.11	2022/10/28	2022/10/28	Securities and Futures Institute	2022 Insider Trading Prevention Seminar	6
			2022/11/10	2022/11/10		From CSR to ESG Corporate Management Mindset	
Intuitional Director Representative	Cheng Chao-Heng	2022.06.24	2022/09/28	2022/09/28	Securities and Futures Institute	Internal Control and Financial Perspectives on the Supervision of subsidiaries' business management	6
			2022/11/10	2022/11/10		From CSR to ESG Corporate Management Mindset	
Intuitional Director Representative	Cheng Yi-Chia	2022.08.11	2022/09/28	2022/09/28	Securities and Futures Institute	Internal Control and Financial Perspectives on the Supervision of subsidiaries' business management	6
			2022/11/10	2022/11/10		From CSR to ESG Corporate Management Mindset	
Independent Director	Lu Hsin-Hwa	2022.06.23	2022/09/28	2022/09/28	Securities and Futures Institute	Internal Control and Financial Perspectives on the Supervision of	6

Title	Name	Date of taking office	Date of training		Organizer	Course Title	Training Hours
			From	To			
			2022/11/10	2022/11/10		subsidiaries' business management From CSR to ESG Corporate Management Mindset	
Independent Director	Wang Shang-Ren	2022.06.23	2022/09/28	2022/09/28	Securities and Futures Institute	Internal Control and Financial Perspectives on the Supervision of subsidiaries' business management	6
			2022/11/10	2022/11/10		From CSR to ESG Corporate Management Mindset	
Independent Director	Lien Ren-Lung	2022.06.23	2022/08/11	2022/08/11	Accounting Research and Development Foundation	Legal Liability and Case Analysis of Competition for Company Management Rights	9
			2022/09/28	2022/09/28	Securities and Futures Institute	Internal Control and Financial Perspectives on the Supervision of subsidiaries' business management	
			2022/11/10	2022/11/10		From CSR to ESG Corporate Management Mindset	

(IV) The Composition, Responsibilities and Operations of the Compensation Committee:

1. The board of directors of the company established the compensation committee in accordance with the approved organizational rules of the compensation committee. Its main responsibilities are to formulate proposals for the following items:
 - (1) Remuneration of directors and managers
 - (2) Other cases assigned by the board of directors.
2. The compensation committee consists of three members, one of whom is the convener.
 - (1) Membership of Compensation Committee

May 1, 2023

Identity	Condition Name	Professional qualifications and experience	Independence Situation	Number of other public companies in which director is serving on the remuneration committee
Convener	Wang Shang-Ren	Please see page 15, 4. Disclosure of the qualifications of directors and independence situations of independent directors		0
Independent director	Lu Hsin-Hwa			0
Independent director	Lien Ren-Lung			0

(2) State of operations of the compensation committee

I. The Company's Compensation Committee has 3 members in total

II. Tenure of current members: 2022.08.10~2025.06.22

The Compensation Committee met 2 times (A) in total throughout 2022 and up to the date this Annual Report was printed. Qualification and attendance of the members are as follows:

Title	Name	The actual frequency of attendance in the meetings (B)	Frequency of attendance through proxy	Actual attendance rate (%) (B/A) (Note)	Notes
Convener	Wang Shang-Ren	1	0	100%	Newly-elected Re-election date 2022.08.10
Member	Lu Hsin-Hwa	2	0	100%	Re-elected
Member	Lien Ren-Lung	1	0	100%	Newly-elected Re-election date 2022.08.10
Member	Chen Chong-Rui	1	0	100%	Former elected Re-election date 2022.06.23
Member	Huang Shi-Hui	1	0	100%	Former elected Re-election date 2022.06.23

Other details to be documented:

I. If the Board of Directors does not accept or modifies suggestions provided by the Compensation Committee, the date of the Board of Directors meeting, the session number, contents of the proposal, decisions made by the Board of Directors, and management of opinions from the Compensation Committee by the Company should be stated (If the compensation and rewards approved by the Board of Directors are superior to those advised by the Compensation Committee, there should be descriptions of the differences and reasons considered): None.

II. For decisions made by the Compensation Committee, as long as there are members objecting or having their reservations that are recorded or stated in writing, the date of the Compensation Committee meeting, the session number, contents of the proposal, and how opinions from all members and from opposing members are handled should be described: None.

Note:

- (1) The date of resignation is specified for members of the compensation committee who had resigned prior to the close of the financial year. The percentage of actual attendance (%) is calculated based on the number of the compensation committee meetings held and the number of actual attendance during active duty.
- (2) If a re-election of the compensation committee had taken place prior to the close of the financial year, members of both the previous and the current term are listed; in which case, the remarks column would specify the re-election date and whether the member was elected in the previous term, the new term, or both. The percentage of actual attendance (%) was calculated based on the number of the compensation committee meetings held and actual attendance during active duty.

III. Resolutions of the Compensation Committee

Date	Proposal item	Result	The company's handling of the opinions of the Committee
2022.01.21	The company's 2021 year-end bonus distribution plan for managers	Approved	Approved by the board of directors
2022.09.28	1. Proposal for the distribution of the remuneration amount of the directors of the company for 2021.	Approved	Approved by the board of directors
	2. The company's 2021 manager employee compensation amount distribution plan	Approved	1. Employee compensation distributed to employees: Approved by the board of directors. 2. Employee compensation distributed to managers: Not approved by the board of directors.

(V) The Company's implementation of sustainable development and deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons.

Assessed areas	Operational status (Note1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX listed companies and reasons
	Y	N	Summary	
1. Does the company have a unit that specializes (or is involved) in sustainable development practices? Is the sustainable development unit run by senior management as authorized by the Board of Directors and does report its progress to the Board of Directors?	✓		The Company has passed the Corporate Social Responsibility Code by the Board of Directors, and subsequently changed its name to the Sustainable Development Code of Practice. The Company's general manager has established a "Sustainable Development Committee" responsible for the proposal and implementation of sustainable development policies, systems or related management guidelines and specific promotion plans. The sustainability report (originally the corporate social responsibility report) is publicly issued after being checked by an accountant. The results of the audit of the sustainability report are reported to the Board of Directors on a regular basis every year. In order to practice sustainable development, its implementation items include implementing corporate governance, developing a sustainable environment, maintaining social welfare, strengthening the disclosure of sustainable development information, and paying close attention to changes in sustainable development-related standards at home and abroad at any time, so as to review and improve the company's system.	None
2. Has the Company conducted the risk assessments regarding the environmental, social and corporate governance issues related to the Company's operations based on the principle of materiality and established the relevant risk management policies or strategies accordingly? (Note 2)	✓		The company has established a " Sustainable Development Committee ". Each functional group regularly identifies stakeholders and collects issues of concern to stakeholders. The committee proposes management guidelines and policies based on important issues of concern. Please note 3 for relevant risk management policies or strategies.	None
3. Environmental Issues (I)Has the Company developed an appropriate environmental management system, given its distinctive industrial characteristics? (II)Has the Company endeavored to improve the utilization efficiency of various resources and used recycled materials which have a low impact on the environment?	✓ ✓		1. Promote industrial waste reduction and implement pollution prevention work. 2. Conduct environmental inspections on discharge pipes and perimeters every year. The Company is a bulk grain processing manufacturer and has dust collection equipment during the manufacturing process to prevent dust leakage and contamination. The water pollution prevention and control strategy of Da-Tu factory adopts a strict front-end waste water separation strategy, which is divided into cooling water from process equipment and waste water from floor cleaning operation area. The new Taichung Port	None None

Assessed areas	Operational status (Note1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx listed companies and reasons																		
	Y	N	Summary																			
(III) Has the Company evaluated the potential risks and opportunities from the climate changes to the current and future Company, and take countermeasures to the climate related issues?	✓		<p>factory was established in 2022, and due to the increase in production capacity, additional waste water treatment units were added for grease, sludge, and COD. 2022, the total discharge volume of waste water treatment plant decreased by 29.61% compared to 2021 years. The announcement should be recycled and reused waste accounted for more than 87% of the Company's total waste volume, which is the largest waste volume of the Company.</p> <p>Global warming has a significant impact on climate change, and climate change also affects the harvest of crops. The company continues to pay attention to global climate changes, and immediately evaluates the market fluctuations of bulk grains, confirms potential risks and opportunities, and purchases raw materials from different areas in a timely manner to enhance the company's operating efficiency. Taichung Port area leased rooftop to solar energy manufacturers, in addition to receiving solar power rebates. It can also lower the indoor temperature and reduce the use of AC.</p>	None																		
(IV) Has the company calculated greenhouse gas emissions, water consumption and total weight of waste in the past two years, and formulated policies for greenhouse gas reduction, water use reduction or other waste management?	✓		<p>The Company regularly reports water consumption and waste volume to environmental protection and water conservancy authorities every month and reports fossil fuel consumption quarterly with relevant emissions data. This year, the Company has planned a photovoltaic power generation system to reduce power consumption.</p> <p>The relevant information for the most recent two years is as follows:</p> <p style="text-align: right;">Unit: Metric ton</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Item</th> <th>2022</th> <th>2021</th> </tr> </thead> <tbody> <tr> <td>Greenhouse Gas Emissions</td> <td></td> <td></td> </tr> <tr> <td>Direct Emissions (Scope 1)</td> <td style="text-align: right;">2,988.41</td> <td style="text-align: right;">2,392.59</td> </tr> <tr> <td>Indirect Emissions (Scope 2)</td> <td style="text-align: right;">2,823.34</td> <td style="text-align: right;">2,318.64</td> </tr> <tr> <td>Water consumption</td> <td style="text-align: right;">47,250</td> <td style="text-align: right;">58,085</td> </tr> <tr> <td>Total weight of waste</td> <td style="text-align: right;">472.5</td> <td style="text-align: right;">627.51</td> </tr> </tbody> </table> <p>In 2022, Taichung Port Factory set up a production facility with an additional chilled water mainframe to reduce the amount of uncontacted cooling water intake, resulting in a reduction in total water consumption compared to 2021.</p>	Item	2022	2021	Greenhouse Gas Emissions			Direct Emissions (Scope 1)	2,988.41	2,392.59	Indirect Emissions (Scope 2)	2,823.34	2,318.64	Water consumption	47,250	58,085	Total weight of waste	472.5	627.51	None
Item	2022	2021																				
Greenhouse Gas Emissions																						
Direct Emissions (Scope 1)	2,988.41	2,392.59																				
Indirect Emissions (Scope 2)	2,823.34	2,318.64																				
Water consumption	47,250	58,085																				
Total weight of waste	472.5	627.51																				

Assessed areas	Operational status (Note1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX listed companies and reasons
	Y	N	Summary	
4. Social issues				
(I) Has the Company developed related management policies and procedures in accordance with applicable laws and regulations and the International Bill of Human Rights?	✓		Respecting for employees is one of the Company's operating principles. Following human management, providing necessary assistance to all employees, providing a fair and reasonable working environment, formulating annual training plans to train employees' professional skills, and helping employees grow are the Company's obligation. In accordance with the relevant provisions of the Gender Work Equality Law, the management rules have been amended to implement the "Sexual Harassment Prevention Measures in the Workplace Appeals and Disciplinary Regulations" And clearly stipulated "Work Rules" to protect employees.	None
(II) Has the Company appropriately reflected the corporate business performance or achievements in the employee remuneration policy, to ensure the recruitment, retention, and motivation of human resources and achieve the objective of sustainable operations?	✓		<ol style="list-style-type: none"> The Company has established an employee welfare committee according to laws and regulations to provide employees and their children with marriage subsidies, family funeral subsidies and employee travel subsidies and other welfare measures. Set up a "Labor Retirement Reserve Fund Supervision Committee" in accordance with the law to ensure that employees have a stable retirement fund allocation and payment. There is a "year-end bonus distribution and employee compensation distribution method" to reward employees. The Company's articles of association stipulate: If the company makes a profit during the year, 2%-4% should be allocated for employee compensation. The distribution method can be stocks or cash, and its distribution objects can include employees of affiliated companies who meet certain conditions. 	None
(III) Does the Company provide employees with a safe and healthy work environment as well as periodic safety and health education?	✓		<ol style="list-style-type: none"> The Company regularly organizes labor safety education training and fire drills, and provides annual physical health inspections to protect the health of employees. The Company implements labor work environment monitoring in accordance with the law, improves the work environment based on the results, and provides necessary personal protective equipment. In accordance with the implementation method of labor work environment monitoring, the Company announces the monitoring results in obvious places. 	None
(IV) Has the Company implemented an effective training program that helps employees develop skills over the course of their career?	✓		In order to provide employees with complete training and development, the company constructs an "Education and Training System Diagram". Through the process of talent cultivation and development, the company continues to explore organizational and personal	None

Assessed areas	Operational status (Note1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX listed companies and reasons
	Y	N	Summary	
(V) Does the company comply with relevant laws and international standards, and formulate relevant consumer or customer rights protection policies and grievance procedures for issues such as customer health and safety, customer privacy, marketing and labelling of products and services?	✓		needs, and constantly reviews and gradually launches various necessary trainings to enhance the knowledge and skills required for personal career development. 1. The Company's marketing products and services are handled in accordance with relevant regulations on products and services. 2. The Company has a dedicated customer service line, and has dedicated personnel responsible for handling customer related issues to protect consumer rights.	None
(VI) Has the Company established the supplier management policies, to require the suppliers to comply with related regulations of the environment, occupational health and safety and labor's rights and what is the status of the implementation?	✓		When new suppliers are selected, they need to sign the "Supplier Social Responsibility Commitment" to encourage suppliers to jointly fulfill their corporate social responsibility commitments and comply with relevant laws and regulations such as occupational safety and health, labor human rights, and environmental protection. In case of violation or illegality, the Company has the right to terminate the contract between both parties.	None
V. Does the company refer to the internationally accepted reporting standards or guidelines to prepare reports that disclose non-financial information of the company, such as sustainability reports? Has the previous disclosure report obtained the assurance or assurance opinion of the third-party verification institution?	✓		The Company has published a sustainability report for 2022. This report was prepared with reference to the general standards, industry standards and materiality standards issued by the Global Reporting Initiatives (GRI) for the previous year's sustainability report, covering the assessment of relevant environmental, social and corporate governance risks. We have conducted limited assurance report from an independent third-party firm (Deloitte Taiwan) in accordance with Statement on Auditing Standards No. 1, "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information".	None
VI. If the Company has its own sustainable development principles established according to the Corporate Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies, please describe the differences between its implementation and the principles: The Company has formulated the "Corporate Sustainable Development Code", which has relevant regulations for the implementation of corporate governance, development of a sustainable environment, maintenance of social welfare, and strengthening of corporate social responsibility information disclosure; For more information on the implementation of the Company's sustainable development, please refer to the Company's sustainability report.				
VII. Other Important Information to Help Understand the Implementation of Sustainable Development: Following the food safety and quality policy (Production with care, Reliable quality, and Customer confidence), our company adopts the following strategies: (1) Implement education and training to improve employees' safety awareness and ability. (2) Promote the participation of all employees and integrate them into daily operation activities. (3) Implement supervision and continuously improve safety and health performance. (4) Comply with environmental safety and health laws and regulations, emphasizing industrial safety and personnel health.				

Note 1: If you select "Yes" for the implementation situation, please specify the important policies, strategies, measures and implementation situation adopted; if you select "No" for the implementation situation, please refer to the "Sustainable Development Practices for Listed

OTC Companies: Circumstances and Reasons for Code Differences" and explain the circumstances and reasons for the differences and describe the plans to adopt relevant policies, strategies and measures in the future.

Note 2: The principle of materiality means that the issues of environmental, social, and corporate governance will have a significant influence on the Company's investors and other stakeholders.

Note 3: Status of the Company's promotion of sustainable development:

Major issues	Risk assessment	Risk management policies or strategies
Environment	Energy policies and waste discharge	Full understanding the environmental regulations and requirements of relevant government office, the Company manages and operates activities according to the environmental protection standards. The Company conducts air pollution inspections and water pollution inspections in feed, oatmeal, and oil factories every year.
Society	Food safety management	Internal: Set up a food safety and sanitation team to supervise, control and improve food safety related operations, and strengthen training for relevant departments every year. External: Obtain ISO9001, ISO22000, RSPO, HACCP and TQF certification, and follow this concept to establish a related quality assurance system to ensure product quality and present high-quality and healthy products. Convene monthly food safety and hygiene team meetings to regularly follow up and review related operations.
Corporate Governance	Law compliance	The company assigns relevant personnel to be responsible for changes in food safety and sanitation laws and environmental, safety and health laws and regulations. In addition to updating laws and regulations in the internal document management system from time to time, the Company also broadcasts new knowledge of relevant laws and regulations in internal training.
	Moral/Ethical code of conduct	The Company continues to promote corporate integrity management policies and employee training, and organizes integrity and prevention of insider trading advocacy activities to strengthen employee ethics and integrity codes of conduct.
	Strategy for sustainability	The company established a " Sustainable Development Committee " to focus on the rights and interests of stakeholders. While pursuing sustainable operation and profitability, the Company attaches importance to environmental, social and corporate governance factors and incorporates them into the Company's management policies and operating activities. The Company convenes a sustainable development committee meeting every year, conducts regular follow-up reviews and issues a "Sustainability Report."
	Supplier Management	The Company controls the cost of raw materials and the trend of raw materials through a weekly raw material procurement meeting. The Company conducts on-site evaluation of suppliers at least twice a year, and the supplier is included in the list of qualified suppliers after the evaluation is qualified, and then the Company shall purchase from it.

(VI) Fulfillment of Ethical Corporate Management and Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies":

Evaluation items	Operation situation (Note 1)			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Y	N	Summary	
1. Formulating Integrity Management Policies and Programs (I) Does the Company formulate the integrity management policy approved by the Board of Directors, and has stated in the regulations and external documents the policies and practices of integrity management, as well as commitment from the board and senior management to actively implement the management policy?	✓		The Company has formulated the Code of Integrity Management. Directors, supervisors, managers and employees are all pragmatically focused on their own businesses and implement the integrity management policy.	None
(II) Does the Company establish an evaluation mechanism for the risk of dishonesty, and regularly analyze and evaluate the business activities with higher risks in the business scope, and formulate relevant prevention measures accordingly, which at least covers the second paragraph of Article 7 of " Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies "?	✓		The company has formulated the "Integrity Management Operating Procedures and Behavior Guidelines" and implemented them.	None

Evaluation items	Operation situation (Note 1)			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Y	N	Summary	
(III) Does the Company clearly define the operating procedures, behavior guidelines, disciplinary punishment, and appeal system to prevent dishonesty, and implement and regularly review and revise?	✓		The company's "Integrity Management Operating Procedures and Behavior Guidelines" has taken precautionary measures against business activities with a high risk of dishonesty within the business scope.	None
2. Implementation of Integrity Management (I) Does the Company evaluate the integrity records of its clients and specify the terms of integrity in its contracts with the clients?	✓		Before the transaction, the Company will evaluate the legality of its counterparties and whether there has been a record of dishonesty in order to ensure that its business operations are fair and transparent and will not request, provide or accept bribes.	None
(II) Does the Company set up a dedicated unit affiliated to the Board of Directors to promote the integrity of the enterprise and report regularly (at least once a year) to the Board of Directors on its implementation on the dishonest prevention policy, program, and results?	✓		<p>The company's designated management office promotes the company's integrity management policy on a full-time basis. If there is an incident of dishonesty, it will be reported and handled according to its authority. The full-time unit reported the implementation of integrity management to the board of directors on January 10, 2023.</p> <p>The Company implements the integrity management policy, and the relevant implementation status in 2022:</p> <ol style="list-style-type: none"> The Company's ISO Implementation Committee, Food Safety Group (Fats and Oils) and Food Safety Group (Feed and Livestock) have amended the ISO 9001 Quality Management System, ISO 22000 Food Safety Management System Operation Procedures, Food Hygiene and Safety Management System Certification (Fats and Oils), Halal Quality Assurance System, Roundtable on Sustainable Palm Oil (RSPO) and Internal Audit Implementation Procedures in accordance with the latest ISO international certification standards in 2022, and conduct ISO internal and external audits and management review meetings once per year, and in December 2022, we obtained the Top Quality Food (TQF) certification, which enables the public to have confidence in the safety, reliability, and quality of the Company's products and to comply with the management philosophy of ethical management. In order to strengthen honest management and ethics, the company conducts promotional activities and tests on the relevant regulations of the integrity management code according to the content of colleagues' duties every year. Integrity training has been implemented for business and financial accounting colleagues in 2022, a total of 203 participants in 4 sessions. The company actively implements the values of integrity and ethics, strengthens corporate governance and risk management, and establishes a corporate culture of integrity to strengthen of the management. The 2021 "Sustainability Report" was issued in August 2022. Audit implementation status: In 2022, the company so far has not received reports or complaints of dishonesty or immorality. 	None
(III) Does the Company formulate policies to prevent conflicts of interest, provide appropriate channels for presentation, and implement them?	✓		The company has formulated the "Integrity Management Operating Procedures and Behavior Guidelines", clearly set out the conflict-of-interest policy and provide appropriate presentation channels.	None

Evaluation items	Operation situation (Note 1)			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Y	N	Summary	
(IV) Does the Company establish an effective accounting system and internal control system for the implementation of integrity management, draft related audit plan by the internal auditing units, or entrusted to the Accountants for further audit?	✓		The company has established an effective accounting system and internal control system, which are regularly checked by the internal audit unit.	None
(V) Does the Company conduct internal and external education and training on a regular basis?	✓		The Company conducts internal and external training sessions for current directors, managers and employees at least once per year. 6 training sessions on corporate ethics and prevention of insider trading and personal data protection were held on June 24, August 12, August 24, August 29, September 2, and September 16, 2022, with a total of 230 participants trained in each session for one hour. The course presentations were announced on the Company's internal system for the reference of those who did not attend on that day.	None
3. Operation of the integrity channel (I) Does the Company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?	✓		In order to implement honest operation, the company has established a "Reporting System", which clearly specifies the reporting channels and the audit office of the dedicated unit, and exposes the reporting channels on the company's website to facilitate informants to report. In addition, informants will be rewarded for true cases.	None
(II) Does the Company establish standard operating procedures for confidential reporting on investigating accusation cases, take follow-up measures after the investigation, and adopt other relevant confidential mechanism?	✓		The Company has established a "Reporting System", and it is clear that the identity of the informants and the content of the report are kept confidential.	None
(III) Does the company provide proper whistleblower protection?	✓		The Company has established a "Reporting System" and clearly stated that the company has taken measures to protect whistleblowers from being improperly handled due to whistleblowing.	None
IV. Enhancing Information Disclosure Does the Company disclose the contents of its Code of Integrity Management and promote its effectiveness on its website and MOPS?	✓		The company discloses relevant information on the company website and MOPS.	None
V. If a Company has its own code of integrity management in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, please describe the differences between its operation and the codes: None.				
VI. Other important information that will help us to understand the integrity management of the Company (e.g. when the Company reviews and amends its Code of Integrity Management): None.				

Note 1: The statements shall be made in Summary column no matter if Y or N is checked in Operation situation column.

(VII) Ways to inquire about corporate governance codes and related regulations:

1. The Company regularly reveals updated information on the website:
<http://www.fopco.com.tw>
2. The company's website information is collected and maintained by dedicated personnel. Publicly disclosed financial business information is available on the website for public reference.

(VIII) Other important information that can enhance the understanding of the operation of corporate governance should be disclosed together: None.

(IX) Implementation status of internal control system

1. Statement of Internal Control

FORMOSA OILSEED PROCESSING CO., LTD.
Statement of Internal Control

Date: March 15, 2023

Based on the results of our self-assessment, the Company's internal control system for 2022 is hereby declared as follows:

- I. The Company knows that establishing, enforcing, and maintaining an internal control system is the responsibility of the Company's Board of Directors and managers and has such a system in place already. It is meant to reasonably ensure fulfillment of the operational efficacy and efficiency (including profits, performance, and protection of asset security), reliability, timeliness, and transparency of financial reports, and compliance with applicable laws and regulations, among other goals.
- II. The internal control system has its inherent limitations. No matter how perfect the design is, an effective internal control system can only provide reasonable assurance for the achievement of the above three objectives. Moreover, due to the change of environment and circumstances, the effectiveness of the internal control system may change accordingly. However, the Company's internal control system has a self-monitoring mechanism. Once the deficiencies are identified, the Company will take corrective action.
- III. The Company determines the effectiveness of the design and implementation of its internal control system in accordance with the items in "Governing Regulations for Public Company's Establishment of Internal Control System" (hereinafter called "Governing Regulations") that are related to the effectiveness of internal control systems. The items adopted in the Governing Regulations for determining the internal control system are the five constitutional elements of the internal control system divided according to the management and control process: 1. control environment, 2. risk assessment, 3. control process, 4. information and communication, and 5. supervision. Each element further encompasses several items. Please refer to the "Governing Regulations" for details.
- IV. The Company has adopted the abovementioned determining items and conducted inspection of the design and effectiveness of its internal control system.
- V. Pursuant to the results of the abovementioned inspections, the Company is of the view that the design and implementation of its internal control system as of December 31, 2022 (including its supervision and management of subsidiaries), including its awareness of the extent by which the operating effects and efficiency goals are fulfilled, reliability, timeliness, and transparency of reports, and compliance with relevant laws and regulations, are such that it is effective and capable of reasonably ensuring fulfillment of the above-mentioned goals.
- VI. This Statement constitutes a major part of the Company's Annual Report and the Company's Prospectus that are made available to the public. The Company shall be legally liable under Articles 20, 32, 171 and 174 of the Securities and Exchange Act with respect to any unlawful aspects such as falsehood or concealment of facts in relation to the aforesaid statement.
- VII. This Statement was approved at the meeting of the Company's Board of Directors on March 15, 2023 with none of the 9 directors attending the meeting expressing dissent. All agreed on the contents of this Statement.

FORMOSA OILSEED PROCESSING CO., LTD.

Chairman :  Signature



General Manager:  Signature



2. When a CPA is authorized to review the internal control system, the Project Audit Report of Internal Control System prepared by the CPA shall be disclosed: None.

(X) Any legal sanctions against the Company or its internal personnel, or any disciplinary action taken by the Company against its own personnel for violating internal control requirements, in the latest year and up to the date this Annual Report was printed; if the outcome of the disciplinary actions would affect the shareholders' interests or the share price materially, the description of the action, major deficiencies and improvements shall be specified: None.

(XI) Important decision reached in shareholders' meetings and made by the Board of Directors and the Compensation Committee in the latest year and up to the date this Annual Report was printed:

1. Implementation of the resolutions of the general shareholders' meeting:

Important decisions made in the 2022 general shareholders' meeting:

(1) Approval of the 2021 annual business report, parent company only financial statements and consolidated financial statements

(2) Approval of the 2021 surplus distribution proposal

Implementation status: Set September 3, 2022 as the distribution base date, and September 30, 2022 as the distribution date. (Cash dividend of 1.60 NTD per share)

(3) Approved the amendment of some articles of the Company's "Articles of Incorporation".

Implementation status: The registration was approved by the Ministry of Economic Affairs on August 23, 2022 and announced on the Company's website.

(4) Approved the amendment of some articles of the Company's "Procedures for the Acquisition or Disposal of Assets".

Implementation status: The implementation has been completed in accordance with the resolutions of the shareholders' meeting, and it has been handled in accordance with the revised method.

(5) Approved amendments to some of the provisions of the Company's "Rules of Procedure for Shareholders' Meetings".

Implementation status: The implementation has been completed in accordance with the resolutions of the shareholders' meeting, and it has been handled in accordance with the revised method.

(6) Re-election of Directors of the Company

List of Elected Directors:

Jin Sheng Investment, Ltd., Morn Sun Feed Mill Corp., Tai Sheng Ocean Development Co., Ltd., Shin Fong Trading Co., Ltd., An He Investment Holding Co., Shin Tai Industry Co., Ltd. Independent Director: Lu Hsin-Hwa, Independent Director: Wang Shang-Ren, Independent Director: Lian Ren-Lung.

Implementation status: The registration was approved by the Ministry of Economic Affairs on August 23, 2022 and announced on the Company's website.

- (7) Approved the lifting of non-compete restriction for directors and their representatives of the Company.

2. Critical resolutions of the board of directors :

Meeting Date	Critical resolutions
2022.01.21	1. Approved the Company's 2021 year-end bonus distribution plan for managers.
2022.03.25	<ol style="list-style-type: none"> 1. Approved the Company's 2021 business report. 2. Approved the Company's 2021 individual financial statements. 3. Approved the Company and its subsidiaries's 2021 consolidated financial statements. 4. Approved the 2021 surplus distribution proposal. 5. Approved the amount and payment method of 2021 profit-sharing compensation for employee and remuneration for directors. 6. Approved the Company's 2022 business plan. 7. Approved the Company's 2021 "Internal Control System Effectiveness Assessment" and "Internal Control System Declaration". 8. Approved the Company's application to eight financial institutions including Land Bank of Taiwan for the renewal of financing lines and the new line. 9. Approved the Company's application for a \$1.5 billion combined loan facility from E.SUN BANK for the overall capital planning for the completion of the construction of the oil and grease factory in Taichung Port. 10. Approved the Company's endorsement guarantee for its subsidiary, Top Food industry Corporation. 11. Approved the amendments to some articles of the Company's "Corporate Social Responsibility Best Practice Principles". 12. Approved the amendments to some articles of the Company's "Rules of Procedure of the Shareholders' Meeting". 13. Approved the amendment of some articles of the Company's "Articles of Incorporation" 14. Approved the amendment of some articles of the Company's "Procedures for the Acquisition or Disposal of Assets". 15. Approved the re-election of directors of the Company. 16. Approved the acceptance of nominations of directors (including independent directors) of more than 1% of the shareholders. 17. Approved the lifting of non-compete restriction for new directors (including independent directors) and their corporate directors' representatives. 18. Approved the proposal for convening the 2022 Annual General Meeting of Shareholders.
2022.05.12	<ol style="list-style-type: none"> 1. Approved the Company and its subsidiaries's consolidated financial statements for the first quarter of 2022. 2. Approved the Company's application to five financial institutions including Chang Hwa Commercial Bank for the renewal of financing lines. 3. Approved the amendment to the Company's "Organizational Structure".

Meeting Date	Critical resolutions
	<ol style="list-style-type: none"> 4. Approved the amendment of some articles of the Company's "Accounting System". 5. Approved the nomination of candidates for directors and independent directors at the Company's 2022 Annual General Meeting of Shareholders. 6. Approved the appointment of directors of the Company's subsidiary, Fuyu Ankang Co., Ltd.
2022.07.04	The election of the Chairman of the Board of Directors.
2022.08.10	<ol style="list-style-type: none"> 1. Approved the Company and its subsidiaries's consolidated financial statements for the second quarter of 2022. 2. Approved the Company's proposal for the 2022 ex-dividend base date. 3. Approved the appointment of the members of 5th Remuneration Committee. 4. Approved the company application to four financial institutions including Taiwan Cooperative Bills Finance Corporation for the renewal of the financing line on expiry. 5. Approved the Company's endorsement and guarantee for its subsidiary, Top Food industry Corporation. 6. Approved the amendment of some articles of the Company's "Internal Control System".
2022.09.28	<ol style="list-style-type: none"> 1. Approved the proposal for the distribution of the remuneration amount of the directors of the company for 2021. 2. Approved the promotion of senior manager of QA R&D department, Tam Rong Kai, as head of QA R&D department.
2022.11.10	<ol style="list-style-type: none"> 1. Approved the Company and its subsidiaries's consolidated financial statements for the third quarter of 2022. 2. Approved the evaluation of the independence and suitability of the CPA. 3. Approved the Company's 2023 audit plan. 4. Approved the Company's application to seven financial institutions including Taiwan Cooperative Bank for the renewal of the financing lines on expiry and the new line. 5. Passed the resolution to establish the "Internal Handling Procedures for Material Information" of the company. 6. Passed the resolution to amend certain articles of the "Internal Control System" of the company.
2023.03.15	<ol style="list-style-type: none"> 1. Approved the Company's 2022 business report. 2. Approved the company's individual financial statements for 2022. 3. Approved the Company and its subsidiaries's consolidated financial statements for 2022. 4. Approved the amount and payment method of 2022 profit-sharing compensation for employee and remuneration for directors. 5. Approved the Company's 2023 business plan. 6. Approved the Company's "Internal Control System Effectiveness Assessment" and "Internal Control System Declaration" for 2022. 7. Approved the Company's application to five financial institutions including Chang Hwa Commercial Bank for the renewal of financing lines.

Meeting Date	Critical resolutions
	<ul style="list-style-type: none"> 8. Approved the amendment of some articles of the Company's "Internal Control System - Management of Prevention of Insider Trading". 9. Approved the amendments to some articles of the Company's "Rules of Procedure for Board of Directors Meetings". 10. Approved the amendment of some articles of the Company's "Audit Committee Charter". 11. Approved the amendment to the Company's "Remuneration Committee Charter". 12. Approved the amendment of some articles of the Company's "Corporate Governance Best Practice Principles".
2023.04.07	<ul style="list-style-type: none"> 1. Approved the appropriation of 2022 earnings. 2. Approved the issuance of new shares by capitalization of the 2022 earnings. 3. Approved the amendment of some articles of the Company's "Articles of Incorporation". 4. Approved the amendment of some articles of the Company's "Rules of Procedure of the Shareholders' Meeting". 5. Approved matters related to the convening of the 2023 Annual General Meeting of Shareholders. 6. Approved the change of CPA for the financial report of the Company 7. Approved the election of Vice Chairman.
2023.05.12	<ul style="list-style-type: none"> 1. Approved the Company and its subsidiaries's consolidated financial statements for the first quarter of 2023. 2. Approved the proposal of remuneration of a director who concurrently holds positions as the chairman and the general manager, and the other one holds position as the vice chairman. 3. Approved the appointment of directors and nomination of supervisors of the Company's subsidiary, Top Food industry Corporation. 4. Approved the change of accounting officer. 5. Approved the Company's application to six financial institutions including Land Bank of Taiwan for the renewal of financing lines and the new line. 6. Approved the establishment of the Company's "Operational procedures for the preparation and verification for the sustainability report".

(12) In the most recent year and as of the publication date of the annual report, directors or supervisors have different opinions on important resolutions approved by the board of directors and have records or written statements, and their main content:

Meeting Date	Content of motion	Resolution of the Board of Directors
2022.03.25	Proposal of the Company's application for a \$1.5 billion combined loan facility from E.SUN BANK for the overall capital planning for the completion of the construction of the oil and grease factory in Taichung Port.	Director Tai Sheng Ocean Development Co., Ltd. (Representative Yeh Wen-Lung) opposed the motion, and the proposal was approved by a majority of the directors present.

Meeting Date	Content of motion	Resolution of the Board of Directors
2022.07.04	Proposal of the re-election of directors of the Company.	<p>Approved the election of the director of Jin Sheng Investment, Ltd. as the chairman of the board:</p> <ol style="list-style-type: none"> 1. Support the election of director Jin Sheng Investment, Ltd. as chairman of the board, with 5 votes in favor. 2. Support the election of director MORN SUN FEED MILL CORPORATION, with 3 votes in favor. 3. Director Shin Tai Industry Co., Ltd. (Representative Li Ming-Shun) Abstention.
2022.09.28	Proposal of the Company's 2021 year-end bonus distribution plan for managers.	<ol style="list-style-type: none"> 1. Employee compensation distributed to employees: Approved by all directors present without objection. 2. Employee compensation distributed to the manager: Director MORN SUN FEED MILL CORPORATION (Representative Huang Qiang appointed Independent Director Wang Shang-Ren), Independent Directors Wang Shang-Ren, Lu Hsin-Hwa, Lien Ren-Lung the four directors agreed; Director Shin Fong Trading Co., Ltd. (Representative Cheng Chao-Heng), Director Tai Sheng Ocean Development Co., Ltd. (Representative Cheng Yi-Chia), Director Shin Tai Industry Co., Ltd. (Representative Wu Chin-Chuan appointed Cheng Chao-Heng), Director An He Investment Holdings Co., Ltd. (Representative Lin Yueh-Tin appointed Cheng Yi-Chia) raised objection. The proposal of employee compensation distributed to managers was not approved by a majority of the directors present and was not approved at the board of directors' meeting.

Meeting Date	Content of motion	Resolution of the Board of Directors
2022.11.10	Proposal of the company application to seven financial institutions including Taiwan Cooperative Bank for the renewal of the financing line on expiry and the new line.	Four directors, including Shin Fong Trading Co., Ltd. (Representative Cheng Chao-Hang), Tai Sheng Ocean Development Co., Ltd. (Representative Cheng Yi-Chia), Shin Tai Industry Co., Ltd. (Representative Wu Chin Chuan), and An He Investment Holding Co., Ltd. (Representative Lin Yueh-Tin appointed Cheng Yi-Chia), raised objection to the proposal, the proposal was approved by a majority of the directors present.
2023.03.15	Proposal of the Company's application to five financial institutions including Chang Hwa Commercial Bank for the renewal of financing lines.	Four directors, including Shin Fong Trading Co., Ltd. (Representative Cheng Chao-Hang), Tai Sheng Ocean Development Co., Ltd. (Representative Cheng Yi-Chia), Shin Tai Industry Co., Ltd. (Representative Wu Chin Chuan), and An He Investment Holding Co., Ltd. (Representative Lin Yueh-Tin appointed Cheng Yi-Chia), raised objection to the proposal, the proposal was approved by a majority of the directors present.
2023.04.07	Proposal of the re-election of vice chairman of the Company.	The three independent directors Wang Shang-Ren, Lu Hsin-Hwa and Lian Ren-Lung, qualified their opinions and the proposal was approved by a majority of the directors present.
2023.05.12	Proposal of remuneration of a director who concurrently holds positions as the chairman and the general manager, and the other one holds position as the vice chairman.	Independent director Wang Shang-Ren agreed to the remuneration of the director who is concurrently the chairman and the general manager, but qualified his opinion on the remuneration of the director who is concurrently the vice chairman, and the proposal was approved by a majority of the directors present.

(13) In the most recent year and as of the printing date of the annual report, the summary table of the resignation and dismissal of the company's chairman, general manager, accounting supervisor, financial supervisor, internal audit supervisor, corporate governance supervisor, and R&D supervisor, is as follows:

Summary table of the resignation and dismissal of relevant persons in the company

May 25, 2023

Title	Name	Recruitment date	Dismissal date	Reasons for resignation or dismissal
Accounting supervisor	Lin Fang-Ru	2015.12.30	2023.05.25	Retired

Note: The relevant persons of the company refer to the chairman, general manager, accounting supervisor, financial supervisor, internal audit supervisor, corporate governance supervisor and R&D supervisor, etc.

V. Information on Accountant Fees

1. If the non-audit public fees paid to the certified public accountant, the firm to which the certified public accountant belongs, and its affiliated enterprises are more than a quarter of the audit public fees, the amount of audit and non-audit public fees and the content of non-audit services shall be disclosed:

Units: NT\$ thousands

Accounting Firm Name	Accountant's Name	Audit Period	Public Expenses	Non-audit fees					Note
				System Design	Business Registration	Human Resources	Other	Subtotal	
Deloitte United Accounting Firm	Liao Wan-Yi Chen Chao-Mei	2022.01.01- 2022.12.31	2,780	-	-	-	-	2,780	None
Deloitte United Accounting Firm	Kang Yu-Yeh	2022.01.01- 2022.12.31	-	-	-	-	160	160	Note 1
Deloitte United Accounting Firm	Wu Shih-Tsung	2022.01.01- 2022.12.31	-	-	-	-	400	400	Note 2

Note 1: Other items of non-audit public expense: NTD 160,000 for transfer pricing research analysis.

Note 2: Other items of non-audit public expense: NTD 400,000 for the sustainability report.

2. If the accounting firm is replaced and the public audit expense paid during the replacement year is less than the public audit expense of the previous year, the amount and reason for the audit public expense before and after the replacement shall be disclosed: Not applicable.
3. The public audit fee has been reduced by more than 10% compared with the previous year. The amount, proportion and reason for the reduction of public audit fee should be disclosed: Not applicable.

VI. Information on Replacement of CPAs:

(1) Information regarding the former CPAs

Date of replacement	April 7, 2023		
Reason for replacement and explanation	The internal adjustment of the accounting firm, from CPAs Liao Wan-Yi and Chan Chao-Mei to CPAs Hsieh Chien-Hsin and Chang Keng-Hsi.		
Describe whether the Company terminated or the CPAs terminated or did not accept the engagement	Parties	CPAs	The Company
	Circumstances		
	Terminated the engagement		
	No longer accepted (discontinued) the engagement	V	
If the CPAs issued an audit report expressing any opinion other than an unqualified opinion during the 2 most recent years, specify the opinion and the reasons	Not applicable		

Disagreement with the Company	Yes		Accounting principles or practices
			Disclosure of financial reports
			Audit scope or steps
			Other
	No	V	
Specify details			
Other disclosures (according to Items 1-4 to 1-7 of Paragraph 6, Article 10 of these principles)	Not applicable		

(2) Information Regarding the Successor CPAs

Name of accounting firm	Deloitte Taiwan
Names of CPAs	Hsieh Chien-Hsin and Chang Keng-Hsi.
Date of engagement	April 7, 2023
Subjects discussed and results of any consultation with the CPAs prior to the engagement, regarding the accounting treatment of or application of accounting principles to any specified transaction, or the type of audit opinion that might be issued on the company's financial report	None
Successor CPAs' written opinion of disagreement with former CPAs	None

(3) Response of former CPAs on Articles 10.6.1 and 10.6.2.3 of these principles: Not applicable.

VII. Disclosure of the Name and Position of the Person, and the Duration of Employment at the Accounting Firm or Its Affiliated Enterprise Where the Company's Chairman, President, or Any Managerial Officer in Charge of Finance or Accounting Matters Has in the Most Recent Year Held a Position at the Accounting Firm That Its Certifying Accountant Works for or at an Affiliated Enterprise of Such Accounting Firm: No such situation.

VIII. Any Transfer of Equity Interests and/or Pledge of or Change in Equity Interests by a Director, Supervisor, Managerial Officer or Shareholder with a Stake of More Than 10 Percent

(I) Shareholding changes of directors, supervisors, managers and major shareholders:

Unit : Share

Job Title (Note 1)	Name	2022		The current year as of May 25	
		Increase (decrease) number of equities held	Increase (decrease) number of pledged equities	Increase (decrease) number of equities held	Increase (decrease) number of pledged equities
Chairman	Jin Sheng Investment , Ltd	—	—	—	—
	Representative : Shu Yi-Cheun	—	—	—	—
Vice Chairman (Note 3)	Tai Sheng Ocean Development Co., Ltd.	—	—	—	—
	Representative : Lin Yueh-Tin (Note 4)	—	—	—	—
	An-He Investment and Holding Co., Ltd.	—	—	—	—
	Representative : Wu Hsing-Cheng (Note 4)	—	—	—	—
Director	Tai Sheng Ocean Development Co., Ltd.	—	—	—	—
	Representative : Yeh Wen-Lung (Note 4)	—	—	—	—
	Representative : Cheng Yi-Chia (Note 4)	—	—	—	—
Director	Morn Sun Feed Mill Corp.	—	—	—	—
	Representative: Huang Qiang (Note 4)	—	—	—	—
	Representative: Wu Ching-Teh (Note 4)	—	—	—	—
Director (Note 5)	Shin Tai Industry Co., Ltd.	2,499,000	1,550,000	542,000	1,200,000
	Representative : Li Ming-Shun (Note 4)	—	—	—	—
	Representative : Wu Chin-Chuan (Note 4)	1,000	(1,710,000)	1,000	—
	Representative : Yeh Tzu-Ling (Note 4)	—	—	—	—
Director	Shin Fong Trading Co., Ltd.	658,000	—	—	—
	Representative: Cheng Chao- Heng	—	—	—	—

Job Title (Note 1)	Name	2022		The current year as of May 25	
		Increase (decrease) number of equities held	Increase (decrease) number of pledged equities	Increase (decrease) number of equities held	Increase (decrease) number of pledged equities
Director	An-He Investment and Holding Co., Ltd.	—	—	—	—
	Representative: Lin Yueh-Tin (Note 4)	—	(800,000)	—	—
Director (Note 4)	Huaide Insurance Agent Company	84,000	—	—	—
	Representative: Hsu Wei-Ping	—	—	—	—
Director (Note 4)	You Wei Investment Corp.	—	—	—	—
	Representative: Lin Wen-Peng	—	—	—	—
Independent Director (Note 4)	Chen Chong-Rui	—	—	—	—
Independent Director (Note 4)	Huang Shi-Hui	—	—	—	—
Independent Director	Lu Hsin-Hwa	—	—	—	—
Independent Director	Wang Shang-Ren	—	—	—	—
Independent Director	Lien Ren-Lung	—	—	—	—
General Manager	Shu Yi-Cheun	—	—	—	—
Major Shareholder	Kuan Yiao-Lan	—	(500,000)	—	—
Major Shareholder	Sheu Jong-Ming	—	—	—	—

Note 1: Shareholders holding more than 10% of the company's total shares should be marked as major shareholders and listed separately.

Note 2: If the counterparty of the equity transfer or equity pledge is a related person, the following table should be filled out.

Note 3: (1) Vice Chairman Lin Yueh-Tin resigned on 2022.06.23.

(2) The Board of Directors approved the appointment of An He Investment Holding Co., Ltd. (Representative: Wu Hsing Cheng) as the Vice Chairman on 2023.04.07.

Note 4: (1) Change of representative of An He Investment Holding Co., Ltd.: Lin Yueh-Tin resigned and reassigned Wu Hsing-Cheng as the representative since 2023.3.15.

(2) Change of representative of Tai Sheng Ocean Development Co., Ltd.: Yeh Wen-Lung resigned on 2022.08.11 and reassigned Cheng Yi-Chia as representative since then.

(3) Change of the representative of MORN SUN FEED MILL CORPORATION: Huang Qiang resigned on 2022.10.05, and reassigned Wu Ching-Teh as representative since 2022.10.14.

(4) Change of representative of SHIN TAI INDUSTRY CO., LTD.: Li Ming-Shun resigned on 2022.08.11 and reassigned Wu Chin-Chuan; Wu Chin-Chuan resigned on 2023.04.12 and reassigned Yeh Tzu-Ling as representative since 2023.05.05.

(5) 2022.6.23 Resigned due to re-election: Tai Sheng Ocean Development Co., Ltd. representative: Lin Yueh-Tin; Huaide Insurance Agent Co. representative: Hsu Wei-Ping; Youwei Investment Co., Ltd. representative: Lin Wen-Peng; independent director: Chen Chong-Rui; independent director: Huang Shi-Hui.

Note 5: SHIN TAI INDUSTRY CO., LTD. is a major shareholder of the Company holding more than 10% of the shares.

(II) Equity transfer information: The counterparty of the equity transfer is not a related party, so it is not applicable.

(III) Equity pledge information: The counterparty of the equity pledge is not a related party, so it is not applicable.

IX. Information on the Relationship between the Top Ten Shareholders If They Are to Each Other a Related Party as Defined in the Statement of Financial Accounting Standards No. 6, or the Spouse or a Relative within the Second Degree of Kinship

May 1, 2023

Name (Note 1)	Shares held		Shares held by spouses and/or children of minor age		Shares held through nominees		The name or name and relationship of the top ten shareholders who have a relationship with each other or are a spouse, a second parent, etc. (Note 3)		Note
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Name	Relation	
Shin Tai Industrial Co., Ltd.	24,828,939	11.35	—	—	—	—	Shin Fong Trading Co., Ltd	The same person as the chairman	—
Representative: Wu Chin-Chuen	7,037,766	3.22	3,038,855	1.39	—	—	Anda Investment Company Ltd.	Father and son as The company chairman	
Qunshengfa Company Ltd	21,314,000	9.75	—	—	—	—	Kuan Yiao-Lan	Mother and son as The company chairman	—
Representative: Shu Yi-Cheun	1,559,865	0.71	11,071	0.01	—	—	Sheu Jong-Ming	Father and son as The company chairman	
Chen Shin Investment Company Ltd.,	20,843,659	9.53	—	—	—	—	—	—	—
Representative: Huang Yun-Hui	332,113	0.15	10,793	—	—	—	—	—	
Anda Investment Company Ltd.,	20,712,194	9.47	—	—	—	—	Shin Tai Industry Co., Ltd.	Father and son as The company chairman	—
Representative: Wu Hsing-Cheng	1,009,765	0.46	—	—	—	—	Shin Fong Trading Co., Ltd	Father and son as The company chairman	
							Wu Chin-Chuen	Father and son as The company chairman	
Kuan Yiao-Lan	17,103,887	7.82	9,305,103	4.25	—	—	Sheu Jong-Ming	Spouse	—
Shin Fong Trading Co., Ltd	15,952,867	7.29	—	—	—	—	Qunshengfa Company Ltd	Mother and son as The company chairman	
							Shin Tai Industry Co., Ltd	The same person as the chairman	
Representative: Wu Chin-Chuen	7,037,766	3.22	3,038,855	1.39	—	—	Anda Investment Company Ltd.,	Father and son as The company chairman	—
Sheu Jong-Ming	9,305,103	4.25	17,103,887	7.82	—	—	Kua Yiao-Lan	Spouse	
Anding Investment Co., Ltd. Representative: Chin Hui-Ru	7,107,962	3.25	—	—	—	—	—	—	—
	2,210,000	1.01	—	—	—	—	—	—	
Wu Chin-Chuen	7,037,766	3.22	3,038,855	1.39	—	—	Shin Tai Industry Co., Ltd	Chairman of the company	—
							Shin Fong Trading Co., Ltd	Chairman of the company	
							Anda Investment Company Ltd.,	Father and son as The company chairman	
Hsu Wen-Tung	6,221,000	2.84	725,000	0.33	—	—	—	—	—

Note 1: All the top ten shareholders should be listed. If they are corporate shareholders, the names of the corporate shareholders and the names of the representatives should be listed separately.

Note 2: The calculation of the shareholding ratio refers to the calculation of the shareholding ratio in their own name, spouse, minor children, or in the name of others.

Note 3: The shareholders listed in the previous disclosure, including legal persons and natural persons, shall disclose their relationship in accordance with the issuer's financial report preparation standards.

X. Shares Held by the Company, Directors, Supervisors, Managers of the Company, and Businesses Controlled Directly or Indirectly by the Company of Same Reinvestment Business and Consolidated Calculation of Comprehensive Shareholding Ratio

Comprehensive shareholding ratio

May 1, 2023 Unit: share: %

Reinvestment business (Note)	The company's investment		Business investment directly or indirectly controlled by directors, supervisors and managers		Comprehensive investment	
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
Central Union Oil Corp.	20,000,000	33.33%	—	—	20,000,000	33.33%
Formosa Oil Processing (Panama) S.A.	—	100%	—	—	—	100%
Top Food Industry Corp.	51,963,117	63.16%	30,311,819	36.84%	82,274,936	100%
Jung Shiang International CO., LTD	5,000,000	100%	—	—	5,000,000	100%
FU YOU AN KANG CO., LTD..	2,590,800	51%	—	—	2,590,800	51%

Note: An investment made by the company using the equity method.

Four. Fundraising

I. Capital and Shares

(I) Source of equity

1. The number of issued shares and their types in the most recent year and as of the publication date of the annual report:

Unit : Share : Dollar

Year, Month	Issuance price	Authorized capital stock		Paid-up capital		Remark	Those who use property other than cash to offset the payment of shares	Others
		Number of shares	Amount	Number of shares	Amount			
1994.03	17	80,000,000	800,000,000	72,384,911	723,849,110	Capital increase of NTD120,000,000 Earnings transferred to capital increase of NTD 30,291,040	None	1993.11.30 (82) Taiwan Financial ID (1) No. 43074
1994.07	10	80,000,000	800,000,000	75,823,194	758,231,940	Earnings transferred to capital increase of NTD 34,832,830	None	1994.6.6 (83) Taiwan Finance Certificate (1) No. 26621
1995.08	17	150,000,000	1,500,000,000	98,605,514	986,055,140	Capital increase of NTD150,000,000 Earnings transferred to capital increase of NTD39,911,600 Capital reserve transferred to capital increase of NTD37,911,600	None	1995.5.25 (84) Taiwan Finance ID (1) No. 28388
1996.09	17	150,000,000	1,500,000,000	130,527,947	1,305,279,470	Cash capital increase of NTD 197,200,000 Earnings transferred to capital increase of NTD62,861,020 Capital reserve transferred to capital increase of NTD59,163,310	None	1996.5.25 (85) Taiwan Financial ID(1) No. 31071
1997.09	17	190,000,000	1,900,000,000	161,388,643	1,613,886,430	Capital increase of NTD174,000,000 in cash Earnings transferred to capital increase of NTD 69,342,980 Capital reserve transferred to capital increase of NTD65,263,980	None	1997.6.2 (86) Taiwan Finance ID (1) No. 40485
1998.08	10	190,000,000	1,900,000,000	178,031,847	1,780,318,470	Earnings transferred to capital increase of NTD85,737,720 Capital reserve transferred to capital increase of NTD80,694,320	None	1998.6.18(87) Taiwan Finance ID (1) No. 52602
1998.11	25	227,900,000	2,279,000,000	199,541,847	1,995,418,470	Cash capital increase of NTD215,100,000	None	1998.8.5(87) Taiwan Finance ID (1) No. 52601
2002.03	10	227,900,000	2,279,000,000	186,787,028	1,867,870,280	Merge with subsidiary Gaoming Investment Co., Ltd. to reduce capital by NTD127,548,190	None	2002.3.29 Taiwan ID(91)Taishentzu No. 100802
2004.01	10	227,900,000	2,279,000,000	177,210,028	1,772,100,280	The increase in 9,577,000 shares of treasury stocks revoked, amounting to NTD95,770,000	None	2004.1.19 Taiwan ID shentzu No. 0930102111
2004.08	10	227,900,000	2,279,000,000	162,700,028	1,627,000,280	The increase in 14,510,000 shares of treasury stocks revoked, amounting to NTD145,100,000	None	2004.8.5 Financial Supervisory Commission shentzu No. 0930136032
2010.07	14.5	227,900,000	2,279,000,000	169,210,372	1,692,103,720	The first domestic guaranteed convertible corporate bond conversion of NTD65,103,000	None	2010.4.27 Taiwan ID Taishentzu No. 09900107191
2010.09	10	227,900,000	2,279,000,000	174,904,872	1,749,048,720	Earnings transferred to capital increase of NTD56,945,000	None	2010.8.2 Financial Supervisory Commission FaZi No. 0990040391
2011.09	10	227,900,000	2,279,000,000	181,901,067	1,819,010,670	Earnings transferred to capital increase of NTD69,961,000	None	2011.7.21 Financial Supervisory Commission FaZi No. 100033975
2012.05	13.1	227,900,000	2,279,000,000	181,908,700	1,819,087,000	The first domestic guaranteed convertible corporate bond conversion of 76,000	None	2012.5.10 Taiwan ID No. 10100100791
2012.09	10	227,900,000	2,279,000,000	187,365,732	1,873,657,320	Capital reserve transferred to capital increase of NTD54,570,000	None	2012.7.23 Financial Supervisory Commission FaZi No. 1010032775
2012.12	12.4	227,900,000	2,279,000,000	187,389,925	1,873,899,250	The first domestic guaranteed convertible corporate bond conversion of 241,000	None	2012.12.19 Taiwan ID No. 10100284151
2013.04	12.4	227,900,000	2,279,000,000	187,470,569	1,874,705,690	The first domestic guaranteed convertible corporate bond conversion of 806,000	None	2013.4.16 Taiwan ID No. 10200068701
2013.07	12.4	227,900,000	2,279,000,000	196,922,179	1,969,221,790	The first domestic guaranteed convertible corporate bond conversion of 94,516,100	None	2013.9.3 Taiwan ID No. 10200180631
2013.08	12.4	227,900,000	2,279,000,000	196,994,759	1,969,947,590	The first domestic guaranteed convertible corporate bond conversion of 725,800	None	2013.9.3 Taiwan ID No. 10200180631
2013.10	12	227,900,000	2,279,000,000	197,119,758	1,971,197,580	The first domestic guaranteed convertible corporate bond conversion of 1,249,990	None	2014.2.17 Taiwan ID No. 1030002780
2013.11	12	227,900,000	2,279,000,000	199,344,749	1,993,447,490	The first domestic guaranteed convertible corporate bond conversion of 22,249,910	None	2014.3.11 Taiwan ID No. 1030004401
2013.12	12	227,900,000	2,279,000,000	201,436,410	2,014,364,100	The first domestic guaranteed convertible corporate bond conversion of NTD20,916,610	None	2014.3.11 Taiwan ID No. 1030004401
2014.04	12	227,900,000	2,279,000,000	202,669,739	2,026,697,390	The first domestic guaranteed convertible corporate bond conversion of NTD12,333,290	None	2014.6.11 Taiwan ID No. 10300112441
2014.08	12	227,900,000	2,279,000,000	202,994,737	2,029,947,370	The first domestic guaranteed convertible corporate bond conversion of NTD3,249,980	None	2014.8.21 Taiwan ID No. 10300172581
2014.12	12	227,900,000	2,279,000,000	211,253,058	2,112,530,580	The first domestic guaranteed convertible corporate bond conversion of NTD82,583,210	None	2014.12.9 Taiwan ID No. 10300025696

Year, Month	Issuance price	Authorized capital stock		Paid-up capital		Remark		
		Number of shares	Amount	Number of shares	Amount	Source of equity	Those who use property other than cash to offset the payment of shares	Others
2015.02	12	227,900,000	2,279,000,000	218,703,051	2,187,030,510	The first domestic guaranteed convertible corporate bond conversion of NTD74,499,930	None	2015.2.16 Taiwan ID No. 10400030181

Note 1: The data for the current year as of the publication date of the annual report should be filled in.

Note 2: The effective (approved) date and document number should be noted for the capital increase.

Note 3: Those who issue shares below the par value should be marked in a prominent way.

Note 4: If currency claims and technology are used to offset shares, it should be stated, and the type and amount of offset should be noted.

Note 5: Those belonging to private placements should be marked in a prominent way.

Unit : Share

Type of shares	Approved capital share			Remark
	Circulating shares	Shares yet to be issued	Total	
Common stock	218,703,051	81,296,949	300,000,000	Shares of listed companies

Note: Please note whether the stock is a listed or OTC company stock (if it is a restricted listing or OTC trader, a note should be added).

2. Information about the general declaration system: Not applicable.

(II) Shareholder Structure

May 1, 2023

Shareholder structure	Government agency	Financial institution	Other legal persons	Personal	Foreign institutions and outsiders	Total
Quantity						
Number of people	—	1	53	18,337	43	18,434
Number of shares held	—	86,000	152,516,235	64,817,092	1,283,724	218,703,051
Shareholding ratio	—	0.04%	69.74%	29.64%	0.58%	100%

Note: Mainland Chinese investors' holding ratio: None.

Note: The companies and counter companies listed first (counter) should disclose the proportion of their Mainland Chinese investors' shares; Mainland Chinese investors' refer to people, legal persons, organizations, and other institutions in the mainland as stipulated in Article 3 of the Rules Governing Permits for People in Mainland China Investing in Taiwan or a company invested in a third region.

(III) The situation of equity dispersion

1. Ordinary share NTD10 per share

May 1, 2023

Holding grade	Number of shareholders	Number of shares held	Shareholding ratio (%)
1 to 999	16,668	840,854	0.38
1,000 to 5,000	1,469	2,698,352	1.23
5,001 to 10,000	122	886,916	0.42
10,001 to 15,000	53	654,804	0.30
15,001 to 20,000	18	336,589	0.15
20,001 to 30,000	14	329,042	0.15
30,001 to 40,000	7	240,732	0.11
40,001 to 50,000	7	316,668	0.15
50,001 to 100,000	17	1,100,195	0.50
100,001 to 200,000	8	993,425	0.45
200,001 to 400,000	16	4,688,003	2.14
400,001 to 600,000	2	848,451	0.39
600,001 to 800,000	3	2,063,561	0.94
800,001 to 1,000,000	0	0	—
1,000,001 and above	30	202,705,459	92.69
Total	18,434	218,703,051	100.00

2. Special shares: The Company does not issue special shares.

(IV) List of major shareholders (major shareholders holding more than 5% of the shares)

May 1, 2023

Major Shareholders' Name	Share	Number of shares held (shares)	Shareholding ratio (%)
Shin Tai Industry Co.,Ltd		24,828,939	11.35
Qunshengfa co., ltd.		21,314,000	9.75
Chengxin Investment Co., Ltd.		20,843,659	9.53
Anda Investment Co., Ltd.		20,712,194	9.47
Kuan Yiao-Lan		17,103,887	7.82
Shin Fong Trading Co., Ltd		15,952,867	7.29
Sheu Jong-Ming		9,305,103	4.26
Anding Investment Co., Ltd.		7,107,962	3.25
Wu Chin- Chuan		7,037,766	3.22
Hsu Wen-Tung		6,221,000	2.84

(V)The stock market price per share, net value, surplus, dividend and related information in the last two years

Unit : New Taiwan Dollars

Item		Year		The current year as of March 31, 2023 (Note 8)	
		2021	2022		
Market price per share (Note1)	Highest	67.5	63.8	59.5	
	Lowest	32	47	55.4	
	Average	45.52	54.19	58.06	
Net worth per share (Note2)	Before distribution	15.73	15.88	16.18	
	After distribution	14.13	—	—	
Earnings per share (Note3)	Weighted average number of shares (thousand shares)	218,703	218,703	218,703	
	Earnings per share (Note 3)	2.07	1.69	0.30	
Dividend per share	Cash dividend	1.6	1.5(note9)	—	
	Stock Dividend	Retained earnings	—	0.5(note9)	—
		Capital reserve	—	—	—
	Accumulated unpaid dividends (Note 4)	—	—	—	
Investment remuneration Analysis	P/E ratio (Note 5)	21.99	32.07	48.79	
	P/L ratio (Note 6)	28.45	36.13	—	
	Cash dividend yield (Note 7)	3.51%	2.77%	—	

*If surplus or capital reserve is used to increase capital, the information of the retrospectively adjusted market price and cash dividends should be disclosed according to the number of shares issue.

Note 1: List the highest and lowest market prices of common stocks in each year, and calculate the average market prices for each year based on the transaction value and volume of each year.

Note 2: Fill in the list based on the number of issued shares at the end of the year and the distribution according to the resolution of the board of directors or the shareholders' meeting of the following year.

Note 3: If retrospective adjustment is required due to circumstances such as gratuitous allotment, the earnings per share before and after adjustment shall be shown.

Note 4: If the equity securities issuance conditions stipulate that the dividends that have not been paid in the current year are accumulated to the year of surplus, the accumulated and unpaid dividends as of the current year shall be disclosed separately.

Note 5: P/E ratio = average closing price per share for the year/earnings per share.

Note 6: P/E ratio = average closing price per share for the year/cash dividend per share.

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

Note 8: The net value per share and earnings per share should be filled in with the information verified (reviewed) by an accountant as of the date of publication of the annual report; the remaining fields should be filled in with the data of the current year ending on the date of publication of the annual report.

Note 9: The 2023 shareholders' meeting proposed to distribute cash dividends of NT\$1.50 and stock dividends of NT\$0.50 per share for 2022.

(VI) Explanation of the company's dividend policy, implementation status and expected major changes

1. The Company's dividend policy is based on the principle of maintaining the long-term financial structure of the Company and the future growth and expansion of its operations, while taking into account the shareholders' interests, etc. The Company appropriates no less than 50% of the distributable earnings each year as dividends to shareholders, and distributes dividends to shareholders in the form of cash or stock, of which the percentage of cash dividends shall not be less than 20% of the total dividends appropriated for that year. No cash dividends will be distributed if the cash dividends are less than \$0.1 per share.
2. The proposed dividend distribution at the shareholders meeting:
The 2023 shareholders' meeting proposed to distribute cash dividends of NT\$1.50 and stock dividends of NT\$0.50 per share for 2022.

(VII) The impact of the free allotment proposed at this meeting of shareholders on the Company's operating performance and earnings per share: Not applicable.

(VIII) Remuneration of employees, directors and supervisors

1. The amount or scope of remuneration for employees, directors and supervisors is stated in the articles of association

The company's current articles of association stipulate:

Article 31:

If the company makes a profit during the year (the so-called profit refers to the pre-tax benefit deducting the benefit before the distribution of employee compensation and directors' compensation), then 2% to 4% of the profit should be allocated for employee compensation and no more than 4% of the profit should be allocated- for directors' compensation. However, when the company still has accumulated losses (including adjustments to the amount of undistributed surplus), it shall reserve the compensation amount in advance.

The employee remuneration in the preceding paragraph can be paid in stocks or cash, and the recipients may include employees of affiliated companies who meet certain conditions. The remuneration of the directors mentioned in the preceding paragraph can only be paid in cash.

The first two items shall be implemented by the resolution of the board of directors and reported to the shareholders meeting.

2. If there is a discrepancy with the estimated number, there's an accounting treatment with estimated basis for the compensation of employees, directors and supervisors in the current period, calculation basis for the number of shares of employee compensation distributed by stocks, and actual distribution amount:

The estimated amount of remuneration payable to employees of the company for 2022 is NTD 9,428,787; the estimated amount of remuneration payable to directors is NTD 9,428,787. The preceding remuneration for employees and directors and supervisors is calculated based on the 2022 pre-tax benefits before deducting the distribution of employee remuneration and directors' remuneration. If there is a change in the actual disbursement amount decided by the shareholders' meeting, it shall be handled according to the changes in accounting estimates and adjusted and recorded in the accounts during the year of the shareholders' meeting resolution. If the shareholders' meeting decides to use stocks to pay employee compensation, the number of shares is determined by dividing the amount distributed by the resolution by the fair value of the

stock. The fair value of the stock is based on the closing price on the day before the resolution of the shareholders' meeting, taking into account the effect of ex-dividends as the basis for calculation.

3. Remuneration distribution approved by the board of directors:

- (1) Remuneration for employees and the amount of compensation for directors and supervisors distributed in cash or stocks.

Unit : New Taiwan Dollars

Item	Amount
Employee cash compensation	9,428,787
Employee stock compensation	None
Directors' remuneration	9,428,787

There is no difference between the remuneration approved by the board of directors and the estimated amount in the 2022 financial statements.

- (2) The amount of employee remuneration distributed by stocks and its proportion to the total amount of individual or individual financial report after-tax net profit and total employee remuneration for the current period: Not applicable.

4. The actual distribution of the remuneration of employees, directors and supervisors in the previous year, the number of differences between the remuneration of employees and directors, and the reasons and handling of the differences:

The Company recognized employees' compensation of NT\$11,227,038 in cash and director's remuneration of NT\$11,227,038 for 2021. The actual distribution of employees' compensation: NT\$10,937,334 in cash and the undistributed amount was NT\$289,704, which was accounted for as employee compensation payable; there was no difference between the actual distribution of directors' remuneration and the recognized amount.

(IX) The situation of the company buying back the company's shares: None.

II. Information on the Company's Issuance of Corporate Bonds: None.

III. Information on the Company's Issuance of Preferred Shares: None.

IV. Information on the Company's Issuance of Global Depository Receipts: None.

V. Information on the Company's Issuance of Employee Share Subscription Warrants: None.

VI. Information on the Company's Issuance of New Restricted Employee Shares: None.

VII. Information on the Company's Issuance of New Shares in Connection with Mergers or Acquisitions or with Acquisitions of Shares of Other Companies: None

VIII. Implementation of the Company's Capital Allocation Plans. : None

Five. Overview of Operations

I. Business content

(I) Business scope

1. Main business content

- (1) Production and sales of soybean powder, full-fat cooked soybean powder, soybean oil (salad oil), egg lecithin, palm oil, flour, bran, flour, wheat germ and other products.
- (2) Manufacture and sales of feed, barley flakes, corn shreds and its by-products, full-fat cooked soybean meal and its by-products.
- (3) Purchasing, transportation and sales of fats, feeds, barley flakes, corn flour, full-fat cooked soybean flour and their raw materials and by-products, as well as business on behalf of customers.
- (4) Import and sale of bulk grains such as corn, soybeans, wheat and barley.
- (5) General import and export trade business (except licensing business).
- (6) Acting as an agent for quotation, bidding and distribution business of relevant domestic and foreign manufacturers (except futures).

2. Main business items and proportions

According to the 2022 sales volume, oil products accounted for 49.72%, feed, raw material products for 28.50%, and flour products for 21.77%.

3. The company's main products

- (1) Food use: soybean oil, canola oil, sunflower oil, refined palm oil, flour, wheat germ and other products.
- (2) For feed use (feed for animals) corn, corn shreds, high-matured corn flour, soybean flour, high-protein shelled soybean flour, full-fat cooked soybean flour, wheat flour, bran, flour, barley flakes, barley bran and compound feeds, etc.

4. New products that are planned to be developed

- (1) Strengthen the brand visibility of oil barrels and increase the market share of oil barrels.
- (2) Promote the spirit of the "FU YOU AN KANG" brand, develop safe and healthy meat and animal processing products, and manage the food distribution channel with innovative thinking.
- (3) Cater to the development of the breakfast market, and strengthen the development of special flours that meet safety and health, such as special flour for European-style bread, hamburger flour, chain breakfast buns, and toast flour.

- (4) Improve the characteristics of flour processing to enter the high-priced flour market. The high-gluten and patent flour under the royal delicacy brand has been developed to supply downstream processors and continue to promote it to establish brand image and product reputation.

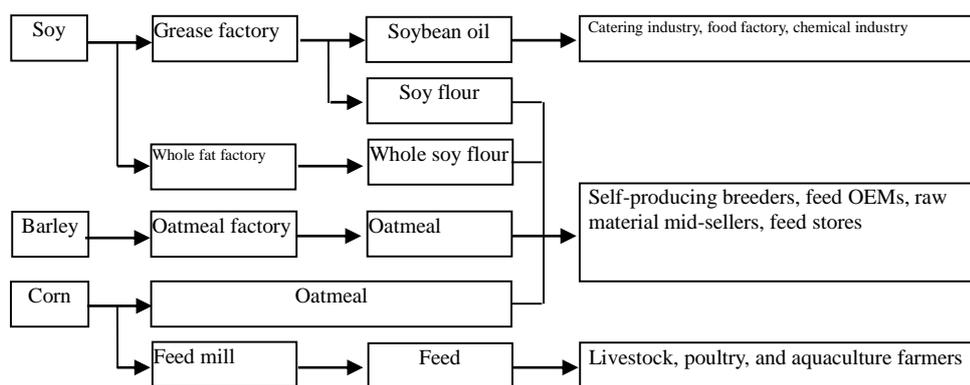
(II) Industry overview

1. Raw Materials Division

(1) Current status and development of the industry

- a. The international bulk grain market has experienced the impact of the global coronavirus pandemic, the war between Russia and Ukraine, global inflation and crisis of international financial institutions, etc. The fluctuation of the market is very high and the risk of operation is relatively higher. As the risk control of procurement and inventory is severely tested, it is also an important factor affecting competitiveness and
- b. The domestic livestock industry was hit by avian influenza and porcine epidemic diarrhea virus, which led to a shrinkage of the breeding scale and a decline in the demand for raw materials, and the industry had to restrain imports in order to push the market to achieve a balance between production and sales.

(2) The relevance of the industry's upstream, middle and downstream



The company imports bulk grain raw materials such as soybeans, barley, and corn from upstream grain suppliers, and processes them to manufacture soybean oil, soybean powder, full-fat soybean flour, and oatmeal. The soybean oil is supplied to downstream catering, food and chemical industries, and the rest of the products and raw materials are supplied to downstream feed and agricultural and livestock industries.

(3) Various development trends and competitive situations of products

- a. The price of bulk grains rises and falls rapidly, and the operation risk is high. The company is very cautious in raw material procurement and inventory management.

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- b. Food is the essence of the people. The domestic food market is facing the impact of rising prices, and the consumption demand shows receding, while the raw material trading only retains the basic demand, which still has profitable business opportunities. It is expected that after the price recovery, the food industry will recover, and the sales of raw materials should have a more stable business environment.

2. Grease Division

(1) Current status and development of the industry

In the post-pandemic era, the issue of inflation has become a challenge for all countries around the world, with governments raising interest rates gradually, resulting in a reduction in economic activity and a fall in raw materials and shipping costs. In the domestic market, demand is also affected by inflation, and the consumption power of the people is obviously reduced. The industry should timely adjust the import volume of domestic raw materials to avoid the phenomenon of excess supply over demand, resulting in excessive vicious competition.

(2) The influence of the industry on upper, middle, and downstream economies

- a. Under the turmoil of the international economy and trade, the prices of grains vary greatly from country to country. During this period, they are more susceptible to price fluctuations due to changes in international information. Therefore, it is imperative to immediately grasp international information, grain prices in various countries, and supplier inventory positions, and more intensive contact with suppliers to communicate and maintain a good cooperative relationship.
- b. Affected by global trade and international dynamics, the industry and the association may need to reach a consensus with the government to formulate temporary decree or related laws, and cooperate with the government to set standards to jointly enhance the added value of the industry.
- c. Nowadays, governments pay more attention to food safety control, and consumers' demands are more diverse. Achieving government regulations and meeting customer requirements has become the primary goal for manufacturers.

(3) Various development trends and competitive situations of products

Food safety issues have attracted much attention, and government laws and regulations have become more stringent in terms of food regulations, including complicated inspections of imported raw materials and transparent product labeling. Consumer awareness is rising, and there is a greater need to grasp the best service quality and customer satisfaction, provide complete raw material source assurance, traceability management and quality specifications, and differentiate operations from small and medium-sized enterprises.

3. Feed Division

Agriculture is a part of the national economy. It plays the role of stabilizing food supply, maintaining the ecological environment, stabilizing the society, and regulating the employment of the rural population. It is also closely related to the lives of the people. The animal husbandry industry is an extremely important part of agricultural production. In recent years, due to the continuous impact of multiple factors such as the strengthening of environmental protection, the epidemic, and the increase of levy fees, small and medium-sized breeders have gradually withdrawn from the pig industry, and the overall industry has moved towards large scale breeding.

(1) Current status and development of the industry

According to the industry survey report carried out by the Council of Agriculture each year, the market size has not changed much and is in a stable state. The overall annual output is about 5 million tons. The output of the top ten manufacturers accounted for about 70% of the market size, indicating that the market is centralized. Market manufacturers mainly provide feed and technical services required by downstream customers for feeding.

(2) The relevance of the industry's upstream, middle and downstream customers

More than 90% of the raw materials are imported, and the main raw materials such as corn and soybeans are greatly affected by the international market. Raw materials account a major part of the total cost, and therefore it is very important to forecast and control the upstream raw material market.

The role of manufacturers to their downstream customers is not only as products providers, but also to provide technical service guidance and even to assist in the sales of their livestock products. Some of them adopt downstream integration or cooperative approach, such as contract cooperative breeding mode.

(3) Various development trends and competitive situations of products

Product homogeneity is high and is not easy to establish differentiation. Therefore the market is moving towards products that require health and safety, and the development of green and environmentally friendly products that take into account both cost and safety is a topic that cannot be ignored.

4. Flour business

Flour and bran are mainly sold domestically and supplied to bread, noodles, bakery and other pastry customers throughout Taiwan. As wheat raw materials are sourced from the U.S., Canada and Australia, wheat production was affected by the drought in North America last year and the war between Russia and Ukraine affected wheat exports from the Black Sea region, resulting in a global wheat spike, and market demand shrank due to factors such as the continued impact of coronavirus disease pandemic has not been completely eliminated and inflation, as well as the industry's reluctance to give up on capturing the market and failure to adjust flour sales prices, the overall flour industry was unable to effectively reflect the increase in raw material costs, resulting in operational difficulties. Although the international wheat futures price fell from a high level in the third quarter, it was still in a state of loss due to market competition.

Competition in the domestic flour industry is fierce. The company must rely on food safety to establish a sustainable business culture from the perspectives of raw material procurement, research and development in technology, process optimization, and brand and company image.

(1) Current status and development of the industry

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- a. Flour is the raw material of people's food. Only in recent years, the dietary culture tends to be fast, convenient, nutritious, and delicious as the development trends point to growth of noodle products. According to statistics, the average domestic consumption of wheat per person per year has surpassed the traditional consumption of rice and has become the staple diet.
 - b. The consumption of flour products is diversified, and the requirements for flour tend to be special such as standard specifications, consistent process ability, stable quality... etc. These requirements must be met by importing high-quality wheat, having modern flour milling equipment, and a specialized R&D team. Therefore, less competitive flour mills have gradually withdrawn from the market.
- (2) The relevance of the industry on upper, middle and lower economies
- a. Domestic wheat mainly relies on imports especially of American wheat because of its quality specifications and stable supply and demand. At present, the same industry mainly purchases by co-shipment. As for Canadian and Australian wheat, they are also partly used in Chinese noodles due to their special varieties and flavors.
 - b. Flour has a wide range of uses. It is often used in Western-style bread and pastry, and Chinese pasta. The scale of processing varies significantly. There are family-type individual processing households and industrialized large-scale processing plants. Therefore, it needs to be packaged in bags or bulk through distribution and direct channels, to supply the needs of various regions, and to establish close cooperation and mutually beneficial relationships between upstream providers and downstream consumers.

(3) Various development trends and competitive situations of products

At present, U.S. wheat imports are still being jointly purchased by the food industry. When the cost and quality of raw materials are similar, the company's sales strategy adopts product differentiation and customization to avoid price competition. Therefore, it is necessary to listen to customer needs, provide the most suitable flour, and maintain the stability of the customer's processing process and the yield of the finished product. Considering the food safety issues in the past few years, it is imperative to conduct strict checks, such as the accurate dosage of additives, and regular detection of pesticide residues in wheat, detect aflatoxin and other toxins, etc. These checks help downstream processors and consumers be assured that the product is safe, and buy and use it with peace of mind.

In respond to the market demand should recover gradually this year and the cost of wheat raw materials is lowering continuously, it is expected to improve the loss situation and turn to profitability. We will strengthen the tracking of international wheat prices, and purchase the wheat raw materials required for processing in a timely and appropriate amount, and effectively control the inventory of wheat and flour finished products, and continue to solidify the basic trading volume to maintain stable production and sales.

(III) Overview of technology and R&D

1. Promote the export trade business of by-products from the processing and production of raw materials such as corn, soybeans, wheat and barley, expand sales areas, and adjust domestic supply and demand, stabilize the market, and increase profits.
2. Intended for the frying business channel, improve the current palm oil frying resistance.
3. The raw materials are simplistic, and plant-based oils and shelled whole-fat soybean meal are continuously used in the formula to reduce raw material variation, improve feed stability and animal growth performance; reduce the use of animal protein (fish meal and

meat and bone meal) in feed formulations. Reduce Salmonella contamination and drug residues.

4. Establish the "Fuyou Ankang" brand, extend it from the raw material and feed industries to livestock food suppliers, and take "FuMao, sharing safety and health with you" as the brand purpose, and provide consumers with a source of food that is worthy of the public's confidence.
5. Research and develop the characteristics of wheat varieties of different origins and specifications, provide differentiated flours with characteristics, and supply the needs of downstream processors to enhance the competitiveness of products in the market.
6. Continuously improve the production process, strengthen inventory management, produce more stable flour quality, meet the needs of domestic and foreign flour product processors, and expand the scale of production and sales to increase operating profits.

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

1. Short-term development:

- (1) To strengthen the promotion of existing product channels, develop new customers, raise sales volume and value, develop and promote new products, and proactively develop food and beverage channels to enhance brand awareness and market share, increase revenue, reduce selling and administrative expenses, lower operating costs, and increase profitability.
- (2) In response to the use of multiple wheat varieties, the expanded wheat warehouse can independently store wheat from different sources, different shipping schedules and different qualities. Appropriate wheat blending treatment can stabilize wheat processing and flour quality; the newly built flour silo can produce and store semi-finished flour of different specifications, which can be used as various raw powders for formula blending, and it is expected to supply downstream customers with multiple types of flour, meeting the needs of the processing characteristics of various flour products.

2. Long-term development:

- (1) Marketing strategy: to ensure stable quality of edible oil and increase customer recognition; produce high-quality feed; strive for the processing business; combine the two channels of feed and raw materials to operate the market, maintain the company's product production and sales balance, and create profits.
Actively participate in food exhibitions and bakery exhibitions, and invite downstream manufacturers and school groups to visit factories and hold bakery product presentations to enhance the company's brand image.
- (2) Production policy: Strengthen production, marketing coordination and inventory management, and optimize production processes to improve quality. Especially with this year's drought, water supply is limited, and it is necessary to coordinate with the government's water supply time to schedule production, use off-peak preferential electricity prices for centralized production, and reduce the effective use of resources for lowering production cost. These measures pave the way for stable and excellent products.
- (3) Product planning: Develop diversified products with special specifications to improve quality and efficiency. The company's long term vision is to enhance the existing brands and various commercially available flour varieties, cooperate with new customers and new product development, provide diversified and complete flour varieties for downstream processing users, and provide the best service in terms of customer orientation.
- (4) Operation management: Relevant products are geared towards orderly management, strengthening operation planning, customer and credit management, reducing the risk of accounts receivable, and stabilizing operations.

II. Analysis of the Market and the Production and Marketing Situation

(I) Market analysis: Analyze the sales area, market share, future supply and demand conditions and growth of the company's main products, competitive niche, favorable and unfavorable factors and countermeasures for development prospects.

1. Raw Materials Division

Most of the company's main raw materials (corn, soybeans, and wheat) are imported from the United States, South America and Australia, with stable quality and supply. Corn is the primary raw material of feed while soy is the raw material of food or oil processing industry. In addition, full-fat soybean meal is processed to produce by-product wheat bran and flour, which are used as feed materials.

A. Primary products and sales areas:

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- a. Barley flakes (grains), barley flour, and barley bran: directly supplied to feed factories, and sold through various dealers (agents) across the province.
- b. Corn, full-fat soybean meal, bran and flour are sold in feed factories in the North, Central and South, in small and medium-sized feed processing plants, and farms with self-prepared feed. Soybean sales areas include the edible oil and fat processing industries in North, Central and South, and the supply of cooked feed material plants for processing cooked soybean meal.
- B. Market share and future supply and demand status and growth of the market:
Oatmeal market share: Barley accounts for about 35%.
The scale is shrinking year by year, affecting the demand for oatmeal.
Raw material market share: full-fat soy flour accounts for about 10%, and bran for about 20%.
The market has been saturated, and is even facing a state of reduction in scale reduction.
- C. Competitive niche:
With the continuous renewal of equipment and the improvement of production technology, the highest quality, most diverse product, and flexible and efficient service have been recognized by the market.
- D. Business objectives:
In 2023, it is expected to sell 12,510 metric tons of oatmeal, 795 metric tons of bran, 13,800 metric tons of compound feed products, 69,300 metric tons of corn, 10,000 metric tons of soybeans, 16,860 metric tons of full-fat soybean meal, 30,000 metric tons of soybean meal, and 67,834 metric tons of bran.
- E. Advantages and disadvantages of development prospects:
- a. Favorable factors:
The company's oatmeal, feed, and other businesses, as well as its investment in the flour business, helps it to quickly grasp market information and integrate with the experience and technology of each business system. This integration is beneficial to enhance product development capabilities.
Business products such as raw materials and by-products have a high degree of flexibility:
- (1) Corn and soybeans: According to the domestic supply and demand situation, the inventory position and the trading progress are adjusted in real time.
 - (2) Full-fat soy flour: With various products for integrated marketing.
 - (3) Bran and flour: There is a seasonal imbalance between supply and demand, and the supply and marketing schedule should be adjusted according to the current conditions.
- b. Unfavorable factors:

The oatmeal product market is becoming saturated, and its business scale is not easy to expand.

The cost of importing raw materials fluctuates sharply, and the market demand is erratic and changeable. It is difficult to predict the situation of market supply and demand.

c. Countermeasures:

- (1) Based on diversified products, innovate the dealer (store head) business model to enhance the competitive advantage.
- (2) Grasp international and domestic "price" and "quantity" trends.
- (3) Give full attention to the flexibility of raw material scheduling and respond to the rapid changes in the market.
- (4) Enhance the by-product export trade business, adjust domestic supply and demand, stabilize the market, and increase profits.

2. Grease Division

A. Sales area of main products:

Looking for high-quality soybeans with high protein and oil content from abroad, the two main products of soybean meal and soybean oil are processed and produced. The soybean meal produced is used as feed material, and the soybean oil is used for edible oil. The main raw material of palm oil comes from Malaysia, and the supply is stable. The refined palm oil produced is used as raw material for food processing and chemical raw materials. The main raw materials of canola oil come from Canada and Australia and are used as raw materials for food processing.

B. Market share and future market supply and demand status and growth:

- a. Soybean meal: The sales area covers feed factories in the North, Central and South, with small and medium-sized feed processing plants, and farms and pastures with self-prepared feed.
- b. Soybean oil: In addition to the edible oil processing industry in the North, Central and Southern regions, the sales team is actively expanding the export channels of edible oil to other areas.
- c. Palm oil: The distribution area covers all parts of North, Central and South, and food processing plants.

C. Competitive niche:

- a. Soy flour: The demand for high-protein soy flour has increased, while it has decreased for ordinary soy flour. Full-fat soy flour has replaced part of ordinary soy flour. The overall demand has decreased. The price is affected by imported soy flour. It is now not easy to have prominent sales performance with Soy flour.
- b. Soybean oil/other oil products: Due to the rise of the concept of healthy diet of the Chinese people, the demand for edible oils and fats has decreased; oil products with health demands will replace some household oils. With the increase of the food group, the demand for business oil should increase.

D. Business goals:

In 2023, it is expected to sell 51,505 metric tons of soybean oil, 41,521 metric tons of palm oil, 116,442 metric tons of soybean meal, and 18,000 metric tons of soybeans.

E. Advantages and disadvantages of development prospects:

a. Favorable factors:

- (1) The company and its peers jointly invested in Zhongli an Oil Co., Ltd., which has achieved economic production scale, has advantages in storage and transportation in the port area, and has market competitiveness. The company offers a choice of ordinary soy flour, high-protein soy flour, and shelling Full-fat soy flour for customers to choose.
- (2) Build a new vegetable oil refinery to re-enter the oil market with new equipment, a new brand name and ample storage capacity, in addition to improving the quality of raw materials, the sales unit will further expand its market and increase its market share.

b. Unfavorable factors:

- (1) Climate anomalies, coupled with the huge demand in China, may lead to significant fluctuations in the prices of raw materials and shipping costs, resulting in difficult cost control.
- (2) The complete opening of the livestock product market has caused a serious impact on the livestock industry and affected the demand for soybean meal. Especially, the demand for poultry feed market has shrunk.
- (3) Chinese people are paying more and more attention to the intake of healthy edible fats, part of which is replaced by other edible fats from the original soybean fat, or to reduce the intake of fats.

c. Countermeasures:

Strengthen soy procurement and inventory management, coordinate with domestic soy oil and powder supply and demand, make appropriate production and sales adjustments and respond to measures, and expand the export market, thereby increasing the processing volume, and strengthening the development of other products, and take advantage of the most effective product and channel combination.

3. Feed Division

A. Main product sales area:

- a. Feed products are primarily poultry feed, supplemented by livestock feed. The sales range is from the South to Pingtung and from the North to Yilan. The poultry feed in the key sales area is mainly from Taoyuan to Chiayi, and eight counties and cities. Livestock feed is dominated by Chiayi, Yunlin and Changhua districts.

b. Market share: about 2.0%.

B. The future supply and demand situation and growth of the market:

After several years of continuous reduction in the number of feeders along with the withdrawal of some businesses, the number of livestock raised and market demand has generally maintained a balance. It is expected that a good environment will be maintained, which is conducive to the operation of feed businesses.

C. Competitive niche:

The company's feed factories, oatmeal factories, and oil factories can supply fresh and reliable raw materials to the feed factories. Moreover, the company's advantageous geographical location, convenient transportation and maneuverability are all conducive to business development.

D. Business objectives:

In 2023, it is estimated that the sales volume of feed is 74,371 metric tons and livestock products are 1,320 metric tons.

E. Advantages and disadvantages of development prospects:

a. Favorable factors

The boom is gradually warming up, and consumer demand is picking up. Relative to the meat, animal husbandry and feed industries, it should be possible to gradually restore a healthy business environment.

b. Unfavorable factors

- (1) The raw materials are mainly imported. Due to the changes in the international market and the impact of the pandemic, the price of raw materials fluctuates sharply. The price of feed must appropriately reflect the cost, which has an impact on profits.
- (2) The liberalization of meat imports has impacted the supply and demand mechanism of the domestic animal husbandry industry, affected farmers' willingness to feed, and reduced the scale of the feed industry.
- (3) Livestock disease problems have led to a decrease in the amount of feeding, which indirectly affects the feed demand also decreased.

c. Countermeasures:

- (1) Use the company's advantages in providing high-quality feed ingredients (oatmeal factories, oil factories) to develop high-value products.
- (2) Choose good downstream customers and combine marketing with high-quality livestock and processed products to create a valuable brand.
- (3) Develop new customer sources and quality customers to increase sales volume.

4. Flour business

A. Primary products and sales areas:

- a. Flour: Directly supplied to food processing plants, and sold through various dealers (agents) across the province.
- b. Market share: Continue to promote the market to increase market share.

B. Future supply and demand status and growth of the market:

The domestic market is oversupplied and the industry is competing for market reallocation by cutting prices, and the market is still in a state of intense competition.

C. Competitive niche:

With a superior geographical location, high-efficiency and novel milling equipment can provide high-quality products.

D. Business objectives:

In fiscal 2023, it is expected to sell 178,212 metric tons of flour for various purposes and 61,282 metric tons of by-products (bran and flour).

E. Advantages and disadvantages of development prospects:

a. Favorable factors:

With an excellent team, the company continues to develop and improve the manufacturing process, and provides diversified, customized, excellent and stable products to downstream processing industries through dense sales channels.

b. Unfavorable factors

The flour market is saturated with overcapacity. As the global climate is abnormal, the supply and demand of some high-quality wheat is out of balance, and prices are rising. To mitigate this issue, the cost needs to be appropriately reflected in a timely manner, as otherwise the company will fall into operating difficulties.

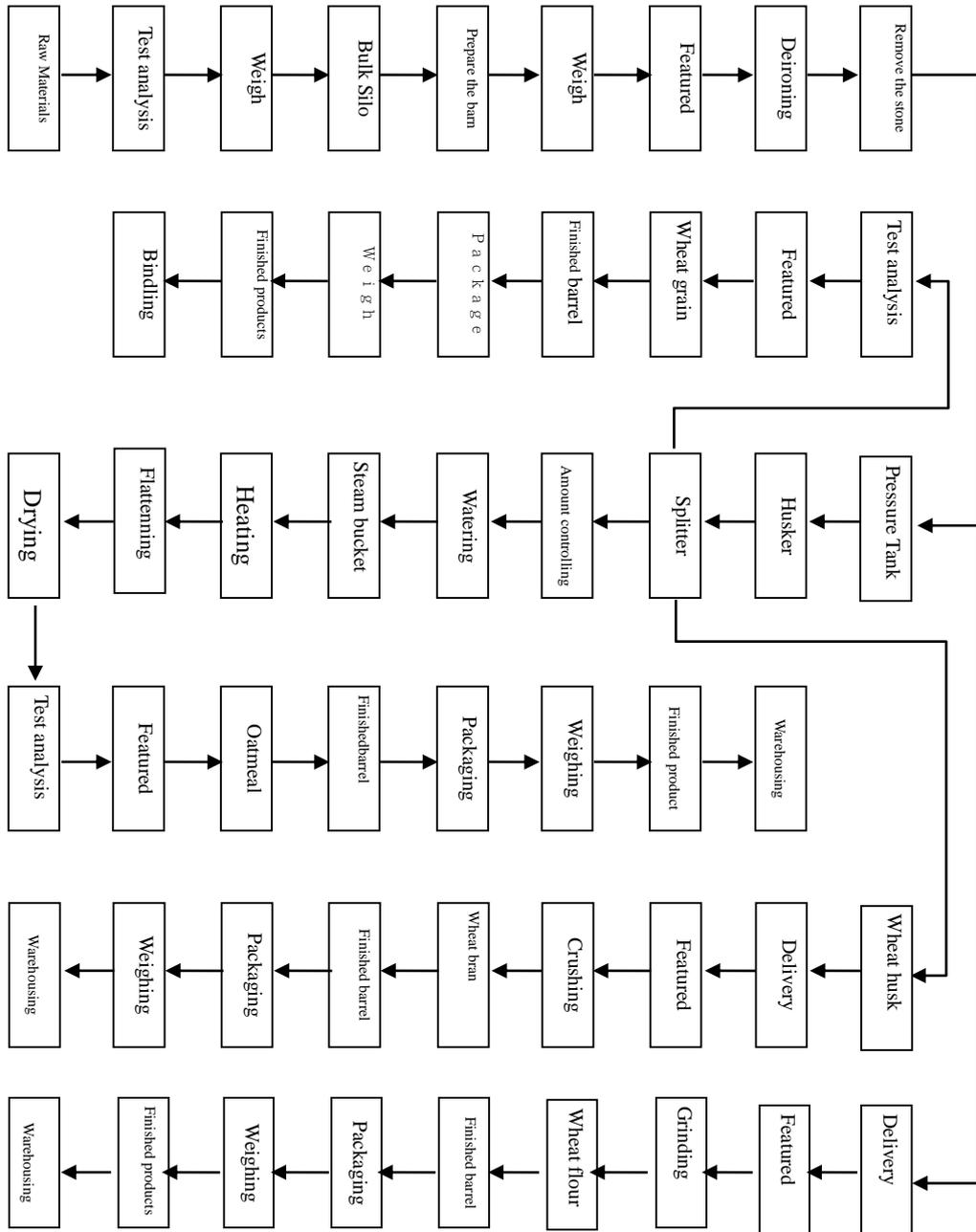
c. Countermeasures

- (1) Make good use of the advantageous geographical location of Taichung Port, actively develop the export business of flour and by-products, and expand the basis of the sales market.
- (2) Procure high-quality wheat varieties from various regions, and research and develop flour products with unique characteristics, to differentiate the market, increase profitability and enhance market competitiveness.
- (3) Adopt a diversified flour blending model to develop value-added customer-specific flours, while continuing to improve the production process, maintain the stability of flour quality processing, and ensure long-term transaction purchases for customers to obtain profits.
- (4) Accelerate the benefits of the newly-built flour warehouse and WINCOS upgrade project, and continue to promote high value-added products such as bread flour etc. with higher profit margins, and strengthen downstream market research to understand product demand, which will be the direction for product development and formula adjustment.

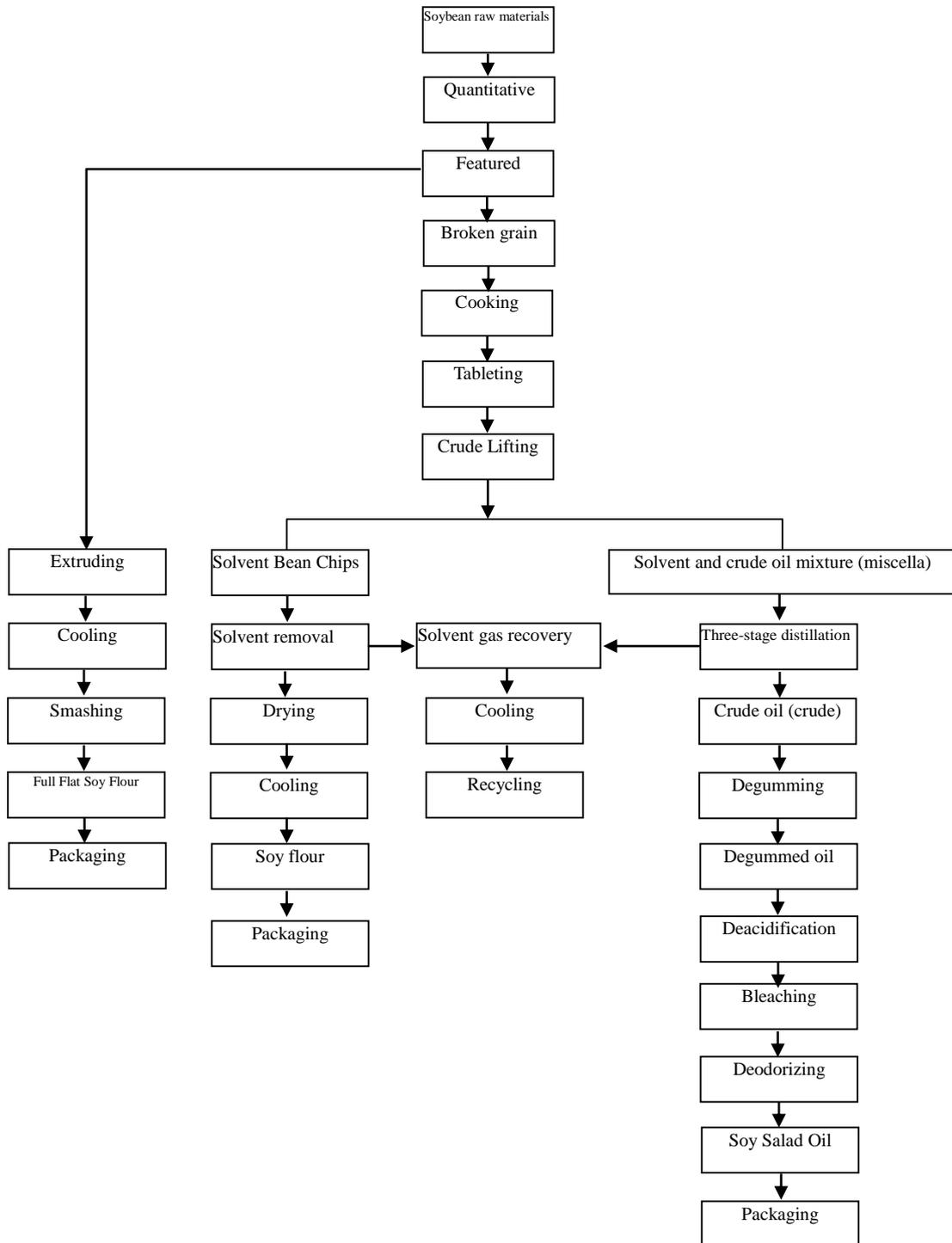
(II) Important use and production process of main products

1. Important use of the product: Please refer to the business content.

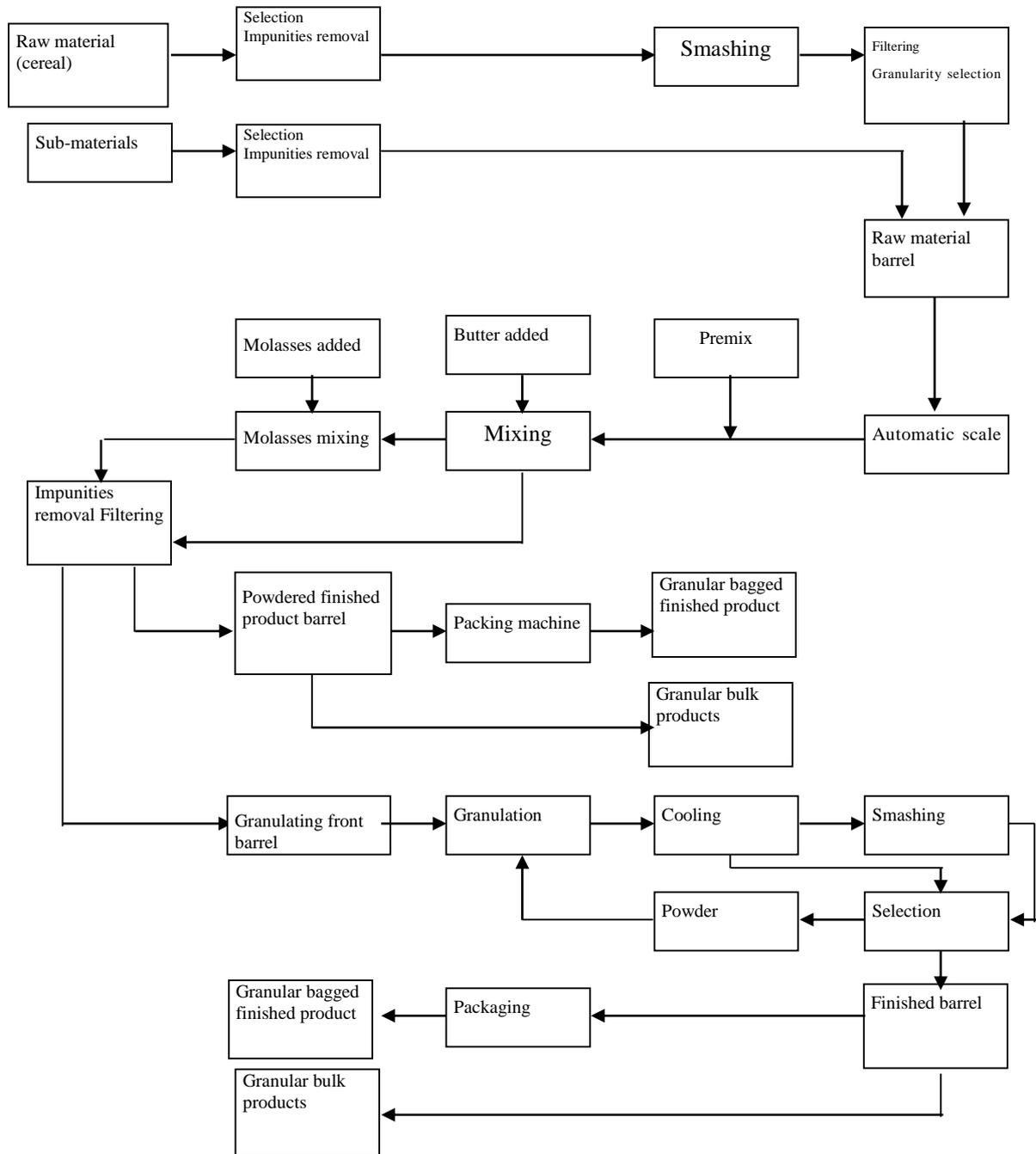
(1) Flow chart of oatmeal manufacturing:



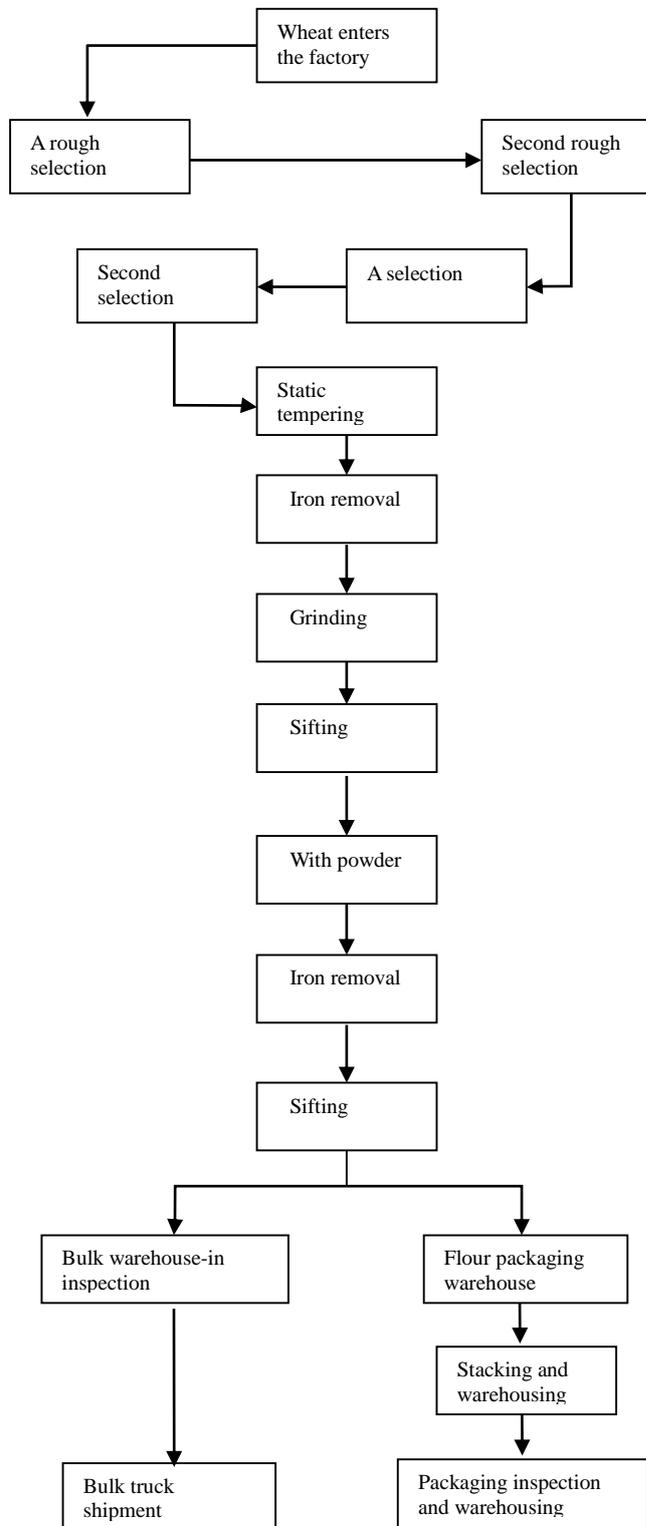
(2) Grease manufacturing flow chart:



(3) Flow chart of compound feed manufacturing in feed mill:



(4) Flour manufacturing flow chart:



(III) Supply status of main raw materials

1. Soybeans: Soybeans are imported in containers from the United States and South America using cargo vessels.
2. Corn: Imported in containers for feed industry factories, mainly from the United States, and partly from South America.
3. Barley: Imported from member factories of the Barley Association, mainly from Australia, the United States and Canada.
4. Palm oil: Imported from Malaysian domestic manufacturers.
5. Canola oil: Imported from domestic manufacturers in Canada and Australia.
6. Wheat: Imported in association with peers to purchase American wheat, or directly import containerized wheat from Australia and Canada. As the basis for product differentiation, it provides multiple uses for downstream noodles processing customers.

(IV) List of major purchase and sales customers in the last two years (accounting for more than 10%)

1. Purchase part:

Unit : NT\$ thousand

Item	2021				2022				The first quarter of 2023 (Note 2)			
	Name	Amount	Accounted for the net purchase amount of the whole year ratio [%]	Relationship with issuer	Name	Amount	Accounted for the net purchase amount of the whole year ratio [%]	Relationship with issuer	Name	Amount	Accounted for the net purchase amount of the whole year ratio [%]	Relationship with issuer
1	Archer Daniels Midland Company	1,305,943	11.28	Non-related person	CHS INC.	1,931,978	13.82	Non-related person	CARGILL.	845,526	24.40	Non-related person
2	-	-	-	-	TONWALL CORP.	1,437,509	10.29	Non-related person	CHS INC.	766,938	22.13	Non-related person
	Others	10,267,338	88.72	-	Others	10,605,379	75.89	-	Others	1,853,203	53.47	-
	Purchase Net	11,573,281	100	-	Purchase Net	13,974,866	100	-	Purchase Net	3,465,666	100	-

Note 1: Lists the names of suppliers with more than 10% of the total purchases in the most recent two years and their purchase amounts and proportions. However, the name of the supplier or the transaction partner cannot be disclosed because of the contractual agreement, since the transaction object is an individual and non-related person.

Note 2: As of the date of publication of the annual report, companies that are listed or whose stocks have been traded in the business premises of a securities firm have the latest financial information that has been verified by an accountant or reviewed, and they should be disclosed.

2. Sales part:

Unit: NT\$ thousand

Item	2021				2022				The first quarter of 2023 (Note 2)			
	Name	Amount	Accounted for the net amount of the whole year ratio [%]	Relationship with issuer	Name	Amount	Accounted for the net purchase amount of the whole year ratio [%]	Relationship with issuer	Name	Amount	Accounted for the net purchase amount of the whole year ratio [%]	Relationship with issuer
1	Central Union Oil	2,378,189	18.15	Affiliate enterprise	Central Union Oil	2,599,087	17.02	Affiliate enterprise	Central Union Oil	589,233	15.52	Affiliate enterprise
	Others	10,725,765	81.85	-	Others	12,675,274	82.98	-	Others	3,208,100	84.48	-
	Net sales	13,103,954	100	-	Net sales	15,274,361	100	-	Net sales	3,797,333	100	-

Note 1: Lists the names of suppliers with more than 10% of the total sales in the last two years and their purchase amounts and proportion.

Note 2: Reviewed by an accountant.

3. Reasons for changes in purchases: Consider the supply and demand of the raw material market and price changes, and make appropriate purchase adjustments after measuring the company's demand.

Reasons for sales increase or decrease: Primarily affected by market price fluctuations and other factors.

(V) Production value in the last two years

Unit : Metric tons ; Unit: NT\$ thousand

Year Production Measure Dept.	2021			2022		
	Production capacity	Yield	Output value	Production Capacity	Yield	Output value
Greasede department	324,000	224,601	4,522,422	354,000	230,797	5,831,885
Feed department	198,000	118,147	1,575,380	198,000	119,877	1,902,919
Flour department	240,000	253,870	2,900,915	240,000	236,796	3,490,838
Other department	537	477	29,537	1,305	435	48,648
Total	762,537	597,095	9,028,254	793,305	588,085	11,274,290

Note: The processing volume of soybeans is included in the production capacity and output of the oil department commissioned by Central Union Oil Corp. for processing.

(VI) Sales volume value in the last two years

Unit : Mt ; Unit: NT\$ thousand

Sales Measure Dept.	2021				2022			
	Domestic sales value		Foreign sales value		Domestic sales value		Foreign sales value	
	Sales volume	Sales value	Sales volume	Sales value	Sales volume	Sales value	Sales volume	Sales value
Grease department	244,817	5,786,141	12,455	444,943	235,458	6,932,453	13,792	662,540
Feed department	282,087	3,523,715	32,345	237,393	278,450	4,076,847	21,905	196,087
Flour department	203,571	2,825,573	13,508	152,284	187,875	3,157,141	11,390	168,415
Other department	2,003	133,905	—	—	996	80,878	—	—
Total	732,478	12,269,334	58,308	834,620	702,779	14,247,319	47,087	1,027,042

III. Information of employees in the most recent two years

March 31, 2023

Year		2021	2022	The current year as of March 31, 2023
Consolidated number of employees	Manager	205	214	215
	Technical staff	111	93	94
	Homework (server) worker	99	109	110
	Total	415	416	419
Average age		46.97	46.63	44.43
Average years of service		10.65	10.33	10.32
Educational qualification distribution ratio (%)	PhD	0.72	0.72	0.72
	Master's degree	11.33	11.54	11.46
	Junior college	51.57	54.81	54.65
	High school	26.02	25.24	25.54
	Below high school	10.36	7.69	7.64

IV. Disbursements for Environmental Protection

State the total amount of losses (including compensation) and sanctions suffered due to environmental pollution in the most recent year and the date of publication of the annual report, and an explanation of future countermeasures (including improvement measures) and possible expenditures (including possible losses and the estimated amount of compensation if no countermeasures are taken. And the estimated amount of compensation, if it cannot be reasonably estimated, the fact that it cannot be reasonably estimated should be stated):

(I) Losses due to environmental pollution: None.

(II) Future countermeasures and possible expenditures:

The Company's major environmental expenses are the annual testing of air pollution and wastewater in accordance with the law, the treatment of waste contracted to a legal operator, and the expenses for pharmaceuticals used in wastewater operations.

In 2022, the Company's Taichung Port factory obtained a factory registration certificate, and due to the increase in production capacity, the concentration of wastewater increased, and the use of electricity and chemicals for wastewater operation increased, but additional wastewater treatment units were added for grease, sludge, and COD. the total volume of wastewater discharged from the wastewater factory in 2022 reduced by 29.61% compared to 2021.

Due to the lack of groundwater available at the Taichung port factory, the tap water bill was relatively higher. The production facilities have been equipped with additional chilled water mainframes to reduce the amount of uncontacted cooling water intake, resulting in a 17.99% reduction in total water consumption by the Company in 2022 compared to 2021.

Taichung Port leased the rooftop to a solar power manufacturer to receive rebates from solar power generation and also reduce the indoor temperature to reduce the usage of AC.

V. Labor Relations

(I) List the company's various employee welfare measures, further education, training, and retirement systems and their implementation, as well as the agreements between labor and management and various employee rights protection measures:

Employees are the most important asset in an enterprise. Business owners have the responsibility of protecting and caring for labor and training, providing a safe, comfortable and hygienic working environment, and creating a more harmonious labor-management relationship.

1. Employee welfare measures:

The company has sound personnel management, implements a two-day week off, has established promotion and assessment systems, provides employee retirement and compensation methods, has enhanced benefits such as sales staff group insurance, has model employee selection, provides employee wedding and funeral celebration subsidies, and conducts employee education and training.

The company has set up an employee welfare committee to handle employee welfare matters, such as employee and child education grants, birthday gifts, annual gifts (gifts), travel subsidies, etc.

To safeguard the rights and interests of employees, the company follows human management, provides necessary assistance to all employees, provides a fair and reasonable working environment, and formulates annual training plans to train employees' professional skills and help employees grow. The company complies with the relevant provisions of the Gender

Work Equality Act, amends management rules as needed, implements the "Provisions on Complaints and Disciplinary Measures for Prevention of Sexual Harassment in the Workplace", and clearly stipulates "Work Rules" to protect employees. The management will also improve the infrastructure facilities according to the needs of employees, such as setting up nursing rooms to provide female employees with breastfeeding needs. Regarding the prevention of illegal infringements in the workplace, the company has established a "channel for complaints about illegal infringements in the workplace" and conducts education and training for new employees when they report incidents; in addition, occupational safety consultants and department heads and employees are arranged to conduct illegal infringements prevention exercises every six months. With consultation, the company prevents the occurrence of workplace bullying and establishes a friendly working environment.

2. Staff further education and training:

(1) The company plans related training courses based on the functions of employees in various departments to enhance their professional capabilities and overall quality.

(2) Table of details on employee training:

Item	Number of shifts	Total attendance	Total hours	Total cost (dollar)
Professional function training	56	56	377	171,600
Management competency training	2	42	126	57,000
Professional license training	85	85	625	129,950
Total	143	183	1,128	358,550

3. Employee retirement system

(1) An employee who meets one of the following situations may request retirement.

1. Those who have served the company for more than 25 years.
2. Those who have served the company for more than 15 years and who have reached the age of 55.
3. Those who have served the company for more than ten years and who have reached the age of 60.

(2) Employees who have one of the following circumstances may be forced to retire.

1. Those who are 65 years of age or older.
2. Those with loss of mind or physical disability and are incapable of being a qualified worker.

(3) Employees of the company who took up the job before 2005.7.1 can choose to continue to apply the Labor Standards Law's pension provisions (old system) or choose to apply the labor pension regulations (new system); all those who are employed after 2005.7.1 come under the provisions of the Labor Pension Ordinance (new system).

For employees who choose to continue to remain under the retirement pension provisions of the Labor Standards Law (old system), the company regularly allocates labor retirement provisions at a rate of 8.5% of the total salary of employees in accordance with the provisions of the labor retirement reserve allocation and management methods and other relevant laws and regulations. The company deposits this amount into a special account designated by the Bank of Taiwan.

For employees who chose the new system and are subject to the provisions of the Labor Pension Regulations, the company pays retirement pensions on a monthly basis according to the employee's salary grade. The withholding rate should not be less than 6%, and the amount will be deposited in the individual labor pension accounts established by the Bureau.

(4) The standard of pension for old employees:

1. Employees of the old system are given two bases of pension for every full year of their working experience. For the part over fifteen years, a base will be given for every full year, and the maximum total will be limited to forty-five bases. Experience less than half a year will be counted as half a year, and those who have completed half a year will be counted as one year.
2. For compulsory retirement employees, if their loss of mind or physical disability is caused by the performance of their duties, their retirement pension shall be increased to 20% in accordance with the provisions of the preceding paragraph.
3. The standard pension base is the "average salary for one month at the time of approved retirement". That is, the average salary is the total salary earned in the 6 months before the date of retirement divided by the total days in the period.

(5) The standard of pension for new employees:

1. The pension contributions of new employees are handled in accordance with the "Labor Pension Regulations". When an employee reaches 60 years old, he can apply for pension from the Labor Insurance Bureau.
2. For new employees who have worked before the applicable labor pension regulations (the old system is reserved), when they meet the retirement conditions of this method, their old system retention years can be calculated in accordance with the provisions of the preceding article.

4. Working Environment and Personnel Safety Measures

1. Formulate safety and health creeds and policies

To provide a healthy and worry-free working environment for all colleagues, the company has specially formulated the "Health and Sustainability-Creating the Future" program as the company's safety and health policy and the people-oriented business management philosophy.

2. External audit of risk factors

The company commissioned a safety and health consulting company to audit the hazard factors in the factory every six months. From various external audit perspectives, the audit checks out the hazard factors that employees are accustomed to ignore, and therefore reduces the risk of hazard factors. In addition, work safety education training and promotion are held every quarter to ensure that both new and old employees are familiar with work safety knowledge.

3. Safety inspection for habit development

The Occupational Safety and Health Committee announces the safety inspection and audit items, such as leaving the stacker to remove the key, and forbidding people to violate the regulations. Through the development of good habits of personnel, the hazard factors caused by human factors are reduced.

4. Working environment measurement

Every six months, a qualified work environment measurement agency is appointed to conduct carbon dioxide, dust, organic solvent, noise, and comprehensive temperature and thermal index measurements, and improve and correct the results to protect the health of personnel.

5. Health care and management

The company conducts health checks on employees once a year. The security department selects employees with higher risk of cerebro-cardiovascular diseases in accordance with

the mental effort rating scale of the "Abnormal Workload Promotes Disease Prevention Plan" and provides information to the department head. The company pays due diligence to the employees' overtime hours and personal health status.

(II) Implement operational safety control:

1. For non-recurring engineering operations such as confined space operations and elevated operations, the Labor Inspectorate receives a report in accordance with the law, and designates a qualified operation supervisor, to supervise these operations, and ensure their safety.
2. For regular operations, such as specific chemical substance operations, dust operations, and boiler operations, designate qualified operations supervisors to conduct regular operations inspections.
3. All hazardous machinery and equipment are subject to regular inspections in accordance with the law, and operators have obtained qualification certificates and regular on-the-job training.
4. Regarding the management of contractors, contractors who fail to comply with the company's regulations shall be notified of violations.
5. To ensure safe driving behavior of the employees and contractors in the factory, ensure parking in accordance with regulations, and to avoid incidents such as vehicle collisions, the company publicly announces the names of those who violate driving and parking regulations. Repeat offenders will be prohibited from entering the factory.

(II) List the losses suffered due to labor disputes in the most recent year and the date of publication of the annual report, and disclose the estimated amount and corresponding measures that may occur at present and in the future. If it cannot be reasonably estimated, it shall be stated of the fact that it cannot be reasonably estimated:

As of the latest year and the date of publication of the annual report, there has been no loss due to labor disputes.

VI. Cyber security management

- (1) State the information security risk management framework, the information security policy, the specific management plan, and the resources invested in the information security management, etc. Information Security Risk Management Framework - The IT Department is the company's information system and information security authority, responsible for coordinating and implementing information security policies, publicizing information security information, enhancing employees' awareness of information security, and collecting and improving the performance and effectiveness of the organization's information security management system, product, program, etc. The Audit Office conducts information security audits on the internal control system—computerized information system cycles every year to evaluate the effectiveness of the internal control of the Company's information operations. Information Security Policy - The company has established an internal control system - computerized information system circulation and information management measures to achieve the following policy goals
1. Ensure the confidentiality and integrity of information assets.
 2. Ensure that data access is regulated according to departmental functions.
 3. To ensure the continuous operation of the information system.

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4. Prevent unauthorized modification or use of materials and systems.
 5. Regularly perform information security audits to ensure the implementation of information security.

Specific management plan

- (1) Network information security management and control
 1. Set up a firewall
 2. Regularly scan the computer system and data storage media for viruses
 3. Controlling online behavior
- (2) Data access control
 1. The computer equipment should be kept by a specific person, and the account number and password should be set
 2. Give different access rights according to functions
 3. Cancel access to employees that have moved or left the company
 4. After the computer equipment is scrapped, after the hard disk is removed. It needs to be formatted or have its parts destroyed to completely destroy the data before it can be recycled by the manufacturer
 5. Remote access to the management information system should be properly approved
- (3) Disaster recovery mechanism
 1. Regularly review the disaster recovery plan
 2. Regular annual disaster recovery drills
 3. Establish a system backup mechanism and implement off-site backup
- (4) Promotion

To raise employees' awareness of cyber security, we conduct cyber security education training at least once per year.
- (5) Cyber Security Incident reporting process

When a major cyber security incident (including hacker intrusion, important host virus infection) or serious hardware failure is found, the convener of the emergency response team will notify the general manager and restore the normal operation as soon as possible. The emergency response team is comprised of the convener, executive secretary and members, and is responsible for implementing information security prevention, crisis notification and emergency response measures.

In 2022, the Company has joined the TWCERT/CC Cyber Security Alliance.

Investments in resources for cyber security management

- (1) Endpoint protection: Check and update the antivirus code every week, and irregularly check the update of the operating system.
- (2) Hardware defense: Implement NGFW firewall to strengthen network cyber security management.
- (3) Software Inventory: Annual inventory to ensure the legal use of authorized software and prevent malicious software.
- (4) Cyber security case sharing and strengthening cyber security awareness: Conduct cyber security education training at least once per year.
- (5) Backup mechanism construction: Construct backup management mechanism and system to ensure data security and availability.
- (6) Continuous implementation: To continuously implement cyber-related management regulations and cyber security equipment.

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- (2) List the losses, possible impacts and countermeasures of major information security incidents in the most recent year and up to the date of publication of the annual report. If it is impossible to estimate reasonably, the facts regarding why it cannot be reasonably estimated shall be stated.

In the most recent year and up to the date of publication of the annual report, the Company has not suffered any loss due to any security incidents.

VII. Important Contracts

Contract nature	Company name	Parties	Date of contract	Main content	Restrictions
Long term loan	FOPCO	E.SUN COMMERCIAL BANK, LTD	2022.2~2027.2	Secured Loan	Mobilize the loan for the first time within 2 years from the signing date
Long term loan	FOPCO	E.SUN COMMERCIAL BANK, LTD	2022.2~2025.2	Secured Loan	None
Mid-term loan	FOPCO	Taishin International Bank	2022.7~2024.12	Credit contract	Mobilize the loan for the first time within 3 months from the signing date
Mid-term loan	FOPCO	Hua Nan Commercial Bank	2023.4~2024.4	Credit contract	None
Mid-term loan	FOPCO	The Land Bank of Taiwan	2022.6~2024.6	Credit contract	None
Mid-term loan	FOPCO	Taiwan Cooperative Bank	2023.3~2025.3	Credit contract	None
Mid-term loan	FOPCO	Taiwan Shin Kong Commercial Bank Co., Ltd.	2021.12~2024.7	Credit contract	None
Long term loan	TOP FOOD INDUSTRY CORPORATION	Yuanta Commercial Bank Co., Ltd.	2022.12~2024.11	Secured loan	Mobilize the loan for the first time within 3 months from the signing date
Mid-term loan	TOP FOOD INDUSTRY CORPORATION	Hua Nan Commercial Bank	2022.12~2023.10	Credit contract	None
Long term loan	Fu You An Kang Co., Ltd.	Agricultural Bank of Taiwan Corporation	2021.10~2026.10	Secured loan	Mobilize the loan for the first time within 2 months from the signing date
Land lease	FOPCO	Port of Taichung, Taiwan International Ports Corporation, Ltd	2017.11~2067.10	Lease on land in port industrial development zone	None
Engineering contract	FOPCO	TUNG KAI TECHNOLOGY ENGINEERING CO., LTD.	Contract signed in 2019 and 560 calendar days completed from the delivery of the construction license	District Factory Building Project and Water, Electricity, Fire Fighting and Air Conditioning Project with Taichung Port	None
Engineering contract	FOPCO	CTCI MACHINERY CORPORATION	Note1	Taichung Harbor Oil Refinery Plant EPC Work	None
Land lease	TOP FOOD INDUSTRY CORPORATION	Port of Taichung, Taiwan International Ports Corporation, Ltd	2004.12~2054.11	Lease on land for food processing specialized zone	None

Note 1: Contract signed in 2019: The EPC project of the new factory building in Taichung Port Area will be completed within 550 days from the day after the contract is signed. The

new turnkey project of Taichung Port No. 4 will be completed within 360 days from the day after the geological drilling report is received.

I. Condensed Balance Sheets and Statements of Comprehensive Income for the Past 5 Fiscal Years with the Name of the Certified Public Accountant and the Auditor's Opinion

(I) Condensed consolidated balance sheet

Unit: NT\$ thousand

Year							Current year as of March 31, 2023 Financial information (Note 1)
		2018	2019	2020	2021	2022	
Item							
Non-current assets		4,023,529	4,542,984	4,158,219	5,263,532	5,482,615	4,574,356
Property, plant and equipment		2,069,131	2,677,568	3,019,144	3,235,510	3,286,771	3,269,908
Intangible assets		—	—	—	—	993	981
Other assets		333,461	520,465	516,031	610,126	670,784	668,735
Total assets		6,426,121	7,741,017	7,693,394	9,109,168	9,441,163	8,513,960
Current liability	Prior distribution	1,787,578	2,522,456	2,887,157	3,942,989	3,805,893	2,895,812
	Posterior distribution	2,039,087	2,806,770	3,193,341	4,292,914	—	—
Non-current liabilities		1,037,258	1,570,132	1,073,096	1,293,735	1,782,896	1,701,789
Total liability	Prior distribution	2,824,836	4,092,588	3,960,253	5,236,724	5,588,789	4,597,601
	Posterior distribution	3,076,345	4,376,902	4,266,437	5,586,649	—	—
Equity attributable to owners of parent		3,168,260	3,206,985	3,297,723	3,440,786	3,472,875	3,539,409
Capital stock		2,187,030	2,187,030	2,187,030	2,187,030	2,187,030	2,187,030
Capital reserves		121,015	121,015	121,015	121,705	122,122	123,145
Retained earnings	Prior distribution	927,781	994,144	1,088,113	1,235,500	1,264,556	1,329,385
	Posterior distribution	670,933	709,830	781,929	885,575	—	—
Other equities		(67,566)	(95,204)	(98,435)	(103,449)	(100,833)	(100,151)
Treasury shares		—	—	—	—	—	—
Non-controlling interest		433,025	441,444	435,418	431,658	379,499	376,950
Total equity	Prior distribution	3,601,285	3,648,429	3,733,141	3,872,444	3,852,374	3,916,359
	Posterior distribution	3,349,776	3,364,115	3,426,957	3,522,519	—	—

Note 1: Financial information reviewed by accountants in accordance with International Financial Reporting Standards.

(II) Condensed consolidated comprehensive income statement

Unit: NT\$ thousand

Item \ Year	2018	2019	2020	2021	2022	Current year as of March 31, 2023 Financial information (Note 1)
Operating revenues	11,243,509	10,646,506	10,213,493	13,103,954	15,274,361	3,797,333
Trading profit	909,654	1,049,941	1,112,449	1,157,068	1,000,542	226,736
Operating income (loss)	341,768	445,828	508,157	530,837	360,804	75,365
Non-operating income and expenses	37,489	47,347	55,015	65,708	60,923	(519)
Net income before tax	379,257	493,175	563,172	596,545	421,727	74,846
Continuing operations profit of the period	300,502	395,480	417,787	486,847	347,147	62,280
Discontinuing operations loss	—	—	—	—	—	—
Profit of the period	300,502	395,480	417,787	486,847	347,147	62,280
Total other comprehensive income, net of tax	(9,977)	(48,770)	(705)	(4,555)	12,603	682
Total other comprehensive income	290,525	346,710	417,082	482,292	359,750	62,962
Net profit attributable to owners of the parent company	255,632	339,004	375,757	453,112	368,994	64,829
Net profit attributable to non- controlling interests	44,870	56,476	42,030	33,735	(21,847)	(2,549)
The total comprehensive profit and loss attributable to the owners of the parent company	245,655	290,234	375,052	448,557	381,597	65,511
Total comprehensive profit and loss attributable to non- controlling interests	44,870	56,476	42,030	33,735	(21,847)	(2,549)
EPS	1.17	1.55	1.72	2.07	1.69	0.30

Note 1: Financial information reviewed by accountants in accordance with International Financial Reporting Standards.

(III) Condensed balance sheet

Unit: NT\$ thousand

Item \ Year		Year					Current year as of March 31, 2023 Financial Information
		2018	2019	2020	2021	2022	
Non-current assets		2,072,740	2,405,285	2,523,179	3,618,461	3,617,935	Not applicable
Property, plant and equipment		857,285	1,462,716	1,836,912	2,045,329	2,131,828	
Intangible assets		—	—	—	—	993	
Other assets		1,718,353	1,770,622	1,394,992	1,337,847	1,299,753	
Total assets		4,648,378	5,638,623	5,755,083	7,001,637	7,050,509	
Current liability	Prior distribution	832,892	1,409,171	1,789,786	2,793,158	2,407,821	
	Posterior distribution	1,084,401	1,693,485	2,095,970	3,143,083	—	
Non-current liabilities		647,226	1,022,467	667,574	767,693	1,169,813	
Total liability	Prior distribution	1,480,118	2,431,638	2,457,360	3,560,851	3,577,634	
	Posterior distribution	1,731,627	2,715,952	2,763,544	3,910,776	—	
Equity attributable to owners of parent		3,168,260	3,206,985	3,297,723	3,440,786	3,472,875	
Capital stock		2,187,030	2,187,030	2,187,030	2,187,030	2,187,030	
Capital reserves		121,015	121,015	121,015	121,705	122,122	
Retained earnings	Prior distribution	927,781	994,144	1,088,113	1,235,500	1,264,556	
	Posterior distribution	676,272	709,830	781,929	885,575	—	
Other equities		(67,566)	(95,204)	(98,435)	(103,449)	(100,833)	
Treasury shares		—	—	—	—	—	
Non-controlling interest		—	—	—	—	—	
Total equity	Prior distribution	3,168,260	3,206,985	3,297,723	3,440,786	3,472,875	
	Posterior distribution	2,916,751	2,922,671	2,991,539	3,090,861	—	

(IV) Condensed comprehensive income statement

Unit: NT\$ thousand

Year	2018	2019	2020	2021	2022	Current year as of March 31, 2023 Financial Information
Operating revenues	7,917,032	7,468,099	7,013,101	9,550,336	11,449,824	Not applicable
Trading profit	532,696	571,020	698,084	786,280	797,104	
Operating income (loss)	182,378	238,477	351,173	401,062	394,192	
Non-operating income and expenses	111,678	153,459	89,998	137,835	58,391	
Net income before tax	294,056	391,936	441,171	538,897	452,583	
Continuing operations profit of the period	255,632	339,004	375,757	453,112	368,994	
Discontinuing operations loss	—	—	—	—	—	
Profit of the period	255,632	339,004	375,757	453,112	368,994	
Total other comprehensive income, net of tax	(9,977)	(48,770)	(705)	(4,555)	12,603	
Total other comprehensive income	245,655	290,234	375,052	448,557	381,597	
Net profit attributable to owners of the parent company	255,632	339,004	375,757	453,112	368,994	
Net profit attributable to non-controlling interests	—	—	—	—	—	
The total comprehensive profit and loss attributable to the owners of the parent company	245,655	290,234	375,052	448,557	381,597	
Total comprehensive profit and loss attributable to non- controlling interests	—	—	—	—	—	
EPS	1.17	1.55	1.72	2.07	1.69	

(V) The name of the certified accountant and its inspection opinions

Year	Firm name	Name of visa accountant	Audit option
2018	Deloitte Union Accounting Firm	Hsieh Chien-Hsin, Chen Chao-Mei	Unqualified opinion
2019	Deloitte Union Accounting Firm	Liao Wan-Yi, Chen Chao-Mei	Unqualified opinion
2020	Deloitte Union Accounting Firm	Liao Wan-Yi, Chen Chao-Mei	Unqualified opinion
2021	Deloitte Union Accounting Firm	Liao Wan-Yi, Chen Chao-Mei	Unqualified opinion
2022	Deloitte Union Accounting Firm	Liao Wan-Yi, Chen Chao-Mei	Unqualified opinion

II. Financial Analyses for the Past 5 Fiscal Years

(I) Consolidated financial analysis-International Financial Reporting Standards

Analysis item (Note 2)		Year					The current year as of March 31, 2023 (Note 1)
		2018	2019	2020	2021	2022	
Financial structure (%)	Liabilities to assets ratio	43.96	52.87	51.48	57.49	59.20	54.00
	The ratio of long-term funds to real estate, plant and equipment	224.18	194.90	159.19	159.67	171.45	171.81
Solvency %	Current ratio	225.08	180.10	144.02	133.49	144.06	157.96
	Quick ratio	153.13	123.26	99.22	80.17	82.44	98.29
	Times interest earned	15.42	15.10	20.63	24.54	8.68	4.82
Operating capacity	Receivables turnover (time(s))	7.39	7.50	7.41	7.87	7.61	7.86
	Average collection days	49	49	49	46	48	46.44
	Inventory turnover(time(s))	8.2	8.56	8.02	8.22	7.12	7.60
	Accounts Payable Turnover Ratio (time(s))	35.33	39.13	41.81	37.02	37.44	42.10
	Average inventory turnover days	45	43	45	44	51	39.24
	Property, plant and equipment turnover (time(s))	5.40	4.49	3.59	4.19	4.68	4.63
	Total asset turnover (time(s))	1.67	1.50	1.32	1.56	1.65	1.69
Profitability	Return on assets (%)	4.78	5.98	5.71	6.04	4.22	3.47
	Return on equity (%)	8.30	10.91	11.32	12.80	8.99	6.41
	Pre-tax net profit to paid-in capital ratio (%)	17.34	22.55	25.75	27.28	19.28	13.69
	Net income to sales (%)	2.67	3.71	4.09	3.72	2.27	1.64
	EPS (dollar)	1.17	1.55	1.72	2.07	1.69	0.30
Cash flow	Cash flow ratio (%)	42.72	16.32	18.09	(15.2)	(0.01)	31.45
	Cash flow adequacy ratio (%)	108.43	89.36	76.23	28.69	25.18	30.77
	Cash flow reinvestment ratio (%)	8.03	2.45	3.80	(13.70)	(4.89)	12.64
Leverage	Operating leverage	2.99	3.36	3.06	3.06	(4.14)	4.61
	Financial leverage	1.08	1.09	1.06	1.05	1.18	1.35

Explain the reasons for the changes in various financial ratios in the last two years. (If the increase or decrease does not reach 20%, the analysis will be exempted):

1. Times interest earned: mainly due to the decrease in profit for the year and the increase in interest expense.
2. Return on assets: mainly due to the decrease in profit for the year and the increase in interest expense.
3. Return on equity, ratio of income before tax to paid-in capital, and net profit margin: mainly due to the decrease in profit for the year.
4. Cash flow ratio and cash reinvestment ratio: mainly due to the decrease in net cash outflow from operating activities.
5. Operating leverage: mainly due to the decrease in profit for the year.

Note 1: Reviewed by an accountant.

Note 2: The information of the "net cash flow allowable ratio" for the past five years is calculated using consolidated information under my country's financial accounting standards.

Note 3: Please refer to the description of the following table (2) for the calculation.

(2) Individual financial analysis-International Financial Reporting Standards

Year		2018	2019	2020	2021	2022	The current year as of March 31, 2023
Analysis item (Note 2)							
Financial structure (%)	Liabilities to assets ratio	31.84	43.12	42.70	50.86	50.74	Not applicable
	The ratio of long-term funds to real estate, plant and equipment	445.07	289.15	215.87	205.76	217.78	
Solvency %	Current ratio	248.86	170.69	140.98	129.55	150.26	
	Quick ratio	149.71	109.71	98.32	79.64	87.35	
	Times interest earned	24.10	22.18	34.88	50.23	15.50	
Operating capacity	Receivables turnover (time(s))	8.45	8.59	8.27	8.86	9.98	
	Average collection days	43	42	44	41	37	
	Inventory turnover (time(s))	9.18	10.73	10.24	10.09	8.39	
	Accounts Payable Turnover Ratio (time(s))	24.90	28.65	26.17	26.80	25.10	
	Average inventory turnover days	40	34	36	36	44	
	Property, plant and equipment turnover (time(s))	9.12	6.44	4.25	4.92	5.48	
	Total asset turnover (time(s))	1.63	1.45	1.23	1.50	1.63	
Profitability	Return on assets (%)	5.46	6.88	6.78	7.24	5.61	
	Return on equity (%)	8.03	10.64	11.55	13.45	10.67	
	Pre-tax net profit to paid-in capital ratio (%)	13.45	17.92	20.17	24.64	20.69	
	Net income to sales (%)	3.23	4.54	5.36	4.74	3.22	
	EPS (dollar)	1.17	1.55	1.72	2.07	1.69	
Cash flow	Cash flow ratio (%)	67	15.26	27.54	(6.17)	(10.77)	
	Allowable cash flow ratio (%)	65.55	49.26	55.51	31.21	22.42	
	Cash reinvestment ratio (%)	6	(0.73)	4.45	(9.64)	(10.41)	
Leverage	Operating leverage	4.11	3.38	2.70	2.58	2.73	
	Financial leverage	1.08	1.08	1.04	1.03	1.09	
<p>Explain the reasons for the changes in various financial ratios in the last two years. (If the increase or decrease does not reach 20%, the analysis will be exempted):</p> <ol style="list-style-type: none"> 1. Times interest earned: mainly due to the decrease in profit for the year and the increase in interest expense. 2. Average days in sales: mainly due to the increase days in sales. 3. Return on assets: mainly due to the decrease in profit for the year and the increase in interest expense. 4. Return on equity, net profit margin: mainly due to the decrease in profit for the year. 5. Cash flow ratio, cash flow adequacy ratio: mainly due to the decrease in net cash outflow from operating activities. 							

Note 1: The year for which the visa has not been checked by an accountant should be indicated.

Note 2: As of the date of publication of the annual report, the latest financial information that has been verified by an accountant or checked by an accountant, if any, should be analyzed.

Note 3: At the end of this form in the annual report, the following calculation should be listed:

1. Financial structure
 - (1) Liabilities to assets ratio = total liabilities/total assets.
 - (2) The ratio of long-term funds to real estate, plant and equipment = (total equity + non-current liabilities) / net real estate, plant and equipment.
2. Solvency
 - (1) Current ratio = current assets/current liabilities.
 - (2) Quick ratio = (current assets-inventory-prepaid expenses) / current liabilities.
 - (3) Times interest earned = (net profit before income tax + interest expense)/interest expense in the current period.
3. Operating ability
 - (1) Accounts receivable (including accounts receivable and notes receivable due to business) turnover rate = net sales/average receivables in each period
 - (2) Average number of days for cash collection = 365/ turnover rate of accounts receivable.
 - (3) Inventory turnover rate = cost of goods sold/average inventory value.
 - (4) Accounts payable (including accounts payable and bills payable due to business) turnover rate = cost of goods sold/average payables (including accounts payable and bills payable due to business) balance in each period.
 - (5) Average sales days=365/inventory turnover rate.
 - (6) Turnover rate of real estate, plant and equipment = net sales/average net real estate, plant and equipment.
 - (7) Turnover rate of total assets = net sales/total average assets.
4. Profitability
 - (1) Return on assets = [After-tax profit and loss + interest expense x (1-tax rate)] / average total assets.
 - (2) Return on equity = after-tax profit and loss/average total equity.
 - (3) Net profit rate = after-tax profit and loss/net sales.
 - (4) Earnings per share = (Profit and loss attributable to owners of the parent company-special dividends)/weighted average number of issued shares. (Note 4)
5. Cash flow
 - (1) Cash flow ratio = net cash flow from operating activities/current liabilities.
 - (2) Net cash flow allowable ratio = net cash flow from operating activities in the last five years/the last five years (capital expenditure + inventory increase + cash dividends).
 - (3) Cash reinvestment ratio = (net cash flow from operating activities-cash dividends) / (gross real estate, plant and equipment + long-term investment + other non-current assets + working capital). (Note 5)
6. Leverage:
 - (1) Operating leverage = (net operating income-variable operating costs and expenses) / operating profit (Note 6).
 - (2) Financial leverage = operating profit / (operating profit-interest expense).

Note 4: The formula for calculating the earnings per share of the Shanghai Development Bank shall take into account the following matters:

1. Based on the weighted average number of ordinary shares, rather than the number of issued shares at the end of the year.
2. For those who have cash capital increase or treasury stock trading, the weighted average number of shares should be calculated considering the period of circulation.
3. Where there is a capital increase from surplus or a capital increase from capital reserves, and when calculating the earnings per share of previous years and half-years, retrospective adjustments should be made based on the capital increase ratio, regardless of the period of the capital increase.
4. If the special shares are non-convertible cumulative special shares, the dividends for the current year (regardless of whether they are issued) should be deducted from the net profit after tax or be added to the net loss after tax. If the special stock is non-cumulative, in the case of net profit after tax, the dividend of the special stock shall be deducted from the net profit after tax; if it is a loss, no adjustment is necessary.

Note 5: Pay attention to the following items when measuring cash flow analysis:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditure refers to the amount of cash outflow from capital investment each year.
3. The increase in inventory is only included when the closing balance is greater than the opening balance. If the inventory decreases at the end of the year, it will be calculated as zero.
4. Cash dividends include cash dividends for ordinary shares and special shares.
5. Gross real property, plant and equipment refer to the total amount of real property, plant and equipment before deduction of accumulated depreciation.

Note 6: The issuer should classify various operating costs and operating expenses as fixed and variable according to their nature. If estimates or subjective judgments are involved, they should pay attention to their reasonableness and maintain consistency.

III. Audit Committee's Report for the Most Recent Year's Financial Statement

(1) Audit Committee Review Report

FORMOSA OILSEED PROCESSING CO., LTD.
Audit Committee Review Report

The board of directors have prepared the Company's 2022 business report, financial statements, among which financial statements have been audited by CPAs Liao Wan-Yi and Chen Chao-Mei of Deloitte Taiwan, and an audit report has been issued. The Audit Committee has reviewed the above-mentioned business report, financial statements and has not found any discrepancy. The review report is prepared according to Article 14-4 of the Securities Exchange Act and Article 219 of the Company Act. We hereby submit this report for your review.

Regards

The Company's 2023 shareholders meeting

FORMOSA OILSEED PROCESSING CO., LTD.

Convener of the Audit Committee: Lu Hsin-Hwa



March 15, 2023

(2) Audit Committee Review Report on earnings distribution proposal

FORMOSA OILSEED PROCESSING CO., LTD.
Audit Committee Review Report

The board of directors have prepared the Company's 2022 earnings distribution proposal, the Audit Committee has reviewed the above-mentioned earnings distribution proposal and has not found any discrepancy. The review report is prepared according to Article 14-4 of the Securities Exchange Act and Article 219 of the Company Act. We hereby submit this report for your review.

Regards

The Company's 2023 shareholders meeting

FORMOSA OILSEED PROCESSING CO., LTD.

Convener of the Audit Committee: Lu Hsin-Hwa



April 7, 2023

IV. Financial Report and Financial Statement with Related Footnotes for the Most Recent Fiscal Year

Formosa Oilseed Processing Co., Ltd. (FOPCO):

Opinion

The consolidated balance sheets for December 31, 2022 and 2021 for FOPCO and its subsidiary company (Formosa Group), and their consolidated statements of comprehensive income, consolidated statements of changes in equity, consolidated statements of cash flow, and notes for consolidated financial statements (including summaries for significant accounting policies) from January 1 to December 31, 2022 and 2021, have already been audited by the Accountant.

According to the Accountant's opinion, the preparation of all significant aspects of the above-mentioned consolidated financial statements refers to the Guidelines for the Preparation of Financial Reports for Issuer of Securities, and International Financial Reporting Standards, International Accounting Standards, interpretations, and SIC that are approved and published as effective by the Financial Supervisory Commission. It is sufficient to appropriately express the Formosa Group's consolidated financial situation for December 31, 2022 and 2021, and its consolidated financial performance and consolidated cash flow from January 1 to December 31, 2022 and 2021.

The Basis of Opinion

The Accountant referred to the Rules Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the Standards on Auditing to execute the audit. The Accountant's responsibilities under such standards will be further elaborated in the section regarding the accountants' responsibilities for auditing consolidated financial statements. The Accountant is independent of the Consolidated Company in accordance to the code of ethics for accountants, and remain detached with the Formosa Group while performing other duties under such regulations. The Accountant believes there is sufficient and appropriate evidence obtained for auditing as the basis of opinion for auditing.

Key Audit Matters (KAMs)

Key Audit Matters (KAMs) refers to the most important matters that, to the Accountant's professional judgment, finds in Formosa Group's 2022 consolidated financial statements audits. Such matters have been addressed to during the general forming process of the opinion for consolidated financial statements audit. The Accountant did not express separate opinions regarding such matters.

KAMs regarding Formosa Group's 2022 consolidated financial statements are stated as follow:

Depreciation of Inventories

The Formosa Group measures its cost of inventories by the lower of cost and net realizable value. When comparing the cost of sales and net realizable value (NRV), apart from inventories with the same classification, the Formosa Group measures on the basis of individual items of inventories. For related accounting policies, please refer to notes 4(6) and 5 for consolidated financial statements.

As of December 31, 2022, the amount for the Formosa Group's in-transit inventory and raw material is NTD 1,772,956 thousands (refer to note 9), which accounts for 19% of total assets, and 81% of net inventory value for the consolidated financial statement for December 31, 2022. Of which, its costs and related selling price are influenced by global raw material prices, which is possible for violent fluctuations, and will result in the risk of having the raw material's NRV lower than the carrying amount. Owing to the regulation for management level's reference to IAS 2 "inventory" to evaluate the NRV for inventories as mentioned above, there involved estimation and judgment, of which its judgment result directly influenced the recognition of profit and loss amount, it is listed as part of KAMs.

In response to the KAMs mentioned above, the Accountant executed the major audit process as follow:

1. Understand and test the Formosa Group's status of execution for its review of estimation for NRV, in order to evaluate its operational efficacy for its internal control system, and to evaluate the appropriateness of its decision method for its NRV, as well as to confirm that the inventory has been calculated by the lower of cost and net realizable value.
2. Obtained latest raw material quotation or sales invoice, etc. through sampling so as to verify that there is no significant inconsistency between the NRV and its reference price, and recalculated its inventory value in order to evaluate the appropriateness of its basis of opinion.

Other Matters

Formosa Oilseed Processing Co., Ltd had already prepared consolidated financial statements for 2022 and 2021, and the Accountant had issued unqualified opinion audit report as on record for reference.

Management Level and Governing Body's Responsibilities for Financial Statements

The management level's responsibilities are to prepare appropriately expressed consolidated financial statements by referring to "Regulations Governing the Preparation of Financial Reports by Securities Issuers," and International Financial Reporting Standards, International Accounting Standards, interpretations, and SIC that are approved and published as effective by the Financial Supervisory Commission, to maintain necessary internal control related to the preparation of consolidated financial statements, so as to confirm that there is no misstatement due to fraud or errors in the consolidated financial statements.

When preparing consolidated financial statements, the responsibilities for the management level also include the evaluation of the Formosa Group's operating abilities, the disclosure of related matters, and the adoption of going-concern accounting basis. Unless the management level intends to liquidate the

Formosa Group or to terminate business operation, or apart from liquidating or terminating the business operation, there is no other feasible solution.

The governing body of the Formosa Group (including the Audit Committee) has the responsibility to supervise the financial reporting process.

Responsibilities for Accountants' Auditing of Consolidated Financial Statements

The purpose for the Accountant's auditing of consolidated financial statements is to obtain reasonable assurance about whether or not there are any significant misstatements due to fraud or errors in the consolidated financial statement in general, and to issue an audit report. Reasonable assurance is a high level of assurance. However, there is no guarantee that significant misstatements can be detected with the audit work performed in accordance with Standards on Auditing. Misstatements can be caused by fraud or error. If the misstatement for individual amount or aggregate could reasonably be expected to influence the economic decisions made by consolidated financial statements' users, it is considered significant.

When the Accountant audits according to the Standards on Auditing, the Accountant uses his/her professional judgment and remains professional skepticism. The Accountant also performs the duties as follow:

1. Identify and evaluate the risk of significant misstatements caused by fraud or error in consolidated financial statements; Design and execute appropriate responding strategies for the evaluated risks; obtain sufficient and appropriate audit evidence as the basis for audit opinion. Since fraud might involve collusion, forgery, intentional omission, false statement, or violations of internal control, the risk of undetected significant misstatements due to fraud is higher than that of error.
2. Acquire necessary understandings for internal control that is related to auditing, so as to design appropriate audit process that are suitable for the situation. However, its purpose is not to express opinion on the Formosa Group's efficacy for internal control.
3. Evaluate the appropriateness of accounting policies adopted by the management level, and the reasonableness of its estimation and related disclosure as accountant.
4. Based on the obtained audit evidence, to make conclusions on the appropriateness of implementing going concern accounting basis on the management level, and whether or not there are significant uncertainties in matters or circumstances that may cause significant doubts on the Formosa Group's going concern abilities. Shall the Accountant believes there exists significant uncertainties in such matters or circumstances, the Accountant shall remind the consolidated financial statements' users to pay attention to the consolidated financial statements' related disclosure in the audit report, or to amend audit opinion when such disclosure is considered inappropriate. The Accountant's conclusion is based on the audit evidence obtained as of the date of the audit report. However, future matters or circumstances may result in the Formosa Group's no longer having going concern abilities.
5. Evaluate the general expression, structure, and content of consolidated financial statements (including related notes), as well as whether the

consolidated financial statements appropriately expressed related transactions and matters.

6. Obtain sufficient and appropriate audit evidence about the individual financial information formed within the Formosa Group, so as to express opinion about consolidated financial statements. The Accountant is responsible for the guidance, supervision, and execution of the auditing case, and is also responsible for forming auditing opinion for the Formosa Group.

The matters being communicated between the Accountant and the governing body include the planning of the range and time for the audit, and significant audit discoveries (including the significant lack of internal control identified during the audit process).

The Accountant also provides statements regarding the personals from the firm that the Accountant is affiliated to abide by related independence that complies with the code of ethics for accountants to the governing body. The Accountant communicates with the governing body about all possible relationships that may be considered to influence the accountant's independence, and other matters (including related protection measures).

The Accountant will decide the KAMs for the audit of the Formosa Group's 2022 consolidated financial statements from the Accountant's communication with the governing body. The Accountant will state such matters in the audit report. Unless regulations disapprove the disclosure of specific matters, or under rare circumstances, the Accountant decides not to communicate about certain matters in the audit report. This is because one can reasonably expect the negative impact that this communication brings is greater than the increased public interests.

Deloitte Touche Tohmatsu Limited
Accountant Liao, Wan-Yi

Accountant Chen, Zhao-Mei

Financial Supervisory Commission
Approval Number
No. Financial-Supervisory-
Securities-Auditing-1010028123

Securities and Futures Commission Approval
Number
No. Taiwan-Financial-Securities-
VI-0920123784

March 15, 2023

Formosa Oilseed Processing Co., Ltd. & Subsidiary Companies
Consolidated Balance Sheets
December 31, 2022 and 2021

Unit: NTD thousands

Code	Assets	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (notes 4 & 6)	\$ 1,022,951	11	\$ 1,108,318	12
1136	Financial assets measured at amortized cost (notes 7 & 31)	-	-	97,830	1
1150	Notes receivable (notes 4, 8 & 23)	423,729	4	432,367	5
1160	Notes receivable – related parties (notes 4, 23 & 30)	87	-	194	-
1170	Accounts receivable (notes 4, 8 & 23)	1,299,430	14	1,136,075	13
1180	Accounts receivable – related parties (notes 4, 23 & 30)	358,128	4	362,459	4
1200	Other receivables (notes 4 & 8)	21,062	-	22,878	-
1210	Other receivables – related parties (notes 4 & 30)	40	-	-	-
1220	Current tax assets (notes 4 & 25)	12,231	-	998	-
130X	Inventory (notes 4, 5 & 9)	2,180,620	23	1,836,752	20
1410	Prepayments (note 10)	164,337	2	265,660	3
1479	Other current assets	-	-	1	-
11XX	Total current assets	5,482,615	58	5,263,532	58
	Non-current assets				
1535	Financial assets measured at amortized cost – non-current (notes 7 & 31)	39,500	1	34,500	-
1550	Investments by equity method (notes 4 & 12)	305,839	3	284,271	3
1600	Property, plant, and equipment (notes 4, 13 & 31)	3,286,771	35	3,235,510	36
1755	ROU assets (notes 4 & 14)	254,517	3	249,444	3
1780	Intangible assets (notes 4 & 15)	993	-	-	-
1830	Biological assets (notes 4 & 16)	8,771	-	4,366	-
1840	Deferred tax assets (notes 4 & 25)	35,693	-	14,588	-
1990	Other non-current assets (note 17)	26,464	-	22,957	-
15XX	Total non-current assets	3,958,548	42	3,845,636	42
1XXX	Total assets	\$ 9,441,163	100	\$ 9,109,168	100
	Liabilities and Equity				
	Current liabilities				
2100	Short-term loans (note 18 & 31)	\$ 2,938,026	31	\$ 2,682,234	29
2110	Short-term notes and bills payables (note 18)	109,936	1	449,817	5
2150	Notes payable (note 19)	7,240	-	8,630	-
2160	Notes payable – related parties (note 30)	33	-	77	-
2170	Accounts payable (note 19)	346,167	4	349,056	4
2180	Accounts payable – related parties (note 30)	7,577	-	27,647	-
2219	Other payables (note 20)	160,903	2	181,083	2
2230	Current tax liabilities (notes 4 & 25)	57,569	-	57,673	1
2280	Lease liabilities – current (notes 4, 14 & 30)	12,846	-	11,385	-
2320	Long-term loans due within one year (notes 4, 18 & 31)	161,818	2	167,000	2
2399	Other current liabilities (note 23)	3,778	-	8,387	-
21XX	Total current liabilities	3,805,893	40	3,942,989	43
	Non-current liabilities				
2540	Long-term loans (notes 4, 18 & 31)	1,429,364	15	935,000	10
2570	Deferred tax liabilities (notes 4 & 25)	95,560	1	96,172	1
2580	Lease liabilities – non-current (notes 4, 14 & 30)	247,437	3	242,221	3
2640	Net defined benefit liabilities (notes 4 & 21)	8,685	-	18,552	-
2645	Margin deposit	1,850	-	1,790	-
25XX	Total non-current liabilities	1,782,896	19	1,293,735	14
2XXX	Total liabilities	5,588,789	59	5,236,724	57
	Equity Attributed to the Owner(s) of the Parent Company				
3110	Ordinary share	2,187,030	23	2,187,030	24
3200	Capital reserves	122,122	1	121,705	1
	Retained earnings				
3310	Statutory retained earnings	303,661	4	258,304	3
3320	Special retained earnings	200,454	2	200,454	2
3350	Undistributed earnings	760,441	8	776,742	9
3300	Total retained earnings	1,264,556	14	1,235,500	14
3400	Other equity interest	(100,833)	(1)	(103,449)	(1)
31XX	Total equity for owner of parent company	3,472,875	37	3,440,786	38
36XX	Non-controlling interest	379,499	4	431,658	5
3XXX	Total equity	3,852,374	41	3,872,444	43
	Total liabilities and equity	\$ 9,441,163	100	\$ 9,109,168	100

The notes attached are part of this consolidated financial statement.

Formosa Oilseed Processing Co., Ltd. & Subsidiary Companies
Consolidated Statement of Comprehensive Income
January 1 to December 31, 2022 and 2021

Unit: NTD thousands;
EPS in NTD

Code		2022		2021	
		Amount	%	Amount	%
	Operating revenue (notes 4, 23 & 30)				
4110	Sales income	\$ 15,328,557	100	\$ 13,161,755	100
4170	Subtract: sales returns and allowances	<u>57,009</u>	-	<u>59,709</u>	-
4100	Net operating income	15,271,548	100	13,102,046	100
4610	Service revenue	820	-	-	-
4660	Processing income	<u>1,993</u>	-	<u>1,908</u>	-
4000	Total operating revenue	<u>15,274,361</u>	<u>100</u>	<u>13,103,954</u>	<u>100</u>
	Operating cost				
5110	Cost of sales (notes 9 & 30)	14,303,646	94	11,967,774	91
5610	Service costs	432	-	-	-
5660	Processing costs	<u>1,018</u>	-	<u>918</u>	-
5000	Total operating cost	<u>14,305,096</u>	<u>94</u>	<u>11,968,692</u>	<u>91</u>
5850	Gains on initial recognition of agricultural products (note 16)	<u>31,452</u>	-	<u>21,838</u>	-
5900	Gross profit	1,000,717	6	1,157,100	9
5910	(Un)realized profit with affiliated enterprises	(<u>175</u>)	-	(<u>32</u>)	-
5950	Realized gross profit	<u>1,000,542</u>	<u>6</u>	<u>1,157,068</u>	<u>9</u>
	Operating expenses (note 30)				
6100	Promotion expenses	420,922	3	400,859	3
6200	Management expenses	180,446	1	189,595	2
6300	Research and development expenses	38,584	-	36,724	-
6450	Expected gain on reversal of credit impairment loss (note 8)	(<u>1,031</u>)	-	(<u>892</u>)	-
6000	Total operating expenses	<u>638,921</u>	<u>4</u>	<u>626,286</u>	<u>5</u>
6510	Other net revenue and expenses (note 24)	(<u>817</u>)	-	<u>55</u>	-
6900	Operating profit	<u>360,804</u>	<u>2</u>	<u>530,837</u>	<u>4</u>
	Non-operating income and expenses				
7060	Gains on affiliated enterprises, accounted for using equity method	57,233	1	42,018	1
7100	Interest income	3,697	-	3,975	-

(next page)

(Continued)

Code		2022		2021	
		Amount	%	Amount	%
7230	Foreign currency exchange net profit (note 24)	\$ 51,446	-	\$ 39,490	-
7110	Rent income (note 30)	1,222	-	1,122	-
7190	Other income	3,853	-	4,632	-
7510	Interest expense (notes 24 & 30)	(54,903)	-	(25,342)	-
7590	Miscellaneous expense	(1,625)	-	(187)	-
7000	Total non-operating income and expenses	<u>60,923</u>	<u>1</u>	<u>65,708</u>	<u>1</u>
7900	Profit before tax	421,727	3	596,545	5
7950	Income tax fees (notes 4 & 25)	<u>74,580</u>	<u>1</u>	<u>109,698</u>	<u>1</u>
8200	Net profit	<u>347,147</u>	<u>2</u>	<u>486,847</u>	<u>4</u>
	Other comprehensive income				
8310	Items not reclassified under profit and loss				
8311	Remeasurements of defined benefit plan (note 4 & 21)	9,477	-	1,098	-
8320	Other comprehensive income of affiliated enterprises, accounted for using equity method	<u>510</u>	<u>-</u>	(<u>639</u>)	<u>-</u>
		<u>9,987</u>	<u>-</u>	<u>459</u>	<u>-</u>
8360	Items that may be reclassified under profit and loss afterwards				
8361	Exchange difference after conversion of foreign operations' financial statements	<u>2,616</u>	<u>-</u>	(<u>5,014</u>)	<u>-</u>
8300	Total other (net) comprehensive income	<u>12,603</u>	<u>-</u>	(<u>4,555</u>)	<u>-</u>
8500	Total comprehensive income	<u>\$ 359,750</u>	<u>2</u>	<u>\$ 482,292</u>	<u>4</u>
	Net profit belongs to:				
8610	Owner(s) of parent company	\$ 368,994	2	\$ 453,112	4
8620	Non-controlling interest	(21,847)	-	33,735	-
8600		<u>\$ 347,147</u>	<u>2</u>	<u>\$ 486,847</u>	<u>4</u>
	Total comprehensive income belongs to:				
8710	Owner(s) of parent company	\$ 381,597	2	\$ 448,557	4
8720	Non-controlling interest	(21,847)	-	33,735	-
8700		<u>\$ 359,750</u>	<u>2</u>	<u>\$ 482,292</u>	<u>4</u>
	EPS (note 26)				
9710	Basic	<u>\$ 1.69</u>		<u>\$ 2.07</u>	
9810	Diluted	<u>\$ 1.69</u>		<u>\$ 2.07</u>	

The notes attached are part of this consolidated financial statement.

Formosa Oilseed Processing Co., Ltd. & Subsidiary Companies
 Consolidated Statement of Changes in Equity
 January 1 to December 31, 2022 and 2021

Unit: NTD thousands;
 EPS in NTD

C o d e	Equity that Belongs to Owner of Parent Company										
	Common Share Capital (note 22)		Capital Reserve (note 22)	Preserved Earnings (note 22)			Other Equity	Total	Non-controlling interest (note 22)	Total Equity	
	No. of Shares (1000)	Amount		Statutory Earnings Reserve	Special Earnings Reserve	Undistributed Earnings	Exchange difference converted in foreign operating institutions' financial statements				
A1	Jan 1, 2021 balance	218,703	\$ 2,187,030	\$ 121,015	\$ 220,476	\$ 200,454	\$ 667,183	(\$ 98,435)	\$ 3,297,723	\$ 435,418	\$ 3,733,141
	Appropriation and distribution of earnings for 2020										
B1	Statutory earnings reserve	-	-	-	37,828	-	(37,828)	-	-	-	-
B5	Shareholder's cash dividend – NTD 1.40 per share	-	-	-	-	-	(306,184)	-	(306,184)	-	(306,184)
		-	-	-	37,828	-	(344,012)	-	(306,184)	-	(306,184)
C17	Shareholder's overdue unclaimed dividends	-	-	690	-	-	-	-	690	-	690
D1	2021 net profit	-	-	-	-	-	453,112	-	453,112	33,735	486,847
D3	2021 other comprehensive income	-	-	-	-	-	459	(5,014)	(4,555)	-	(4,555)
D5	2021 total comprehensive income	-	-	-	-	-	453,571	(5,014)	448,557	33,735	482,292
O1	Net decrease in non-controlling interest	-	-	-	-	-	-	-	-	(37,495)	(37,495)
Z1	Dec 31, 2021 balance	218,703	2,187,030	121,705	258,304	200,454	776,742	(103,449)	3,440,786	431,658	3,872,444
	Appropriation and distribution of earnings for 2021										
B1	Statutory earnings reserve	-	-	-	45,357	-	(45,357)	-	-	-	-
B5	Shareholder's cash dividend – NTD 1.60 per share	-	-	-	-	-	(349,925)	-	(349,925)	-	(349,925)
		-	-	-	45,357	-	(395,282)	-	(349,925)	-	(349,925)
C17	Shareholder's overdue unclaimed dividends	-	-	417	-	-	-	-	417	-	417
D1	2022 net profit	-	-	-	-	-	368,994	-	368,994	(21,847)	347,147
D3	2022 other comprehensive income	-	-	-	-	-	9,987	2,616	12,603	-	12,603
D5	2022 total comprehensive income	-	-	-	-	-	378,981	2,616	381,597	(21,847)	359,750
O1	Net decrease in non-controlling interest	-	-	-	-	-	-	-	-	(30,312)	(30,312)
Z1	Dec 31, 2022 balance	218,703	\$ 2,187,030	\$ 122,122	\$ 303,661	\$ 200,454	\$ 760,441	(\$ 100,833)	\$ 3,472,875	\$ 379,499	\$ 3,852,374

The notes attached are part of this consolidated financial statement.

Formosa Oilseed Processing Co., Ltd. & Subsidiary Companies

Consolidated Statement of Cash Flows

January 1 to December 31, 2022 and 2021

Unit: NTD thousands

Code		2022	2021
	Cash Flow for Operating Activities		
A10000	Net profit before tax	\$ 421,727	\$ 596,545
A20010	Income and expenses items		
A20100	Depreciation expense	174,986	127,645
A20200	Amortization expense	2,811	3,299
A20300	Expected credit impairment loss		
	reversal benefits	(1,031)	(892)
A20900	Interest expense	54,903	25,342
A21200	Interest income	(3,697)	(3,975)
A22300	Gains on affiliated enterprises		
	accounted for using equity		
	method	(57,233)	(42,018)
A29900	Gains on originally recognized		
	agricultural products	(31,452)	(21,838)
A22500	Disposal of gains on property,		
	plant and equipment	(515)	(55)
A22900	Disposal of loss on biological		
	assets	1,332	-
A23700	Inventory falling price loss	7,445	2,005
A23900	Unrealized selling profits with		
	affiliated enterprises	175	32
A30000	Net variables of operating assets and		
	liabilities		
A31130	Notes receivable	8,638	(83,546)
A31140	Notes receivable – related parties	107	7,835
A31150	Accounts receivable	(162,182)	(324,625)
A31160	Accounts receivable – related		
	parties	4,331	(128,945)
A31180	Other receivables	1,803	10,773
A31190	Other receivables– related parties	(40)	-
A31200	Inventory	(319,861)	(740,286)
A31230	Prepayments	98,554	(50,990)
A31240	Other current assets	1	33
A32130	Notes payable	(1,390)	(431)
A32140	Notes payable – related parties	(44)	77
A32150	Accounts payable	(2,889)	122,984
A32160	Accounts payable – related parties	(20,070)	22,966
A32180	Other payables	(13,149)	12,699
A32210	Receipts in advance	(4,599)	722
A32230	Other current liabilities	(10)	383
A32240	Net defined benefit liabilities	(390)	(308)
A33000	Cash generated from operations	158,261	(464,569)

(next page)

(Continued)

Code		2022	2021
A33100	Interest income	\$ 2,361	\$ 1,952
A33300	Interest expense	(53,454)	(24,703)
A33500	Income tax expense	(107,705)	(112,094)
AAAA	Net cash inflow (outflow) from operating activities	(537)	(599,414)
	Investment activities cash flow		
B00040	Financial assets obtained at amortized cost	(5,000)	(107,330)
B00050	Disposal of financial assets at amortized cost	97,830	197,968
B02700	Obtained property, plant and equipment (note 27)	(202,423)	(317,649)
B02800	Disposal of property, plant and equipment proceeds	812	858
B04500	Purchasing of intangible assets	(1,028)	-
B09900	Purchasing of biological assets (note 27)	(23,855)	(11,596)
B04600	Disposal of biological assets proceeds	93	-
B03700	Decrease (increase) in refundable deposits	(6,243)	(5,465)
B06700	Decrease (increase) in other non-current assets	866	(2,294)
B07500	Interest income	2,105	2,254
B07600	Obtained dividend from affiliated enterprises	36,000	32,000
BBBB	Net cash in(out)flow from investment activities	(100,843)	(211,254)
	Financing activities cash flow		
C00100	Increase (decrease) in short-term loans	255,792	1,102,216
C00500	Increase (decrease) in short-term notes payable	(340,000)	120,000
C01600	Long-term loan	1,794,000	827,000
C01700	Repayment of long-term loan	(1,304,818)	(1,000,000)
C03000	Increase (decrease) in margin deposit	60	1,769
C04020	Repayment of lease liability capital	(11,745)	(10,945)
C04500	Distribution of cash dividend	(349,925)	(306,184)
C05700	Shareholder's overdue unclaimed dividends	417	690
C09900	Non-controlling interest dividend expense	(30,312)	(37,495)
CCCC	Net cash in(out)flow of financing activities)	13,469	697,051
DDDD	Impact from exchange rate changes	2,544	(3,958)
EEEE	Net decrease of cash and cash equivalents	(85,367)	(117,575)
E00100	BOY balance for cash and cash equivalents	1,108,318	1,225,893
E00200	Year-end balance for cash and cash equivalents	<u>\$ 1,022,951</u>	<u>\$ 1,108,318</u>

The notes attached are part of this consolidated financial statement.

Formosa Oilseed Processing Co., Ltd. and Subsidiary Companies

Notes for Consolidated Financial Statements

January 1 to December 31, 2022 and 2021

(Unless stated otherwise, the amounts' unit is in NTD thousands)

I. Company's History

Formosa Oilseed Processing Company Co., Ltd. (parent company, parent company and individuals controlled by the parent company are hereafter referred to as "Consolidated Company") was established in 1986. Since September 1993, the Company's share has been listed for transaction on Taiwan Stock Exchange. Our main businesses include the manufacturing and the selling of soybean oil, soy flour, flour, oatmeal, corn, pet food, and import and export transactions. The Company's subsidiary company "Top Food Industry Corporation" (Top Food) started to operate since October 2007, and its main business includes producing and selling flour. Thus, the parent company no longer engages in the production of flour.

Formosa Oilseed Processing Co., Ltd., Ningbo (Formosa Oilseed Processing (Ningbo)) was reinvested in Mainland China in 1999 by subsidiary company – Formosa Oilseed Processing Co., Ltd., Panama, and its business mainly engages in the processing, sales and wholesale trading of soybeans, rapeseed oil, oilseeds, and its byproducts. Owing to the local government's expropriation of Formosa Oilseed Processing (Ningbo)'s land ROU and plant and equipment, Formosa Oilseed Processing (Ningbo) temporarily terminated its operation in soybean and rapeseed oil, oilseeds and its byproducts' processing and sales business, and only engaged in wholesale trading business since July 2015. In response to the market's future developmental demand, the Consolidated Company expanded its business to poultry breeding and the wholesaling of agricultural products, and acquired Fu You An Kang Co., Ltd. (Fu You An Kang) by cash in February 2016.

This consolidated financial statement is expressed in the parent company's functional currency New Taiwan Dollars (NTD).

II. Date of Approval and Procedures for Financial Report

This consolidated financial report was approved by the parent company's board of directors on March 15, 2023.

III. Application of Newly Announced Standards for Amendments and Explanations

- (1) First time applicable of International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC), and Standing Interpretation Committee (SICs) (hereafter referred to as IFRSs) as approved and announced effective by the Financial Supervisory Commission (hereafter referred to as FSC).

Newly Announced / Amended / Amendments & IFRIC	Effective Date for Announcement of IASB
“Annual Improvements – 2018-2020 Cycle”	Jan 1, 2022
Amendments to IFRS 3 “definition of a business”	Jan 1, 2022
Amendments to IAS 16 “Property, Plant and Equipment — Proceeds before Intended Use”	Jan 1, 2022
Amendments to IAS 37 “Onerous Contracts — Cost of Fulfilling a Contract”	Jan 1, 2022

The application of the IFRSs as approved and announced effective by the FSC will not necessarily cause significant changes in the Company’s accounting policies.

(2) The Application of the IFRSs as Approved by the FSC for 2023

Newly Announced / Amended / Amendments & IFRIC	Effective Date for Announcement of IASB
Amendments to IAS 1, “Disclosure of Accounting Policies”	Jan 1, 2023 (note 1)
Amendments to IAS 8, “Definition of Accounting Estimates”	Jan 1, 2023 (note 2)
Amendments to IAS 12, “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	Jan 1, 2023 (note 3)

Note 1: This amendment is applicable to the annual reporting period after January 1, 2023.

Note 2: This amendment is applicable to changes in accounting estimates and changes in accounting policies during the annual reporting period after January 1, 2023.

Note 3: This amendment is applicable to transactions occurring after January 1, 2022, except for the recognition of deferred tax on temporary differences in lease and decommissioning obligations occurring on January 1, 2022.

As of the date of announcement of the approval of this consolidated financial statement, the Consolidated Company’s estimation criteria and the amendments to IFRIC will not necessarily cause significant impact on the Consolidated Company’s financial status and financial performance.

(3) IFRSs Announced by the International Accounting Standards Board (IASB) but Not Yet Approved by the FSC

Newly Announced / Amended / Amendment(s) & IFRIC	Effective Date for Announcement of IASB (note 1)
Amendments to IFRS 10 and IAS 28, “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”	Undecided
Amendments to IFRS 16, “Lease Liability in a Sale and Leaseback”	Jan 1, 2024 (note 2)
Amendments to IFRS 17, “Insurance Contracts”	Jan 1, 2023
Amendments to IFRS 17	Jan 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9—Comparative Information”	Jan 1, 2023
Amendments to IAS 1, “Classification of Liabilities as Current or Non-Current”	Jan 1, 2024
Amendments to IAS 1, “Non-current Liabilities with Covenants”	Jan 1, 2024

Note 1: Unless noted otherwise, the above-mentioned newly announced/amended/amendment or IFRICs are effective during the annual reporting period after the respective dates.

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

As of the announcement date for the approval of this consolidated financial report, the Consolidated Company still continues to evaluate the impacts that the other amendments of standards and IFRICs have caused on the Consolidated Company's financial status and financial performance. Related impacts will be disclosed when the evaluation is completed.

IV. Statement for Summaries for Significant Accounting Policies

(1) Compliance Assertion

This consolidated financial statement was prepared by referring to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and IFRSs approved and announced effective by the FSC.

(2) Preparation Basis

Except for the net defined benefit liabilities accounted for using the present value for defined benefit obligation subtracting planned assets at fair value, this consolidated financial statement was prepared on the basis of historical cost.

The fair value measurement can be divided to level one to level three according to the related input values' observability and importance:

1. First level of input value: refers to the quotation of the same assets or liabilities in the active market that can be obtained on the measurement date (unadjusted yet).
2. Second level of input value: refers to, apart from the first level's quotation, the assets' or liabilities' direct (which is price) or indirect (which is derived from price) observable input value.
3. Third level of input value: refers to assets' or liabilities' unobservable input value.

(3) Standards for Distinguishing Current and Non-Current Assets and Liabilities

Current assets include:

1. Assets possessed mainly for transaction purposes;
2. Assets expected to be realized within 12 months after the date of balance sheet; and
3. Cash and cash equivalents. (but excluding those restricted to the exchange or settlement of liabilities for more than 12 months after the date of balance sheet).

Current liabilities include:

1. Liabilities possessed mainly for transaction purposes;
2. Liabilities at maturity for settlement within 12 months after the date of balance sheet; and
3. Liabilities of which its settlement period cannot be unconditionally deferred to at least 12 months after the date of balance sheet.

Those that do not belong to the above-mentioned current assets or current liabilities are classified under non-current assets or non-current liabilities.

(4) Consolidation basis

This consolidated financial statement includes financial statements of the parent company and entities controlled by the parent company (subsidiary companies). The consolidated comprehensive income had already included the operating profit or loss of the acquired or disposed subsidiary companies from the current acquisition date or until the disposal date. The subsidiary companies' financial statements have been adjusted appropriately, so that its accounting policies are consistent with the Consolidated Company's accounting policies. When preparing the consolidated financial statement, the transactions, account balance, income, and expense among each entity had all been written off. The subsidiary companies' total comprehensive income belongs to the parent company's business owner and non-controlling interest.

When the changes in the Consolidated Company's ownership equity to subsidiary companies do not result in loss of control, it is handled as equity transaction. The carrying amount for the Consolidated Company and non-controlling interest had been adjusted, so as to reflect its relative changes in equity comparing to that of subsidiary companies. The difference between the adjusted amount for non-controlling interests and the fair value for the paid or received consideration is directly recognized as equity, and belongs to the parent company's business owner.

For the subsidiary companies' statements, shareholding ratio, and operating items, please refer to note 11 and schedule 4.

(5) Foreign Currencies

When each entity prepared the financial statements, for entities that traded with their individual functional currencies (foreign currencies), the functional currency was recorded by referring to the exchange rate on the transaction date.

The monetary items in foreign currencies are converted at the closing exchange rate on every date of balance sheet. The exchange difference generated from settling monetary items or converting monetary items will be recognized as the current year's profit or loss.

Non-monetary items in foreign currencies measured at fair value are converted at the exchange rate on the day of determining the fair value, and the exchange difference generated is recognized as the current year's profit or loss. However, for items that belong to the changes in fair value and recognized as other comprehensive income, their exchange difference generated will be recognized as other comprehensive income.

Non-monetary items in foreign currencies measured at historical cost are converted at the exchange rate on the date of transaction, and will not be reconverted.

When preparing the consolidated financial statement, foreign operating institutions' (including the country of operation or subsidiary companies that use different currencies from the Company) assets and liabilities are converted to NTD at the exchange rate on every date of balance sheet. The income and expense items are converted at the average exchange rate for the current year, and the exchange difference generated is recognized as other comprehensive income.

(6) Inventory

Inventories include (in transit) raw materials, materials, finished goods, work in progress, and products. Inventories are measured at lower of cost and NRV. When comparing the cost and the NRV, apart from inventories with the same classification, the Company measures on the basis of individual items of inventories. NRV refers to the balance after subtracting the estimated cost that still needs to be invested until completion and the estimated cost to complete the sell from the estimated selling price under normal circumstances. Inventory cost is calculated by using weighted average method.

Costs that were transferred from biological assets to agricultural products were measured by the harvest point's fair value subtracting cost of sales.

(7) Investments in Affiliated Enterprises

Affiliated enterprises are enterprises that have significant influences on the Company, but do not belong to subsidiary companies or joint ventures. The Company uses the equity method in investing in affiliated enterprises.

Under the equity method, the investments in affiliated enterprises are originally recognized as costs, and the carrying amount obtained in the future will increase or decrease according to the Consolidated Company's benefits from the affiliated enterprises' income and other comprehensive income, and profit distribution. In addition, the Consolidated Company's benefit in affiliated enterprises' changes in equity is recognized according to its shareholding ratio.

If the Consolidated Company does not subscribe according to its shareholding ratio when affiliated enterprises issue new shares, and causes changes in shareholding ratio, and further results in the decrease or increase of invested equity net value, the Consolidated Company increases or decreases the amount to adjust its capital surplus and investments accounted for using equity method. If the aforementioned adjustment should debit capital surplus, and the capital surplus balance from investment accounted for using equity method is insufficient, its difference should be recognized as retained earnings under the debit column.

When the Consolidated Company evaluates its impairment loss, it regards the overall carrying amount of the investment as a single asset, and compares recoverable amounts with the carrying amount to perform the impairment test, and the recognized impairment loss does not belong to any asset that forms part of the investment's carrying amount, including goodwill. Any reversal from impairment loss can be recognized within the range of subsequent increase in the recoverable amount for such investment.

The profits or losses from upstream and downstream transactions between the Consolidated Company and the affiliated enterprises are solely within the range that is unrelated to the Consolidated Company's equity in the affiliated enterprises, and are recognized in consolidated financial reports.

(8) Property, Plant and Equipment

Property, plant, and equipment are recognized as costs, of which the amount will later be measured by cost subtracting accumulated depreciation.

Property, plant, and equipment's significant parts were separately depreciated within the useful life using the straightline method. If the

lease period is shorter than the durability, it will be listed as depreciation during the lease period. The Consolidated Company scans the estimation of useful life, residual value, and depreciation method at least on the last day of every year, and postpones the impact of changes in applicable accounting estimations.

When property, plant, and equipment are derecognized, the difference between the net disposal proceeds and such asset's carrying amount is recognized as profit or loss.

(9) Intangible assets

The intangible assets with finite useful lives acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over the useful lives of the intangible assets. The Company reviews the estimated useful lives, residual values, and amortization methods of intangible assets at least at the end of each year, and defers the effect of any changes in accounting estimates. Intangible assets with indefinite useful lives are reported at cost less accumulated impairment losses.

(10) Property, Plant, and Equipment, and ROU Assets' Impairment Loss

The Consolidated Company evaluates whether there are any traces showing possible impairments in property, plant, and equipment, and ROU assets on every date of balance sheet. If any impairment traces exist, the Consolidated Company will estimate such asset's recoverable amount. If it is impossible to estimate individual asset's recoverable amount, the Company estimates the recoverable amount of the cash-generating unit to which such asset belongs.

Recoverable amount is calculated by the higher of fair value subtracting sales cost and its use value. When individual assets or the recoverable amount of the cash generating unit is lower than its carrying amount, such asset or the carrying amount of the cash generating unit is reduced to its recoverable amount, and the impairment loss is recognized under profit or loss.

When impairment loss is subsequently reversed, the carrying amount for such assets or cash generating unit are increased to the recoverable amount after being adjusted. However, the carrying amount after the increase shall not exceed the carrying amount (minus depreciation) determined if such assets or cash-generating unit did not recognize impairment loss in the previous years. The reversal of impairment loss is recognized as profit or loss.

(11) Biological Assets

Biological assets were originally recognized as cost plus transactional cost, and were subsequently measured by fair value subtracting cost of sales. The profit or loss generated from changes in fair value subtracting cost of sales is denominated as profit or loss in the current year of event. Biological assets that cannot be measured reliably at fair value are measured by the amount for cost subtracting accumulated depreciation and accumulated impairment loss. The related expense for immature productive biological assets during the breeding period will be capitalized.

Biological assets that cannot be measured reliably at fair value within the productive period will be listed as depreciation according to straight-line basis. The Consolidated Company conducts impairment tests on a regular basis. When there is objective impairment evidence, it will be recognized as impairment loss.

Agricultural products harvested from biological assets were originally measured by harvest point at fair value subtracting cost of sales, and transferred to as inventory, and were subsequently handled as inventory.

(12) Financial Instruments

When financial assets and financial liabilities become one of the contractual regulations for such instrument of the Consolidated Company, they are recognized in consolidated balance sheets.

When originally recognizing financial assets and financial liabilities, if financial assets or financial liabilities do not belong to those measured at fair value through profit or loss, then it is measured by fair value plus financial costs directly attributed to the obtainment or distribution of financial assets or financial liabilities. The transaction costs directly attributed to the obtainment or distribution of financial assets or financial liabilities at fair value through profit or loss shall be recognized as profit or loss immediately.

1. Financial assets

The regular way purchase or sale of financial assets adopts accounting recognition and derecognition on the trade date.

(1) Types of measurements

The types of financial assets that the Consolidated Company possesses are financial assets at amortized cost.

If the Company's investments of financial assets simultaneously meet the two conditions below, then it is categorized as financial assets measured at amortized cost:

- a. It is held under a certain business model, and the purpose for such model is to obtain contractual cash flow by holding financial assets; and
- b. The cash flow generated on the specific date of contractual regulations, and such cash flow is completely used for principal payment and the interest for outstanding capital.

After the original recognition of financial assets at amortized cost (including cash and cash equivalents, notes receivable at amortized cost, accounts receivable, other receivables, and other financial assets), they are measured by the carrying amount determined by effective interest method subtracting any impairment loss after amortized cost. Any profit or loss owing to foreign currency exchange is recognized as profit or loss.

Except for the two conditions below, interest income is calculated by multiplying effective interest rate and financial assets' total carrying amount:

-
-
- a. Credit-impaired financial assets purchased or created, and the interest income is calculated by multiplying effective interest rate after credit adjustment by financial assets after amortized cost.
 - b. Financial assets that do not belong to purchased or created credit impairment, but subsequently become credit impairment, and the interest income is calculated by multiplying effective interest rate by financial assets after amortized cost.

Cash equivalents include demand deposits with high liquidity, which can be transferred to fixed cash, and with extremely small risks in value change. It is used to fulfill short-term cash commitments.

(2) Impairment loss of financial assets

The Consolidated Company assesses its financial assets after amortized cost (including notes receivable and accounts receivable) based on expected credit loss on every date of balance sheet.

Notes receivable and accounts receivable should both be recognized as allowance loss based on the expected credit loss during the duration. Other financial assets are first assessed by whether there is a significant increase in credit risks after the original recognition. If there is no significant increase, then the recognition of allowance loss is based on 12 months' expected credit loss. If there is a significant increase, then the recognition of allowance loss is based on the expected credit loss during the duration.

Expected credit loss is a weighted average credit loss with the risk of default as the weight. The 12 months expected credit loss represents the expected credit loss that is caused by possible default events within the 12 months after the reporting date of the financial instrument. Expected credit loss during the duration represents the expected credit loss caused by the financial instrument's possible default events during the duration.

All carrying amount for financial assets' impairment loss are reduced through the allowance account.

(3) Derecognition of financial assets

The Consolidated Company's financial assets can only be derecognized when the contractual rights from financial assets cash flows become invalid, or when the financial assets have been transferred and almost all risks and rewards for such assets' ownership have been transferred to other enterprises.

When the financial assets measured after amortized cost is entirely derecognized, the carrying amount and the difference between the considerations received are recognized as profit or loss. When the equity instrument investments at fair value through other comprehensive income are entirely derecognized, the accumulated profit or loss are directly transferred to retained earnings, and will not be re-classified as profit or loss. °

2. Financial liabilities

(1) Subsequent measurements

Financial liabilities are measured at amortized cost accounted for using the effective interest method.

(2) Derecognition of financial liabilities

When derecognizing financial liabilities, the carrying amount and difference between consideration payments (including any transferred non-cash assets or assumed liabilities) are recognized as profit or loss.

(13) Provisions

Amounts recognized as provisions are to consider obligatory risks and uncertainties, and are the best estimate for the required expense to settle the obligation on the date of balance sheet.

(14) Recognition of income

After the Consolidated Company identifies performance obligations in customer contracts, it will amortize transaction prices to each performance obligation, and will recognize as income once each performance obligation is fulfilled.

1. Sales income from goods

The sales income from goods is from the selling of oil, feeds, and flours, etc.

When oil, feeds, and flours, etc. arrive at the customers' designated location/starts shipment, the customers already have the rights to set up prices and the rights to use, and have the main responsibility to re-sale these products. They also have to take the risk for the outdating of goods. Therefore, the Consolidated Company recognizes its income and accounts receivable for these sales at this point of time.

When processing, the significant risk and rewards of the ownership to the processed products are not yet transferred, and will not be handled for selling when processing.

2. Service revenue

Service revenue is derived from providing services such as unloading, weighing, and warehousing. The revenue amount is calculated based on a fixed unit price per processed ton, and the related revenue is recognized when the services are provided.

3. Processing income

Processing income comes from processing flour products. The Consolidated Company recognizes the relevant income when the services are provided.

(15) Lease

The Consolidated Company evaluates whether the contract belongs to (or includes) lease on the contract establishment date.

1. The Consolidated Company as the lessor

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

Under operating lease, the lease payments are recognized as income on the straight-line basis during related lease periods. Original direct costs happened because of the obtainment of operating lease is added to the target assets' carrying amount, and recognized as expense on the straight-line basis during the lease period.

2. The Consolidated Company as the lessee

Except for low-value asset lease that is applicable to recognition exemption, and lease payments for short-term lease that are based on the straight-line basis recognized as expenses during the lease period, other leases are all recognized as ROU assets and lease liabilities on the lease starting date.

ROU assets are originally measured by costs (including lease liabilities' original measured amount, lease payment before the lease starting date subtracting lease incentives, original direct cost, and estimated cost of restored assets), and subsequently measured by the amount of the cost subtracting accumulated depreciation and accumulated impairment loss, and adjusts the remeasurements of lease liabilities. ROU assets are separately expressed in the consolidated balance sheet.

ROU assets' depreciation is pre-estimated on a straight-line basis from the lease starting date until the expiration of the useful life whichever is earlier.

Lease liabilities are originally measured by the lease payment's current value (including regular payments and lease payments depending on changes in index or rate). If the interest rate implicit in a lease is easy to determine, the lease payments are discounted with this interest rate. If such interest rate is not easy to determine, then the lessee's increment borrowing interest rate will be used.

Subsequently, lease liabilities are measured by effective interest method after amortized cost, and the interest expense is amortized during the lease period. If the lease period or changes in the rate that is used to determine lease payments result in changes of future lease payments, the Consolidated Company will remeasure lease liabilities, and relatively adjust ROU assets.

However, if the carrying amount for ROU assets decreases to zero, then the remaining remeasured amount will be recognized as profit or loss. Lease liabilities are separately expressed in the consolidated balance sheet.

(16) Borrowing Costs

The borrowing costs directly attributed to the acquisition, construction, or production of qualified assets are part of such assets cost, until almost all necessary activities for such assets to reach its intended usage or selling status have been completed.

Except for the aforementioned, all other borrowing costs are recognized as profit or loss in the current period.

(17) Employees' Benefit

1. Short-term employees' benefit

Related liabilities for short-term employees' benefit is measured at non-discounted cash amount prepaid for the exchange of employee services.

2. Post-employment benefit

The pension of the defined allocation retirement plan should be allocated and the pension amount should be recognized as expense when the employee provides his/her service period.

Defined benefit retirement plan's defined benefit cost (including service costs, net interest, and remeasurements) is precisely calculated by adopting the projected unit credit method. Service costs (including current period's service cost) and net interest of net defined benefit liability should be recognized as employee's benefit expense when the events happen, and when settlements happen. Remeasurements (including precisely calculated profit or loss and planned assets rewards interest deduction) should be recognized as other comprehensive income and listed under retained earnings when the event happens, and will not be re-classified as profit or loss in the subsequent period.

Net defined benefit liability is allocation insufficiency of defined benefit retirement plan. Net defined benefit assets cannot exceed the present value for the returned allocated amount from such plan or reducible future allocated amount.

(18) Income Tax

Income tax amount is the total of current income tax and deferred income tax.

1. Current income tax

The Consolidated Company determines its current income (loss) according to regulations formulated by jurisdictions for income tax reporting, based on the calculation of payable (recoverable) income tax.

According to the R.O.C. Income Tax Act, the calculation of the added income tax to undistributed earnings will be recognized in the year of decision of the shareholder's meeting.

The adjustment for income tax payables for the previous years is listed in the current year's income tax.

2. Deferred income tax

Deferred income tax is calculated based on the temporary difference between booked assets and the carrying amount for liabilities, and the tax basis for calculating taxable income.

Deferred income tax liabilities are generally recognized as all taxable temporary differences, and deferred income tax assets are recognized when it is likely to have taxable income for usage of the deduction of temporary differences and loss carryforwards.

Taxable temporary differences related to invested subsidiary companies are all recognized as deferred income tax liabilities. Deductible temporary differences related to this type of investment can be recognized as deferred income tax assets only if it is likely to have sufficient taxable income to achieve temporary differences, and within the range expected to reverse in the foreseeable future.

The carrying amount for deferred income tax assets is reviewed on every date of balance sheet, and the carrying amount is reduced for those that are no longer likely to have sufficient taxable income for the recovery of all or partial assets. For those that is not originally recognized as deferred income tax assets, they should be reviewed on every date of balance sheet, too, and the carrying amount is increased for those that are very likely to generate taxable income for the recovery or all or partial assets.

Deferred income tax assets and liabilities are measured by its expected liability settlement or tax rate for assets realization. Such tax rate is based on the tax rate and tax law that have been enacted or substantively enacted on the date of balance sheet. The measurements of deferred income tax liabilities and assets are to reflect the Consolidated Company's tax outcome generated from the method of expected recovery or settlement of its carrying amount for assets and liabilities on the date of balance sheet.

V. Main Sources for Significant Accounting Judgment and Estimation, and Hypothesis of Uncertainties

When the Consolidated Company adopts accounting policies, the management level must make related judgments, estimations, and hypothesis on the basis of historical experience and other relevant factors when obtaining relevant information that is not easily obtained from other sources. The actual results may differ from the estimation.

The management level will continue to review the estimation and the basic hypothesis. If the amendments to the estimation solely impact the current year, then it is recognized in the current year; if the amendments to the accounting estimation simultaneously influence the current year and future periods, then it is recognized in the current period of amendment and the future period.

The information for the main management level's hypothesis and estimation uncertainties is as follow:

Impairment of Inventories

In-transit inventories and raw material costs and related prices are influenced by global raw material prices, which is possible for violent fluctuations, leading to risk of the raw materials' NRV lower than the carrying amount. Since the management level referred to the regulations in IAS 2 "Inventory," the evaluation of raw materials' NRV involves estimation and judgment, the change in raw material prices might cause significant impacts on such estimation results.

VI. Cash and Cash Equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand & petty cash	\$ 272	\$ 258
Bank checks & demand deposit	1,014,863	1,054,468
Cash equivalents		
Bank time deposit	<u>7,816</u>	<u>53,592</u>
	<u>\$ 1,022,951</u>	<u>\$ 1,108,318</u>

The market interest rate range for bank deposits on the date of balance sheet is as follow:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Bank demand deposit	0.01% ~ 1.05%	0.01% ~ 0.35%
Bank time deposit	1.04% ~ 1.90%	0.76% ~ 2.10%

VII. Financial Assets Measured at Amortized Cost

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Current</u>		
Time deposit of which its original maturity date exceeded 3 months	\$ -	\$ 1,125
Limited asset – bank deposit	<u>-</u>	<u>96,705</u>
	<u>\$ -</u>	<u>\$ 97,830</u>
<u>Non-current</u>		
Limited asset – bank deposit	<u>\$ 39,500</u>	<u>\$ 34,500</u>

As of December 31, 2021, the interest rate range for time deposits of which the original date exceeded 3 months were 0.82%.

Limited assets – bank deposit is to provide collateral to the bank for loans and the issuance of letters of credit. As of December 31, 2022 and 2021, the interest rate for limited assets were 0.41% and 0.01%-0.18% respectively. Please refer to note 31.

VIII. Notes Receivable, Accounts Receivable, and Other Receivables

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Notes receivable</u>		
Total carrying amount at amortized cost	\$ <u>423,729</u>	\$ <u>432,367</u>
<u>Accounts receivable</u>		
Total carrying amount at amortized cost	\$ 1,306,315	\$ 1,147,114
Subtract: allowance loss	<u>6,885</u>	<u>11,039</u>
	<u>\$ 1,299,430</u>	<u>\$ 1,136,075</u>
<u>Other receivables</u>		
Export rebate receivable	\$ 10,515	\$ 13,113
Import price difference receivable	7,730	7,627
Interest receivable	67	81
Others	<u>2,750</u>	<u>2,057</u>
	<u>\$ 21,062</u>	<u>\$ 22,878</u>

(1) **Notes Receivable**

The average credit period for the Consolidated Company's product sales is 60 days, of which no interest is accrued in notes receivable. The policy that the Consolidated Company adopts is to only make transactions with reputable parties, and the Consolidated Company will obtain full collateral when necessary, so as to reduce the risk of financial loss owing to delinquency. The Consolidated Company rates its main customers by using other publicly available financial information and historical transaction records. The Consolidated Company continuously supervises credit exposures and the counterparties' credit levels, and distributes the total transaction amount to different customers with qualified credit ratings. Moreover, the Consolidated Company manages its credit exposures by reviewing and approving the credit limit of counterparties each year.

The Consolidated Company's expected credit loss during duration is recognized as notes receivable's allowance loss. The expected credit loss during duration is calculated by provision matrix, which takes the customers' past default records and current financial statuses, and industrial economy situations into account. At the same time, the Consolidated Company takes GDP prediction and industrial prospects into consideration. The Consolidated Company distinguishes its loss according to the customer groups of each consolidated entity, and sets the expected credit loss rate according to the days overdue for notes receivable.

If there is evidence showing that the counterparty is facing critical financial difficulties, and the Consolidated Company is unable to reasonably expect the recoverable amount, the Consolidated Company should directly write off related notes receivable. However, the Consolidated Company will continuously recourse the activities, and the recovered amount from the recourse will be recognized as profit or loss.

The Company uses provision matrix to measure notes receivable's allowance loss, which is as follow:

December 31, 2022

	<u>Not overdue</u>
Expected credit loss rate	0%
Total carrying amount	\$ 423,729
Allowance loss (expected credit loss during duration)	-
Amortized cost	<u>\$ 423,729</u>

December 31, 2021

	<u>Not overdue</u>
Expected credit loss rate	0%
Total carrying amount	\$ 432,367
Allowance loss (expected credit loss during duration)	-
Amortized cost	<u>\$ 432,367</u>

(2) Accounts Receivable

The Consolidated Company's average credit period for product sales is 80 days, of which no interest is accrued in accounts receivable. The policy that the Consolidated Company adopts is to only make transactions with reputable targets, and the Consolidated Company will obtain full collateral when necessary so as to reduce the risk of financial loss owing to delinquency. The Consolidated Company rates its main customers by using other publicly available financial information and historical transaction records. The Consolidated Company continuously supervises credit exposures and the counterparties' credit levels, and distributes the total transaction amount to different customers with qualified credit ratings. Moreover, the Consolidated Company manages its credit exposures by reviewing and approving the credit limit of counterparties each year.

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If there is evidence showing that the counterparty is facing critical financial difficulties, and the Consolidated Company is unable to reasonably expect the recoverable amount, the Consolidated Company should directly write off related notes receivable. However, the Consolidated Company will continuously recourse the activities, and the recovered amount from the recourse will be recognized as profit or loss.

The Consolidated Company uses provision matrix to measure accounts receivable's allowance loss, which is as follow:
December 31, 2022

	Not overdue	1-60 days overdue	61-90 days overdue	91-120 days overdue	121-180 days overdue	181-365 days overdue	Over 365 days overdue	Individual identification	Total
Expected credit loss rate	0%-0.01%	0%-10.06%	-	0%	0%	-	100%	100%	
Total carrying amount	\$ 1,157,032	\$ 129,274	\$ -	\$ 12,145	\$ 1,170	\$ -	\$ 36	\$ 6,658	\$ 1,306,315
Loss allowance (expected credit loss during duration)	(68)	(123)	-	-	-	-	(36)	(6,658)	(6,885)
Amortized cost	<u>\$ 1,156,964</u>	<u>\$ 129,151</u>	<u>\$ -</u>	<u>\$ 12,145</u>	<u>\$ 1,170</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,299,430</u>

December 31, 2021

	Not overdue	1-60 days overdue	61-90 days overdue	91-120 days overdue	121-180 days overdue	181-365 days overdue	Over 365 days overdue	Individual identification	Total
Expected credit loss rate	0%-0.01%	0%-7.83%	0%-18.56%	0%	-	-	100%	100%	
Total carrying amount	\$ 1,008,165	\$ 120,687	\$ 36	\$ 7,353	\$ -	\$ -	\$ 48	\$ 10,825	\$ 1,147,114
Loss allowance (expected credit loss during duration)	(57)	(102)	(7)	-	-	-	(48)	(10,825)	(11,039)
Amortized cost	<u>\$ 1,008,108</u>	<u>\$ 120,585</u>	<u>\$ 29</u>	<u>\$ 7,353</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,136,075</u>

Changes in information on accounts receivable loss allowance are as follow:

	2022	2021
BOY balance	\$ 11,039	\$ 11,931
Subtract: current year reversal impairment loss	(1,031)	(892)
Subtract: current year actual write off	(3,123)	-
Year-end balance	<u>\$ 6,885</u>	<u>\$ 11,039</u>

(3) Other Receivables

When the Consolidated Company assesses Other Receivables with objective evidence of impairment loss, the amount of impairment loss is individually assessed. As of the balance sheet date, there are no Other Receivables past due that the Consolidated Company has not yet recognized in Other Receivables loss allowance.

IX. Inventory

	December 31, 2022	December 31, 2021
Inventory in transit	\$ 926,533	\$ 918,777
Raw materials	846,423	496,665
Finished goods	260,364	287,733
Work in progress	129,500	119,367
Materials	11,492	11,560
Products	6,308	2,650
	<u>\$ 2,180,620</u>	<u>\$ 1,836,752</u>

Operating costs related to inventory for the year 2022 was NTD 14,303,746 thousands, of which NTD 1,151 thousands included was inventory loss and NTD 7,445 thousands was loss on inventory price decline. Operating costs related to inventory for the year 2021 was NTD 11,967,863 thousands, of which NTD 3,333 thousands included was inventory loss and NTD 2,005 thousands was loss on inventory price decline.

X. Prepayments

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Excess business tax paid	\$ 132,284	\$ 208,431
Prepayments to suppliers	11,442	15,136
Prepayments for customs fees	7,634	32,718
Other prepayments	<u>12,977</u>	<u>9,375</u>
	<u>\$ 164,337</u>	<u>\$ 265,660</u>

XI. Subsidiary Companies

(1) Subsidiary companies listed in the consolidated financial statement

The main part of the preparation of this consolidated financial statement is as follow:

<u>Name of Investing Company</u>	<u>Name of Subsidiary Companies</u>	<u>Business Nature</u>	<u>Percentage of Equity Held</u>	
			<u>December 31, 2022</u>	<u>December 31, 2021</u>
FORMOSA OILSEED PROCESSING, CO., LTD.	TOP FOOD INDUSTRY CORPORATION	Manufacturing and selling of flour products	63	63
	FORMOSA OIL PROCESSING (PANAMA) S.A.	General investing businesses	100	100
	CHONG HSIANG INTERNATIONAL CO., LTD. (CHONG HSIANG INTERNATIONAL)	Wholesaling and trading of oil products	100	100
	FU YOU AN KANG CORPORATION	Poultry breeding and wholesaling of agricultural products	51	51
FORMOSA OIL PROCESSING (PANAMA) S.A.	FORMOSA OILSEED PROCESSING (NINGBO)	Wholesaling and trading of oil products	100	100

(2) Information about subsidiary companies with significant non-controlling interest

<u>Name of Subsidiary Company</u>	<u>Main Place of Business Operation</u>	<u>Percentage of non-controlling interest and voting rights held</u>	
		<u>December 31, 2022</u>	<u>December 31, 2021</u>
Top Food	Taichung City	37%	37%

<u>Name of Subsidiary Company</u>	<u>Profit or Loss Distributed to Non-Controlling Interest</u>		<u>Non-Controlling Interest</u>	
	<u>2022</u>	<u>2021</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Top Food	<u>(\$ 10,703)</u>	<u>\$ 33,838</u>	<u>\$ 361,365</u>	<u>\$ 402,380</u>

The subsidiary companies' summarized financial information below was prepared based on the amount before the elimination of inter-company transactions:

Top Food Industry Corporation

	December 31, 2022	December 31, 2021
Current assets	\$ 1,742,305	\$ 1,501,922
Non-current assets	1,264,702	1,286,382
Current liabilities	(1,426,473)	(1,183,701)
Non-current liabilities	(<u>599,687</u>)	(<u>512,430</u>)
Equity	<u>\$ 980,847</u>	<u>\$ 1,092,173</u>
Equity belonging to:		
Parent company business owner	\$ 619,482	\$ 689,793
Non-controlling interest	<u>361,365</u>	<u>402,380</u>
	<u>\$ 980,847</u>	<u>\$ 1,092,173</u>
	2022	2021
Operating income	<u>\$ 3,660,735</u>	<u>\$ 3,246,386</u>
Current year net profit	(\$ 29,051)	<u>\$ 91,846</u>
Net profit belonging to:		
Parent company business owner	(\$ 18,348)	\$ 58,008
Non-controlling interest	(<u>10,703</u>)	<u>33,838</u>
	<u>(\$ 29,051)</u>	<u>\$ 91,846</u>
Cash flow		
Operating activities	(\$ 154,273)	(\$ 164,398)
Investment activities	(59,038)	(72,998)
Financing activities	<u>265,918</u>	<u>85,547</u>
Net cash inflow (outflow)	<u>\$ 52,607</u>	(<u>\$ 151,849</u>)
Dividend paid for non-controlling equity	<u>\$ 30,312</u>	<u>\$ 36,375</u>

XII. Investments by Using Equity Method

	December 31, 2022	December 31, 2021
<u>Invested affiliated enterprises</u>		
Significant affiliated enterprises		
Central Union Oil Corp. (Central Union Oil)	<u>\$ 305,839</u>	<u>\$284,271</u>

Percentage held by the Consolidated Company in the affiliated enterprises on the date of balance sheet:

Name of Company	December 31, 2022	December 31, 2021
CENTRAL UNION OIL CORP.	33.33%	33.33%

For the aforementioned affiliated enterprises' information regarding their business nature, major places of operation, and the companies' registered country, please refer to Attached Table 4 "Related Information Regarding Names of Invested Companies and Location, etc."

Investments accounted for using equity method, profits or losses from the Consolidated Company, and shares on other comprehensive income are recognized according to the affiliated enterprises' financial reports audited by accountants during the same period.

The Consolidated Company measures the aforementioned affiliated enterprises by using the equity method.

The summarized financial information below was prepared on the basis of the affiliated enterprises' IFRSs financial statements, and had already reflected the adjustments made when using the equity method.

Central Union Oil Corp.

	December 31, 2022	December 31, 2021
Current assets	\$ 1,129,306	\$ 1,199,495
Non-current assets	1,432,624	1,476,098
Current liabilities	(1,461,584)	(1,544,683)
Non-current liabilities	(180,172)	(275,966)
Equity	<u>\$ 920,174</u>	<u>\$ 854,944</u>
The Consolidated Company's shareholding ratio	33.33%	33.33%
The Consolidated Company's equity	\$ 306,724	\$ 284,981
Unrealized gains (losses) on downstream transactions	(885)	(710)
Carrying amount for investments	<u>\$ 305,839</u>	<u>\$ 284,271</u>

	2022	2021
Operating income	<u>\$ 11,360,367</u>	<u>\$ 10,069,733</u>
Current year's net profit	\$ 171,699	\$ 126,053
Other comprehensive income	1,531	(1,916)
Total comprehensive income	<u>\$ 173,230</u>	<u>\$ 124,137</u>
Dividend obtained from Central Union Oil Corp.	<u>\$ 36,000</u>	<u>\$ 32,000</u>

XIII. Property, Plant, and Equipment – Self-Use

	December 31, 2022	December 31, 2021
Land	\$ 715,940	\$ 715,940
Buildings	1,313,288	642,917
Machinery equipment	1,056,974	490,550

(next page)

(Continued)

	December 31, 2022	December 31, 2021
Transport equipment	\$ 27,737	\$ 31,082
Experimental equipment	6,483	3,682
Other equipment	62,446	22,687
Unfinished projects	<u>103,903</u>	<u>1,328,652</u>
	<u>\$ 3,286,771</u>	<u>\$ 3,235,510</u>

	Land	Buildings	Machinery equipment	Transport equipment	Experimental equipment	Other equipment	Unfinished projects	Total
<u>Cost</u>								
Jan 1, 2022 balance	\$ 715,940	\$ 1,047,855	\$ 1,570,081	\$ 57,669	\$ 17,438	\$ 243,621	\$ 1,328,652	\$ 4,981,256
Addition	-	3,176	16,463	247	585	12,222	160,077	192,770
Disposal	-	-	(4,695)	(2,040)	(9,106)	(1,469)	-	(17,310)
Reclassification	-	701,150	642,396	-	3,305	37,975	(1,384,826)	-
Net exchange difference	-	-	-	24	-	5	-	29
Dec 31, 2022 balance	<u>715,940</u>	<u>1,752,181</u>	<u>2,224,245</u>	<u>55,900</u>	<u>12,222</u>	<u>292,354</u>	<u>103,903</u>	<u>5,156,745</u>
<u>Accumulated depreciation and impairment</u>								
Jan 1, 2022 balance	-	(404,938)	(1,079,531)	(26,587)	(13,756)	(220,934)	-	(1,745,746)
Disposal	-	-	4,695	1,757	9,106	1,455	-	17,013
Reclassification	-	-	-	-	(35)	35	-	-
Depreciation expense	-	(33,955)	(92,435)	(3,309)	(1,054)	(10,459)	-	(141,212)
Net exchange difference	-	-	-	(24)	-	(5)	-	(29)
Dec 31, 2022 balance	<u>-</u>	<u>(438,893)</u>	<u>(1,167,271)</u>	<u>(28,163)</u>	<u>(5,739)</u>	<u>(229,908)</u>	<u>-</u>	<u>(1,869,974)</u>
Dec 31, 2022 net value	<u>\$ 715,940</u>	<u>\$ 1,313,288</u>	<u>\$ 1,056,974</u>	<u>\$ 27,737</u>	<u>\$ 6,483</u>	<u>\$ 62,446</u>	<u>\$ 103,903</u>	<u>\$ 3,286,771</u>
<u>Cost</u>								
Jan 1, 2021 balance	\$ 715,940	\$ 1,047,983	\$ 1,579,767	\$ 55,435	\$ 17,784	\$ 246,037	\$ 1,030,657	\$ 4,693,603
Addition	-	127	12,308	3,990	36	5,870	301,910	324,241
Disposal	-	(255)	(25,909)	(1,748)	(382)	(8,284)	-	(36,578)
Reclassification	-	-	3,915	-	-	-	(3,915)	-
Net exchange difference	-	-	-	(8)	-	(2)	-	(10)
Dec 31, 2021 balance	<u>715,940</u>	<u>1,047,855</u>	<u>1,570,081</u>	<u>57,669</u>	<u>17,438</u>	<u>243,621</u>	<u>1,328,652</u>	<u>4,981,256</u>
<u>Accumulated depreciation and impairment</u>								
Jan 1, 2021 balance	-	(383,018)	(1,032,874)	(24,128)	(13,047)	(221,392)	-	(1,674,459)
Disposal	-	255	25,909	947	382	8,282	-	35,775
Depreciation expense	-	(22,175)	(72,566)	(3,414)	(1,091)	(7,826)	-	(107,072)
Net exchange difference	-	-	-	8	-	2	-	10
Dec 31, 2021 balance	<u>-</u>	<u>(404,938)</u>	<u>(1,079,531)</u>	<u>(26,587)</u>	<u>(13,756)</u>	<u>(220,934)</u>	<u>-</u>	<u>(1,745,746)</u>
Dec 31, 2021 net value	<u>\$ 715,940</u>	<u>\$ 642,917</u>	<u>\$ 490,550</u>	<u>\$ 31,082</u>	<u>\$ 3,682</u>	<u>\$ 22,687</u>	<u>\$ 1,328,652</u>	<u>\$ 3,235,510</u>

The unfinished project is mainly the parent company's rendering plant for purifying edible oil that is still under construction at the Taichung Harbor area. In 2022, it was gradually reclassified as buildings, machinery equipment, and other equipment, and some amounts are still pending transfer after acceptance.

Impairment losses were not recognized or reversed in 2022 and 2021. The depreciation expenses are calculated by using the straight-line method according to the useful life as follow:

Buildings	
Plant's main building	3 to 55 years
Project systems	5 to 50 years
Machinery equipment	2 to 24 years
Transport equipment	3 to 20 years
Experimental equipment	2 to 11 years
Other equipment	2 to 24 years

For the amount of property, plant and equipment set as collateral for secured loans, please refer to note 31.

XIV. Leasing Agreement

(1) ROU assets

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
ROU assets carrying amount		
Land	\$ 231,189	\$ 237,911
Buildings	1,028	1,484
Transport equipment	<u>22,300</u>	<u>10,049</u>
	<u>\$ 254,517</u>	<u>\$ 249,444</u>
	<u>2022</u>	<u>2021</u>
Increase of ROU assets	<u>\$ 18,422</u>	<u>\$ 85,337</u>
Depreciation expense for ROU assets		
Land	\$ 6,722	\$ 6,908
Buildings	456	456
Transport equipment	<u>6,171</u>	<u>5,779</u>
	<u>\$ 13,349</u>	<u>\$ 13,143</u>

Except for the above-mentioned additions (including adjustments to accounting estimates in year 2021, please refer to the explanation in section(3)) and recognized depreciation expenses, there was no significant sublease or impairment of the ROU assets of the Consolidated Company in the years 2022 and 2021.

(2) Lease liabilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Lease liabilities carrying amount		
Current	<u>\$ 12,846</u>	<u>\$ 11,385</u>
Non-current	<u>\$ 247,437</u>	<u>\$ 242,221</u>

Discount rate range for lease liabilities is as follow:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Land	1.08% ~ 1.40%	1.08% ~ 1.40%
Buildings	1.38%	1.38%
Transport equipment	1.08% ~ 1.57%	1.08% ~ 1.40%

(3) Significant Rental Activities and Clauses

The parent company signed a land lease contract for leasing the port industry professionalism development zone with Taiwan International Ports Corporation, Ltd. – Port of Taichung Branch (hereafter referred to as Port Branch) in November 2017 in order to construct and operate the palm oil plant. The lease period is 20 years. According to contractual regulations, the properties and movable properties, and property ownerships financed and constructed by the parent company all belong to the parent company. During the duration

of the contract, the parent company should calculate the land rent based on the area of the leased land according to the land value announced by the government and the approved annual rent rate, and pay the management fee according to the amount committed to the Port Branch. When the lease period is terminated, the parent company does not have the right of preferential refusal towards the leased land. The aforementioned lease period of the land use right asset was originally calculated based on the 20-year lease term of the land lease contract signed with the Port Branch, and it was expected to produce only a single oil product. In response to future product line diversification and quality improvement, more complete refining equipment has already been purchased, and the parent company's oil and fat factory in Dadu District, Taichung will also be relocated to this development area. According to the parent company's evaluation of the Taichung Port Plant's operation plan, the Taichung Port Plant will aim for 50 years as its operation target. The parent company will apply in writing to the Taichung Port Branch to continue the lease one year before the expiration of the lease term. Therefore, the calculation of the lease period of the land use right has been adjusted in July, 2021 to 50 years, and the ROU assets and lease liabilities have been adjusted to increase by NTD 80,618 thousands. This was approved by the Audit Committee and the Board of Directors on August 10, 2021.

In addition, subsidiary company – Top Food and Port Branch signed a land lease contract for the leasing of food processing professionalism zone in December 2004 to construct and operate the flour plant. The lease period is 50 years. According to contractual regulations, the constructions for all properties and moveable properties are financed by Top Food, and that the property ownership all belongs to Top Food. During the duration of the contract, Top Food should calculate the land rent based on the area of the leased land according to the land value announced by the government and the approved annual rent rate, and pay the management fee according to the guaranteed tonnage of domestic sales goods agreed with the Port Branch. When the lease period is terminated, Top Food does not have the right of preferential refusal towards the leased land. The land rent of the leased location is calculated and paid according to the land price announced by the government. The lease payment was revised in early 2021, and the adjusted ROU assets and lease liabilities each decreased by NTD 5,111 thousands.

(4) Other Leasing Information

	2022	2021
Short-term leasing fees	\$ 794	\$ 1,078
Low value assets leasing fees	\$ 919	\$ 866
Total leasing cash (outflow)	(\$ 16,573)	(\$ 15,685)

The Consolidated Company chooses to recognize the renting of business premises and transport equipment that conform to short-term lease and low value lease, as the Consolidated Company will not recognize such leases as related ROU assets and lease liabilities.

XV. Intangible Assets

(Continued)

	Amount
<u>Cost</u>	
Jan, 1 2021 balance	\$ -
Addition	11,796
Disposal	(980)
Dec 31, 2021 balance	<u>\$ 10,816</u>
 <u>Accumulated depreciation</u>	
Jan, 1 2021 balance	\$ -
Depreciation expense	7,430
Disposal	(980)
Dec 31, 2021 balance	<u>\$ 6,450</u>
 Dec 31, 2021 net value	 <u>\$ 4,366</u>

The Consolidated Company's biological assets are the laying hens from subsidiary company Fu You An Kang.

The Consolidated Company's laying hens are mainly used to produce eggs. As of December 31, 2022 and 2021, the Consolidated Company respectively possessed 54 thousands and 39 thousands laying hens.

Owing to the short productive cycle of eggs, and the difficulty in obtaining the market price during the breeding period, plus the likelihood of damage in biological assets caused by external factors such as climate and disease, the value for cash flow discount estimation could not be measured reliably. Thus, it was measured by the amount after its cost subtracting accumulated depreciation and accumulated impairment loss, and the related expense during the breeding period of immature productive biological assets had been capitalized. Productive biological assets were depreciated according to the straight-line method during the productive period, and the depreciation period is about 14 months.

The changes in profit for the originally recognized agricultural products for 2022 and 2021 were respectively NTD 31,452 thousands and NTD 21,838 thousands.

The Consolidated Company's financial risks related to biological assets derive from price changes for egg hens and eggs. The Consolidated Company examines the price expectations for egg hens and eggs on a regular basis, so as to consider the necessity in adopting active financial risk management measures.

XVII. Other Non-Current Assets

	December 31, 2022	December 31, 2021
Guarantee deposits paid	\$ 23,537	\$ 18,049
Prepayments for equipment	1,397	105
Prepayments for laying hens	-	2,400
Other prepayments	<u>1,530</u>	<u>2,403</u>
	<u>\$ 26,464</u>	<u>\$ 22,957</u>

XVIII. Loans

(1) Short-term loans

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Secured loans		
Bank loans (note 31)	\$ -	\$ 85,000
Unsecured loans		
Credit loans	1,989,888	2,301,448
Letter of credit loans	<u>948,138</u>	<u>295,786</u>
	<u>2,938,026</u>	<u>2,597,234</u>
	<u>\$ 2,938,026</u>	<u>\$ 2,682,234</u>

The market interest rate range for short-term loans on the date of balance sheet is as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Secured loans		
Bank loans (note 31)	-	0.65%
Unsecured loans		
Credit loans	1.30% ~ 2.22%	0.81% ~ 1.62%
Letter of credit loans	1.48% ~ 6.12%	0.73% ~ 1.10%

(2) Short-term notes payable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Commercial papers payable	\$ 110,000	\$ 450,000
Subtract: short-term notes discount payable	<u>64</u>	<u>183</u>
	<u>\$ 109,936</u>	<u>\$ 449,817</u>

The market interest rate range for short-term notes payable on the date of balance sheet is as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Unsecured loans	1.99% ~ 2.04%	0.94% ~ 0.97%

Short-term notes payable that have not met the maturity date yet:

December 31, 2022

Guarantee/ Acceptance institutions	<u>Par price</u>	<u>Discount amount</u>	<u>Carrying amount</u>	<u>Pledge or collateral</u>
<u>Commercial papers payable</u>				
Mega Bills	\$ 60,000	\$ 53	\$ 59,947	None
Dah Chung Bills Finance Corp.	<u>50,000</u>	<u>11</u>	<u>49,989</u>	None
	<u>\$ 110,000</u>	<u>\$ 64</u>	<u>\$ 109,936</u>	

December 31, 2021

Guarantee / Acceptance institutions	Par price	Discount amount	Carrying amount	Pledge or collateral
<u>Commercial papers payable</u>				
Taiwan Cooperative Bills Finance Corporation	\$ 160,000	\$ 65	\$ 159,935	None
Ta Ching Bills Finance Corporation	160,000	84	159,916	None
Shanghai Commercials and Savings Bank	100,000	14	99,986	None
Mega Bills	30,000	20	29,980	None
	<u>\$ 450,000</u>	<u>\$ 183</u>	<u>\$ 449,817</u>	

(3) Long-term loans

1. The details for the parent company's long-term loans are as follows:

	December 31, 2022	December 31, 2021
<u>Secured loan</u>		
E.SUN Commercial Bank	\$ 920,000	\$ 300,000
<u>Unsecured loan</u>		
Taiwan Cooperative Bank	160,000	100,000
Taishin International Bank	-	140,000
Mega International Commercial Bank	-	70,000
Shin Kong Bank	-	25,000
Chang Hwa Bank	-	20,000
Bank of Panhsin	-	12,500
Shanghai Commercial and Savings Bank	-	12,500
Subtotal	1,080,000	680,000
Subtract: listed as the part that is due within one year	160,000	165,000
Long-term loan	<u>\$ 920,000</u>	<u>\$ 515,000</u>

The interest rate range for the parent company's loans is as follows:

	December 31, 2022	December 31, 2021
Floating interest rate loans	1.51% ~ 1.57%	1.08% ~ 1.25%

(1) E.SUN Commercial Bank's secured loan: the parent company's first installment of the loan principal was repaid in August 2019. Every 6 months is 1 installment. The loan will be evenly amortized in 10 installments. As of December 31, 2021, the loan balance was NTD 300,000 thousands. The aforementioned loan has been fully repaid in advance in April 2022. The parent company signed a credit contract with E.SUN Commercial Bank in February 2022, with a total amount of NTD 800,000 thousands. The loan principal can be drawn in tranches starting from the date of signing and expires after two years. The loan principal had its first installment due in October 2022, with subsequent installments due every six months for a total of 10 installments. As of December 31, 2022, the loan balance was NTD 720,000 thousands. In addition, the parent company signed another credit contract, allowing the loan principal to

be used as revolving loan within the financing limit from the first draw date of the loan principal in October 2022 until 2025 before the maturity date. The longest period for each loan cannot exceed 1 year, and the amount drawn this time shall be settled on the maturity date for the loan principal, without the need to undergo additional procedures for the principal's transfer in/out. As of December 31, 2022, the loan balance was NTD 200,000 thousands. The parent company offered its plant and land in Dadu District, Taichung City as such line of credit's collateral.

- (2) Taiwan Cooperative Bank's mid-term loan: The settlement of the amount employed this time reached the 24th month since March 2021, the parent company's draw date of the loan principal. The contract was extended in February 2022 and the settlement of the amount employed this time reached the 24th month since March 2022, the draw date of the loan principal. As of December 31, 2022 and 2021, the loan balance was respectively NTD 160,000 thousands and NTD 100,000 thousands.
- (3) Taishin International Bank's mid-term loan: according to contract regulations, the original loan principal can be used as revolving loan within the financing limit from the parent company's first draw date of the loan principal in June 2019 until 2021 before the maturity date. The parent company has extended the contract to July 2023. The longest period for each loan cannot exceed 180 days, and the amount drawn this time shall be settled on the maturity date for the loan principal. However, the loan principal can be applied for revolved drawing according to contract regulations, and there is no need for additional procedures for the principal's transfer in/out. As of December 31, 2021, the loan balance was NTD 140,000 thousands. As of December 31, 2022, no funds were drawn.
- (4) Mega International Commercial Bank's mid-term loan: According to contract regulations, the original loan principal can be used as revolving loan within the financing limit from the parent company's first draw date of the loan principal in March 2020 until July 2022 before the maturity date and there is no need for additional procedures for the principal's transfer in/out. The longest period for each loan cannot exceed 180 days, and the amount drawn this time shall be settled on the maturity date for the loan principal. As of December 31, 2021, the loan balance was NTD 70,000 thousands.
- (5) Shin Kong Bank's mid-term loan: According to contract regulations, the loan principal can be used as revolving loan within the financing limit from the parent company's first draw date of the loan principal in December 2021 until April 2024 before the maturity date and there is no need for additional procedures for the principal's transfer in/out. The longest period for each loan cannot exceed 180 days, and the amount drawn this time shall be settled on the maturity date for the loan principal. As of December 31, 2021, the loan balance was NTD 25,000 thousands. As of December 31, 2022, no funds were drawn.

- (6) Chang Hwa Bank's mid-term loan: since the parent company's first draw date of the loan principal in March 2019, every 6 months is 1 installment, and the loan will be evenly amortized in 6 installments. As of December 31, 2021, the loan balance was NTD 10,000 thousands. Another NTD 40,000 thousands was drawn in April 2020. The first installment of the loan principal was repaid in September 2020. Every 6 months is 1 installment. The loan will be evenly amortized in 4 installments. As of December 31, 2021, the loan balance was NTD 10,000 thousands.
- (7) Bank of Panhsin's mid-term loan: the parent company's first installment of loan principal was originally repaid in April 2020. Every 3 months is 1 installment. The loan will be evenly amortized in 8 installments. As of December 31, 2021, the loan balance was NTD 5,000 thousands. Another NTD 45,000 thousands was drawn in February 2020. The first installment of the loan principal was repaid in October 2020. Every 3 months is 1 installment. The loan will be evenly amortized in 6 installments. As of December 31, 2021, the loan balance was NTD 7,500 thousands.
- (8) Shanghai Commercial and Savings Bank's mid-term loan: the parent company's first installment of the loan principal was repaid in June 2020. Every 3 months is 1 installment. The loan will be evenly amortized in 8 installments. As of December 31, 2021, the loan balance was NTD 12,500 thousands.
2. The statement for subsidiary company – Top Food Industry Corporation's long-term loan is as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Secured loan</u>		
Yuanta Bank	\$ 395,000	\$ 345,000
<u>Unsecured loan</u>		
Hua Nan Commercial Bank, Ltd.	<u>108,000</u>	<u>67,000</u>
Subtotal	<u>\$ 503,000</u>	<u>\$ 412,000</u>

The interest rate range for Top Food Industry Corporation's loan is as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Floating interest rate loans	1.55% ~ 1.65%	1.10% ~ 1.20%

In order to enrich its operating funds, the mid-term and long-term loan contracts that Top Food signed with financial institutions are as follow:

- (1) Yuanta Bank's secured loan: Top Food signed a credit contract with the total amount of NTD 450,000 thousands with Yuanta Bank in December 2020. The credit contract expires two years from the date the contract is signed, and Top Food has extended the contract to expire in 2024. The longest period for each loan cannot exceed 180 days, and the amount drawn this time shall be settled on the maturity date for the loan principal. However, the loan principal can be applied for revolved drawing

according to contract regulations, and there is no need for Top Food to undergo additional procedures for the principal's transfer in/out. As of December 31, 2022 and 2021, the loan balance was respectively NTD 395,000 thousands and NTD 345,000 thousands. Top Food provided the plants and mechanical equipment in Qingshui District, Taichung, and limited bank deposits, etc. as collaterals for this line of credit. Within the credit duration period, Top Food's several financial ratios should meet the regulations in the credit contract.

- (2) Hua Nan Commercial Bank, Ltd.'s unsecured comprehensive loan: Top Food drew NTD 67,000 thousands in December 2021. From the initial draw date until the expiry day of 2 years, the loan principal will be paid off at once on the maturity date. As of December 31, 2021, the loan balance was NTD 67,000 thousands. The loan mentioned above was settled in December 2022. Top Food respectively drew another NTD 58,000 thousands and NTD 50,000 thousands in November and December 2022. From the initial draw date until the expiry date of 2 years, the loan principal will be paid off at once on the maturity date. As of December 31, 2022, the loan balance was NTD 108,000 thousands.

3. The statement for subsidiary company – Fu You An Kang Co., Ltd.'s long term loans is below:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Secured loans</u>		
Agricultural Bank of Taiwan	\$ 8,182	\$ 10,000
Subtract: listed as the part that is due within one year	<u>1,818</u>	<u>2,000</u>
Long-term loans	<u>\$ 6,364</u>	<u>\$ 8,000</u>

The interest rate range for Formosa Oilseed Processing Co., Ltd.'s loan is as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Floating interest rate loans	2.23%	1.73%

In order to build animal husbandry facilities, Fu You An Kang Co., Ltd. signed a long-term loan contract of NTD 22,500 thousands with the Agricultural Bank of Taiwan. The credit period is from November 2021 to November 2026, and the first installment will be repaid in May 2022. Every 6 months is 1 installment. The loan will be evenly amortized in 10 installments. As of December 31, 2022 and 2021, the balance of the loan was respectively NTD 8,182 thousands and NTD 10,000 thousands. Fu You An Kang Co., Ltd. provided the animal husbandry facility in Erlin Township, Changhua County as collaterals for this line of credit.

XIX. Notes Payable and Accounts Payable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Notes payable</u>		
Incurring by business operations	\$ <u>7,240</u>	\$ <u>8,630</u>
 <u>Accounts payable</u>		
Incurring by business operations	\$ <u>346,167</u>	\$ <u>349,056</u>

(1) Notes payable

The Consolidated Company's notes payable are mainly notes issued for the payment of freight incurred by business operations.

(2) Accounts payable

The average credit period is 60 days. The Consolidated Company's financial risk management policy ensures that all accounts payable are repaid within the prearranged credit period.

XX. Other Payables

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Salaries and bonuses payable	\$ 92,614	\$ 104,898
Freight payable	15,101	13,053
Import and export expenses payable	9,949	15,853
Equipment payable	5,461	13,822
Labor and health insurance payable	4,356	4,497
Interest payable	2,939	1,609
Others	<u>30,483</u>	<u>27,351</u>
	<u>\$ 160,903</u>	<u>\$ 181,083</u>

XXI. Welfare Benefit Plan after Retirement

(1) Defined allocation plan

The pension system in the "Labor Pension Act" that is applicable to the parent company, Top Food Industry Corporation, Chong Hsiang International Co., Ltd., and Fu You An Kang Co., Ltd., which are part of the Consolidated Company, belongs to defined pension allocation plan under the R.O.C. government's management. 6% of the employee's monthly salary is allocated to the employee's Labor Insurance Bureau personal account as the employee's pension.

The Consolidated Company's employees from subsidiary companies in Mainland China are members of retirement benefit plan that belongs to Mainland China's government operations. Such subsidiary company/companies shall allocate specific percentage of salary costs to the retirement benefit plan, so as to provide funds to this plan. The Consolidated Company's obligation towards this retirement benefit plan operated by the government is only to allocate specific amount.

(2) Defined welfare benefit plan

The "Labor Standards Act" that the parent company of the Consolidated Company refers to in the handling of the pension system belongs to the defined welfare benefit pension plan under the government's management. The payment of the employee's pension is based on the employees' years of service and the employee's average salary of the 6 months prior to the approved retirement date. The parent company allocates 8% of the employee's monthly salary to his/her pension, and is submitted to the Supervisory Committee of Business Entities' Labor Retirement Reserve to deposit into Bank of Taiwan's imprest account in the name of the committee. Before the year ends, if the estimated imprest balance is insufficient to pay estimated employees that fulfill retirement conditions in the following year, the difference should be allocated at once before the end of March in the following year. Such imprest account is managed by the Bureau of Labor Funds, Ministry of Labor. The Consolidated Company has no right in influencing its investment management strategies.

Amounts for defined benefit plan that are listed in the consolidated balance sheet are as follow:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
PV for defined benefit obligation	\$ 75,566	\$ 81,458
Planned assets fair value	(<u>66,881</u>)	(<u>62,906</u>)
Allocation insufficiency	<u>8,685</u>	<u>18,552</u>
Net defined benefit liabilities	<u>\$ 8,685</u>	<u>\$ 18,552</u>

Changes in net defined benefit liabilities are as follow:

	<u>PV for defined benefit obligation</u>	<u>Planned assets fair value</u>	<u>Net defined benefit liabilities</u>
Jan 1, 2021	\$ 85,619	(\$ 65,661)	\$ 19,958
Service cost			
Current service cost	721	-	721
Interest expenses (income)	<u>321</u>	(<u>248</u>)	<u>73</u>
Recognized as profit or loss	<u>1,042</u>	(<u>248</u>)	<u>794</u>

(next page)

(Continued)

	PV for defined benefit obligation	Planned assets fair value	Net defined benefit liabilities
Remeasurements			
Gains on planned assets	\$ -	(\$ 907)	(\$ 907)
Actuarial loss			
- Changes in demographic assumptions	1,455	-	1,455
- Changes in financial assumptions	(757)	-	(757)
- Experience adjustment	(889)	-	(889)
Recognized as other comprehensive income	(191)	(907)	(1,098)
Allocated by employer	-	(1,102)	(1,102)
Payment of benefits	(5,012)	5,012	-
December 31, 2021	<u>\$ 81,458</u>	<u>(\$ 62,906)</u>	<u>\$ 18,552</u>
January 1, 2022	<u>\$ 81,458</u>	<u>(\$ 62,906)</u>	<u>\$ 18,552</u>
Service cost			
Current service cost	593	-	593
Interest expenses (income)	407	(317)	90
Recognized as profit or loss	<u>1,000</u>	<u>(317)</u>	<u>683</u>
Remeasurements			
Gains on planned assets	-	(5,096)	(5,096)
Actuarial gains			
- Changes in financial assumptions	(3,094)	-	(3,094)
- Experience adjustment	(1,287)	-	(1,287)
Recognized as other comprehensive income	(4,381)	(5,096)	(9,477)
Allocated by employer	-	(1,073)	(1,073)
Payment of benefits	(2,511)	2,511	-
December 31, 2022	<u>\$ 75,566</u>	<u>(\$ 66,881)</u>	<u>\$ 8,685</u>

The amounts recognized as profit or loss for the defined benefit plan are summarized according to their functions as follow:

	2022	2021
Operating costs	\$ 84	\$ 117
Promotion expense	198	231
Management expense	401	446
	<u>\$ 683</u>	<u>\$ 794</u>

The Consolidated Company is exposed to the risks below owing to the pension system of the “Labor Standards Act”:

1. Investment risks: through methods of self-application or discretionary management, the Bureau of Labor Funds, Ministry of Labor invests labors’ pension funds in domestic and foreign equity securities, debt securities, and bank deposits, and other objects. However, the amount that can be distributed under the Consolidated Company’s planned assets is the income that is calculated by not being lower than the local banks’ two-year time deposit rate.
2. Interest risks: the decrease of interest rates in government bonds/corporate bonds will result in the increase in the present value for defined benefit obligation. However, the debts of planned assets’ return on investments will increase accordingly, too. Both have partial offset effects on net defined benefit liabilities.
3. Salary risks: the calculation of the present value for defined benefit obligations refers to planned members’ future salary. Therefore, the increase in planned members’ salary will result in the increase in the present value for defined benefit obligations.

The Consolidated Company’s actuarial calculation for the PV for defined benefit obligations is performed by certified actuaries. The measurement date’s major assumptions are as follow:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Discount rate	1.125%	0.500%
Salary’s expected increase rate	2.500%	2.500%

If the major actuarial assumptions are respectively subjected to possible reasonable changes, under the circumstance that other assumptions remain unchanged, the amounts that will result in the increase (decrease) of the PV for defined benefit obligations are as follow:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Discount rate		
0.25% increase	<u>(\$ 1,179)</u>	<u>(\$ 1,503)</u>
0.25% decrease	<u>\$ 1,212</u>	<u>\$ 1,549</u>
Salary’s expected increase rate		
0.25% increase	<u>\$ 1,175</u>	<u>\$ 1,493</u>
0.25% decrease	<u>(\$ 1,149)</u>	<u>(\$ 1,457)</u>

Since actuarial assumptions may be interrelated, it is unlikely for changes in single assumption only. Thus, the aforementioned sensitivity analysis may not reflect the situation of the changes in the present value for defined benefit obligations.

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Amount expected to be allocated within 1 year	<u>\$ 1,019</u>	<u>\$ 1,081</u>
Defined benefit obligation’s average maturity period	6.3 years	7.4 years

XXII. Equity

(1) Share Capital

Common Stock

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Authorized number of shares (1000)	<u>300,000</u>	<u>300,000</u>
Authorized share capital	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>
Number of shares issued and fully collected (1000)	<u>218,703</u>	<u>218,703</u>
Issued share capital	<u>\$ 2,187,030</u>	<u>\$ 2,187,030</u>

The nominal amount per common share is NTD 10. Each share has one voting right and the right to receive dividends.

(2) Capital Reserves

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Can be used to compensate for losses, distribute cash, or share capitalization</u>		
Issuance of premium	\$ 121,015	\$ 121,015
<u>Can only be used to compensate for losses</u>		
Shareholders' overdue unclaimed dividends	<u>1,107</u>	<u>690</u>
	<u>\$ 122,122</u>	<u>\$ 121,705</u>

In the capital reserve, those that belong to the overage of the issuance of shares in excess of the par and the gifts of assets donated to the business can be used to compensate for losses. They can also be used to issue cash dividend or to capitalize share capital when the company breaks even. However, when capitalizing share capital, it is limited to a certain ratio of the actual received share capital each year.

(3) Reserved Earnings and Dividend Policies

According to the parent company's bylaws regarding the regulations in the earnings distribution policy, if there are earnings in the final account, another 10% is withdrawn as earnings reserve after tax payments and the compensation for losses. The rest will be listed as or reversed to special earnings surplus according to regulations. If there is still balance, together with accumulated undistributed earnings, the board of directors will draft a proposal regarding the distribution of earnings, and submit it to the shareholders meeting for the decision of the distribution of shareholders' dividends and bonus. For policies regarding distribution of employees and directors' remunerations according to the clause in the parent company's bylaws, please refer to note 24-3 "Employees' Remunerations and Directors' Remunerations."

The parent company's policy regarding the distribution of dividends is based on the principle to maintain the soundness of the company's long-term financial structure and the growth and expansion of future operations, to distribute share dividends so as to retain the funds needed, and the rest can be distributed as cash dividends. However, cash dividends cannot be less than 10% of total dividends. If there is 0.1 NTD short of the distribution of cash dividend per share, then no cash dividend will be distributed.

Statutory earnings reserve should be allocated until its balance reaches the company's actual received total share capital. Statutory earnings reserve can be used to compensate losses. When the company has no loss, except for the part that the statutory earnings reserve exceeds 25% of the actual received total share capital can be used to allocate the share capital, it is still available to be distributed in cash.

The parent company hosted the regular shareholders' meeting on June 23, 2022 and July 29, 2021, and respectively decided the approval of 2021 and 2019 earnings distribution proposal as follow:

	Earnings Distribution Project		Dividend per Share (NTD)	
	2021	2020	2021	2020
Pre-estimated statutory earnings surplus	\$ 45,357	\$ 37,828		
Shareholders' cash dividend	349,925	306,184	\$ 1.60	\$ 1.40

(4) Special Earnings Surplus

Since it is the parent company's first time using IFRSs and the increase in reserved earnings generated is insufficient for pre-estimation. Thus, the sole increase in reserved earnings generated by converse-using IFRSs NTD 200,454 thousands can pre-estimate special earnings surplus.

(5) Non-controlling interest

	2022	2021
BOY balance	\$ 431,658	\$435,418
Share of current year's net profit (loss) belonging to non-controlling interest	(21,847)	33,735
Expense for non-controlling interest dividend	(<u>30,312</u>)	(<u>37,495</u>)
Year-end balance	<u>\$ 379,499</u>	<u>\$ 431,658</u>

XXIII. Income

	2022	2021
Customer contract income		
Goods sales income	\$ 15,271,548	\$ 13,102,046
Processing income	1,993	<u>1,908</u>
Service revenue	<u>820</u>	
	<u>\$ 15,274,361</u>	<u>\$ 13,103,954</u>

(1) Customer Contract Description

1. Goods sales income

Products such as oil, feeds, and flour, etc. are sold to wholesalers and retailers, and are sold according to the fixed price in the contract. The income amount is measured at received consideration or consideration receivable's fair value.

2. Processing income

The Consolidated Company's processing income contract is services of the processing and manufacturing of flour and the selection of eggs, etc. The Consolidated Company provides services of the processing and manufacturing of flour and the selection of eggs, etc., and the related income is recognized when providing these services.

3. Service revenue

The Consolidated Company's service revenue is derived from providing services such as unloading, weighing, and warehousing. The revenue amount is calculated based on a fixed unit price per processed ton, and the related revenue is recognized when the services are provided.

(2) Contract balance

	December 31, 2022	December 31, 2021	January 1, 2021
Notes receivable	\$ 423,729	\$ 432,367	\$ 348,821
Notes receivable – related parties	87	194	8,029
Accounts receivable	1,299,430	1,136,075	810,558
Accounts receivable – related parties	<u>358,128</u>	<u>362,459</u>	<u>233,514</u>
	<u>\$ 2,081,374</u>	<u>\$ 1,931,095</u>	<u>\$ 1,400,922</u>
Contractual liabilities (listed in other current liabilities)			
Selling of goods	<u>\$ 1,141</u>	<u>\$ 5,740</u>	<u>\$ 5,018</u>

Changes in contract liabilities are mainly from the difference between the time point of the fulfilment of performance obligations and the time point of customers' payments.

The amount for performance obligations from contract liabilities from the beginning of the year recognized as income in the current period is as follow:

	2022	2021
Selling of goods	<u>\$ 5,740</u>	<u>\$ 5,018</u>

(3) Breakdown of customer contract income

For information regarding income breakdown, please refer to note 35.

- (4) Customer contracts that are not all complete yet
The time point of performance obligations expected to be recognized as income that are not all fulfilled yet is as follow:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Selling of products		
— Executed in 2022	\$ -	\$ 5,740
— Executed in 2023	<u>1,141</u>	<u>-</u>
	<u>\$ 1,141</u>	<u>\$ 5,740</u>

XXIV. Net Profit

- (1) Depreciation and amortization

	<u>2022</u>	<u>2021</u>
Property, plant and equipment	\$ 141,212	\$ 107,072
ROU assets	13,349	13,143
Biological assets	<u>20,425</u>	<u>7,430</u>
Total depreciation expense	<u>\$ 174,986</u>	<u>\$ 127,645</u>
Depreciation expense summarized according to its functions		
Operating cost	\$ 151,484	\$ 104,864
Operating expense	<u>23,502</u>	<u>22,781</u>
	<u>\$ 174,986</u>	<u>\$ 127,645</u>
Amortization expense summarized according to its functions		
Operating cost	\$ 7	\$ 999
Operating expense	<u>2,804</u>	<u>2,300</u>
	<u>\$ 2,811</u>	<u>\$ 3,299</u>

- (2) Employees' benefit expenses

	<u>2022</u>	<u>2021</u>
Post-employment benefits		
Defined contribution plans	\$ 12,275	\$ 12,090
Defined benefit plans (note 21)	<u>683</u>	<u>794</u>
	12,958	12,884
Salary expenses	282,261	294,272
Labor and health insurance expenses	26,907	27,002
Directors' remunerations	11,261	15,091
Other employee benefits	<u>15,733</u>	<u>13,518</u>
	<u>\$ 349,120</u>	<u>\$ 362,767</u>

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	2022	2021
Summarized according to its functions		
Operating costs	\$ 115,625	\$ 115,833
Operating expenses	<u>233,495</u>	<u>246,934</u>
	<u>\$ 349,120</u>	<u>\$ 362,767</u>

(3) Employees' Remunerations and Directors' Remunerations

According to the clause in the parent company's bylaws, the parent company refers to the current year's pre-tax profit before deducting the distribution of employees' remunerations and directors' remunerations, and allocates respectively 2%-4% and not higher than 4% from employees' remuneration and directors' remuneration. The employees' remuneration and directors' remuneration for 2022 and 2021 were decided by the board of directors on March 15, 2023 and March 25, 2022 respectively as follow:

Estimated percentage

	2022	2021
Employees' remunerations	2%	2%
Directors' remunerations	2%	2%

Amount

	2022	2021
	Cash	Cash
Employees' remunerations	\$ 9,429	\$ 11,227
Directors' remunerations	9,429	11,227

If there are still changes in the amount after the annual consolidated financial statements' issuance date, it will be handled as changes in accounting estimates, and will be adjusted and entered into account in the following year.

There is no difference between the actual distributed amount for employees' remuneration and directors' remuneration for 2021 and 2020 and the consolidated financial statements' recognized amount for 2021 and 2020.

For information regarding the parent company's employees' remuneration and directors' remuneration as decided by the board of directors, please search on the Taiwan Stock Exchange's Market Observation Post System. 8

(4) Other Earnings and Impairment Loss Net Value

	2022	2021
Disposal of loss on biological assets	(\$ 1,332)	\$ -
Disposal of gains on property, plant and equipment	<u>515</u>	<u>55</u>
	<u>(\$ 817)</u>	<u>\$ 55</u>

(5) Currency Exchange Profit (Loss)

	2022	2021
Total currency exchange profit	\$ 68,742	\$ 63,018
Total currency exchange loss	(17,296)	(23,528)
Net profit	<u>\$ 51,446</u>	<u>\$ 39,490</u>

(6) Interest Expense

	2022	2021
Bank loan interest	\$ 51,788	\$ 22,546
Lease liability interest	<u>3,115</u>	<u>2,796</u>
	<u>\$ 54,903</u>	<u>\$ 25,342</u>

Related information on interest capitalization is as follow:

	2022	2021
Interest capitalization amount	\$ 3,597	\$ 12,506
Interest capitalization rate	1.19%-1.21%	1.16%-1.19%

XXV. Income Tax

(1) Income tax recognized as profit or loss

The main items of the income tax is as follow:

	2022	2021
Current income tax		
Generated in the current year	\$ 97,784	\$ 107,827
Adjustments made in the previous years	(1,416)	(789)
Deferred income tax		
Generated in the current year	(21,788)	2,660
Income tax expense recognized as profit or loss	<u>\$ 74,580</u>	<u>\$ 109,698</u>

Formosa Oilseed Processing Co., Ltd. (Panama) is exempt from income tax according to law.

The adjustments for accounting income and income tax expense are as follow:

	2022	2021
Net profit before tax	<u>\$ 421,727</u>	<u>\$ 596,545</u>
Income tax expense calculated based on statutory tax rate for net profit before tax	\$ 84,345	\$ 119,309
Tax-free income	(11,447)	(8,404)
Non-deductible impairment loss in taxes	47	-
Unrecognized deductible temporary difference	(1,602)	(788)
Unrecognized loss carryforwards	4,559	-
Different tax rates effects on subsidiary companies operated in other jurisdictions	94	370
Current income tax expense in the previous years adjusted in the current period	(1,416)	(789)
Income tax expense recognized as profit or loss	<u>\$ 74,580</u>	<u>\$ 109,698</u>
(2) Current income tax assets and liabilities	December 31, 2022	December 31, 2021
Current income tax assets		
Tax refund receivable	<u>\$ 12,231</u>	<u>\$ 998</u>
Current income tax liabilities		
Income tax payable	<u>\$ 57,569</u>	<u>\$ 57,673</u>

(3) Deferred income tax assets and liabilities
Changes in deferred income tax assets and liabilities are as follow:
2022

	BOY Balance	Recognized as Profit or Loss	Exchange Difference	Year-End Balance
<u>Deferred Income Tax Assets</u>				
<u>Temporary difference</u>				
Deferred income	\$ 409	\$ 12,336	(\$ 71)	\$ 12,674
Loss on investment accounted for using equity method	10,245	(254)	-	9,991
Loss on inventory price decline	800	1,489	-	2,289
Pension expense overrun	1,995	(78)	-	1,917
Allowance loss overrun	704	(407)	-	297
Finance and taxation differences in costs for property, plant and equipment	256	(44)	-	212
Unrealized foreign currency exchange loss	29	41	-	70
Others	150	45	-	195
Loss carryforwards	-	8,048	-	8,048
	<u>\$ 14,588</u>	<u>\$ 21,176</u>	<u>(\$ 71)</u>	<u>\$ 35,693</u>

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	<u>BOY Balance</u>	<u>Recognized as Profit or Loss</u>	<u>Exchange Difference</u>	<u>Year-End Balance</u>
<u>Deferred Income Tax Liabilities</u>				
<u>Temporary difference</u>				
Land value increment tax	\$ 95,560	\$ -	\$ -	\$ 95,560
Others	<u>612</u>	<u>(612)</u>	<u>-</u>	<u>-</u>
	<u>\$ 96,172</u>	<u>(\$ 612)</u>	<u>\$ -</u>	<u>\$ 95,560</u>

2021

	<u>BOY Balance</u>	<u>Recognized as Profit or Loss</u>	<u>Exchange Difference</u>	<u>Year-End Balance</u>
<u>Deferred Income Tax Assets</u>				
<u>Temporary difference</u>				
Loss on investment accounted for using equity method	\$ 11,467	(\$ 1,222)	\$ -	\$ 10,245
Pension expense overrun	2,056	(61)	-	1,995
Loss on inventory price decline	399	401	-	800
Allowance loss overrun	1,240	(536)	-	704
Deferred income	453	(44)	-	409
Finance and taxation differences in costs for property, plant and equipment	300	(44)	-	256
Unrealized foreign currency exchange loss	585	(556)	-	29
Others	<u>136</u>	<u>14</u>	<u>-</u>	<u>150</u>
	<u>\$ 16,636</u>	<u>(\$ 2,048)</u>	<u>\$ -</u>	<u>\$ 14,588</u>

Deferred Income Tax
Liabilities

<u>Temporary difference</u>				
Land value increment tax	\$ 95,560	\$ -	\$ -	\$ 95,560
Others	<u>-</u>	<u>612</u>	<u>-</u>	<u>612</u>
	<u>\$ 95,560</u>	<u>\$ 612</u>	<u>\$ -</u>	<u>\$ 96,172</u>

- (4) The deducted amount of unused losses for deferred income tax assets that is not recognized in the consolidated balance sheet

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Loss carryforwards</u>		
Due in Year 2023	\$ -	\$ 3,705
Due in Year 2024	6,355	11,723
Due in Year 2025	767	767
Due in Year 2026	9	9
Due in Year 2027	23	23
Due in Year 2032	<u>22,794</u>	<u>-</u>
	<u>\$ 29,948</u>	<u>\$ 16,227</u>

- (5) Information related to the deducted amount of unused losses

As of December 31, 2022, the information related to loss carryforwards is as follows:

Un-deducted Tax Credits	Expiry Year
\$ 1,271	2024
153	2025
2	2026
5	2027
12,607	2032
\$ 14,038	

(6) Income tax verification status

Regarding the parent company, subsidiary company – Top Food Industry, subsidiary company – Chong Hsiang International, and subsidiary company – Fu You An Kang’s business income tax declaration, the declared cases as of before 2020 were authorized by tax collecting institutions.

XXVI. Earnings per Share (EPS)

Net profit and the number of shares of the common share’s weighted average for the calculation of EPS is as follow:

Net profit

	2022	2021
Net profit used for the calculation of basic and diluted EPS	\$ 368,994	\$ 453,112

Number of Shares

Unit: 1000 shares

	2022	2021
Number of shares of common share’s weighted average used for the calculation of basic EPS	218,703	218,703
Impacts of potential common share with dilutive effect:		
Employees’ remuneration	207	270
Number of shares of common share’s weighted average used for the calculation of diluted EPS	218,910	218,973

If the parent company can choose to distribute employees’ remuneration by share or by cash, then when the parent company calculates its diluted EPS, under the hypothesis that the employees’ remuneration is distributed by share, the calculation of diluted EPS is to include the number of weighted average outstanding shares when such potential common share has dilutive effect. When calculating diluted EPS before deciding the number of shares distributed as the employees’ remuneration in the following year, the parent company still needs to consider such potential common share’s dilutive effect.

XXVII. Cash Flow Information

(1) Partial cash transaction

The partial cash transactional investments that the Consolidated Company conducted in 2022 and 2021 are as follow:

	2022	2021
Partial cash paid to purchase property, plant and equipment		
Obtainment of property, plant, and equipment	\$ 192,770	\$ 324,241
Net change in prepayment of equipment	1,292	(5,574)
Net change in equipment payable	<u>8,361</u>	<u>(1,018)</u>
Cash paid	<u>\$ 202,423</u>	<u>\$ 317,649</u>
Partial cash paid to purchase biological assets		
Purchase of biological assets	\$ 26,255	\$ 11,796
Net change in prepayments	<u>(2,400)</u>	<u>(200)</u>
Cash paid	<u>\$ 23,855</u>	<u>\$ 11,596</u>

(2) Changes in liabilities owing to financing activities

2022

	BOY balance	Cash flow	Non-cash changes			Year-end balance
			New lease liabilities	Reduced lease liabilities	Amortized interest expense	
Short-term loans	\$ 2,682,234	\$ 255,792	\$ -	\$ -	\$ -	\$ 2,938,026
Short-term notes payable	449,817	(340,000)	-	-	119	109,936
Long-term loans and long-term loans due within one year	1,102,000	489,182	-	-	-	1,591,182
Margin deposit	1,790	60	-	-	-	1,850
Lease liability	<u>253,606</u>	<u>(11,745)</u>	<u>18,422</u>	<u>-</u>	<u>-</u>	<u>260,283</u>
	<u>\$ 4,489,447</u>	<u>\$ 393,289</u>	<u>\$ 18,422</u>	<u>\$ -</u>	<u>\$ 119</u>	<u>\$ 4,901,277</u>

2021

	BOY balance	Cash flow	Non-cash changes			Year-end balance
			New lease liabilities	Reduced lease liabilities	Amortized interest expense	
Short-term loans	\$ 1,580,018	\$ 1,102,216	\$ -	\$ -	\$ -	\$ 2,682,234
Short-term notes payable	329,639	120,000	-	-	178	449,817
Long-term loans and long-term loans due within one year	1,275,000	(173,000)	-	-	-	1,102,000
Margin deposit	21	1,769	-	-	-	1,790
Lease liability	<u>184,325</u>	<u>(10,945)</u>	<u>85,337</u>	<u>(5,111)</u>	<u>-</u>	<u>253,606</u>
	<u>\$ 3,369,003</u>	<u>\$ 1,040,040</u>	<u>\$ 85,337</u>	<u>(\$ 5,111)</u>	<u>\$ 178</u>	<u>\$ 4,489,447</u>

XXVIII. Capital Risk Management

The Consolidated Company conducts capital management so as to ensure that each enterprise within the group can optimize its debts and equity balance in order to maximize shareholders' compensation under the circumstance that the Company is ensured to continue to operate.

XXIX. Financial Instrument

- (1) Information regarding fair value – financial instruments that are not measured at fair value

The Consolidated Company’s management level believes that the carrying amount for financial assets and financial liabilities that are not measured at fair value is close to its fair value, or that its fair value cannot be measured reliably.

- (2) Types of financial instruments

	December 31, 2022	December 31, 2021
<u>Financial assets</u>		
Measured at amortized cost		
(note 1)	\$ 3,164,927	\$ 3,194,621
 <u>Financial liabilities</u>		
Measured at amortized cost		
(note 2)	5,068,450	4,695,646

Note 1: The balance is financial assets that includes cash and cash equivalents, financial instrument measured at amortized cost, notes receivable, notes receivable – related parties, accounts receivable, accounts receivable – related parties, other receivables and other receivables – related parties, etc., measured at amortized cost.

Note 2: The balance is financial liabilities that include short-term loans, short-term notes payable, notes payable – related parties, accounts payable, accounts payable – related parties, partial other payables, other payables – related parties, and long-term loans (including parts due within one year), etc., measured at amortized cost.

- (3) Purpose and policy for financial risk management

The Consolidated Company’s major financial instrument include financial assets measured at amortized cost, accounts receivable, accounts payable, loans, and lease liabilities, etc. The Consolidated Company’s financial management department supervises and manages financial risks related to the Consolidated Company’s operation by referring to the degree and width of risks to analyze internal risk reports for risk exposures. Such risks include market risks (including exchange rate risks and interest rate risks), credit risks, and current risks.

1. Market risks

The main financial risks that the Consolidated Company bears for operating activities are risks in foreign currency exchange rate changes and risks in interest rate changes.

The Consolidated Company’s risk exposures related to financial instrument’s market risk and its management and measurement methods for such risk exposure did not change.

(1) Exchange rate risks

For the Company's monetary assets and monetary liabilities' carrying amount denominated as non-functional currencies on the date of balance sheet (including monetary items denominated in non-functional currencies that had been written off in the consolidated financial statements), please refer to note 33.

Sensitivity analysis

The Company is mainly influenced by the fluctuation in the exchange rate for US dollars and RMB.

The table below describes in detail of the Consolidated Company's sensitivity analysis when the exchange rate for NTD (functional currency) to each relevant currency increases or decreases 5%. 5% is the sensitivity percentage used when the Consolidated Company internal reports the exchange rate risks to the main management level; it also represents the management level's evaluation on foreign currency exchange rate's reasonable range for possible changes. The table below shows when individual functional currency relatively appreciates by 5% to each relevant currency, the amount that will cause changes for net profit before tax. When NTD to each relative foreign currency depreciates by 5%, its impact on net profit before tax will be the same amount in reverse.

	US Dollar's Impact		RMB's Impact	
	2022	2021	2022	2021
Decrease in net profit before tax	(\$ 2,314)	(\$ 14,401)	\$ -	(\$ 1,208)

The amounts above mainly originates from the Consolidated Company's bank deposit in US dollars and RMB that are still outstanding on the date of balance sheet and has not undergone cash flow hedges, and from accounts receivable.

(2) Interest rate risks

The Consolidated Company's carrying amount for financial assets and liabilities impacted by interest rate risk exposures on the date of balance sheet is as follow:

	December 31, 2022	December 31, 2021
Interest rate risk with fair value		
— Financial assets	\$ 37,657	\$ 194,087
— Financial liabilities	2,360,107	3,089,870
Interest rate risk with cash flow		
— Financial assets	\$ 1,024,522	\$ 1,046,303
— Financial liabilities	2,539,320	1,397,787

Sensitivity analysis

The sensitivity analysis below is determined by the interest rate risk exposure according to non-derivative instruments on the date of balance sheet. The Consolidated Company internal uses 25 basis points increase/decrease rate of change when reporting the interest rate to the main management level. This also represents the management level's evaluation on the rate's reasonable range for possible changes.

If the interest rate increases/decreases by 25 basis points, under the circumstance that all other variables remain unchanged, the Consolidated Company's net profit before tax for 2022 and 2021 respectively decreased/increased by NTD 3,787 thousands and NTD 879 thousands. This is mainly caused by risk exposures from variable interest rate bank demand deposit and loan risks.

2. Credit risks

Credit risks refer to the Consolidated Company's risks in financial loss owing to the counterparty's delinquency in fulfilling contract obligations. As of the date of balance sheet, the Consolidated Company may face greatest credit risk possibly because of financial loss owing to the counterparty's unfulfilled obligation, of which is mainly from the carrying amount for financial assets recognized in the consolidated balance sheet.

The policy that the Consolidated Company adopts is to only make transactions with reputable targets, and the Company will obtain full collateral when necessary so as to reduce the risk of financial loss owing to delinquency.

The targets for accounts receivable encompass numerous customers, scattered in sales for oil, feeds, and flour, etc. The Consolidated Company does not have any significant credit risk exposure against any single counterparty or any set counterparties with similar characteristics.

3. Current risks

The Consolidated Company supports the group's operation and reduces the impact of cash flow fluctuation through management and through maintaining sufficient position of cash and cash equivalents.

The Consolidated Company's management level supervises the usage status of the bank's financing limit and ensures the fulfillment of the loan's contract clauses. As of December 31, 2022 and 2021, the Consolidated Company's undrawn bank financing limit was respectively NTD 4,344,284 thousands and NTD 2,460,469 thousands.

The table below refers to the earliest possible repayment date requested upon the Consolidated Company, and was prepared by the financial liability's undiscounted cash flow (including principal and estimated interest). Therefore, bank loans that may be required to be repaid immediately are listed within the earliest period on the table, without considering the probability of the bank immediately exercising this right. The maturity date analysis of other non-derivative financial liabilities was prepared based on the agreed repayment dates.

The undiscounted interest cash flows paid at a floating rate were derived based on the yield curve of the balance sheet date.

December 31, 2022

	On demand or less than 1 month	1-3 months	3 months-1 year	1-5 years	More than 5 years
<u>Non-derivative financial liabilities</u>					
Liabilities without interest	\$ 148,424	\$ 167,155	\$ 113,727	\$ -	\$ -
Lease liability	1,244	3,734	10,867	50,938	257,777
Floating interest rate instrument	62,016	288,871	792,116	1,462,695	-
Fixed interest rate instrument	<u>722,395</u>	<u>413,215</u>	<u>975,435</u>	<u>-</u>	<u>-</u>
	<u>\$ 934,079</u>	<u>\$ 872,975</u>	<u>\$ 1,892,145</u>	<u>\$ 1,513,633</u>	<u>\$ 257,777</u>

Advanced information regarding maturity date analysis for lease liabilities:

	Less than 1 year	1-5 years	5-10 years	10-15 years	15-20 years	More than 20 years
Lease liability	<u>\$ 15,845</u>	<u>\$ 50,938</u>	<u>\$ 40,010</u>	<u>\$ 37,670</u>	<u>\$ 37,670</u>	<u>\$ 142,427</u>

December 31, 2021

	On demand or less than 1 month	1-3 months	3 months-1 year	1-5 years	More than 5 years
<u>Non-derivative financial liabilities</u>					
Liabilities without interest	\$ 161,076	\$ 175,540	\$ 124,979	\$ -	\$ -
Lease liability	1,196	3,628	9,407	39,165	262,332
Floating interest rate instrument	18,707	111,872	332,208	935,000	-
Fixed interest rate instrument	<u>943,861</u>	<u>826,969</u>	<u>1,065,434</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,124,840</u>	<u>\$ 1,118,009</u>	<u>\$ 1,532,028</u>	<u>\$ 974,165</u>	<u>\$ 262,332</u>

Advanced information regarding maturity date analysis for lease liabilities:

	Less than 1 year	1-5 years	5-10 years	10-15 years	15-20 years	More than 20 years
Lease liability	<u>\$ 14,231</u>	<u>\$ 39,165</u>	<u>\$ 40,730</u>	<u>\$ 37,670</u>	<u>\$ 37,670</u>	<u>\$ 146,262</u>

XXX. Related Parties' Transactions

The transactions among the Consolidated Company, the Consolidated Company's account balance, income, and expenses are all eliminated when consolidated, and thus they are not disclosed in this note. The transactions between the Consolidated Company and other related parties are as follow.

(1) Related parties' names and relationships

<u>Name of Related Parties</u>	<u>Relationship with the Consolidated Company</u>
<u>Affiliated enterprises with significance</u>	
Central Union Oil Corp.	Parent company's invested company denominated accounted for using equity method
<u>Other related parties</u>	
Cheng Xin Investment Co., Ltd.	Its main shareholder is a relative of the parent company's CEO within first degree of relationship
Fu Hong Eggs Ltd.	Its chairman is Fu You An Kang Co., Ltd.'s supervisor
Jia Sheng Farm Product Co., Ltd.	Its chairman is Fu You An Kang Co., Ltd.'s majority shareholder
Qun Sheng Fa Co., Ltd.	Its chairman is the parent company's majority shareholder
Morn Sun Feed Ltd.	The parent company's judicial director
Xu, Ming Fa	Fu You An Kang Co., Ltd.'s majority shareholder
Xu, Hong Li	Fu You An Kang Co., Ltd.'s majority shareholder
Tong Ann Chemicals Co., Ltd.	Its chairman is the judicial director's representative of the parent company

(2) Operating income

<u>Items</u>	<u>Classification/Name of Related Parties</u>	<u>2022</u>	<u>2021</u>
Sales income	Affiliated enterprises		
	Central Union Oil Corp.	\$ 2,599,092	\$ 2,378,189
	Other related parties	<u>144,916</u>	<u>128,828</u>
		<u>\$ 2,744,008</u>	<u>\$ 2,507,017</u>
Service revenue	Affiliated enterprises	<u>\$ 80</u>	<u>\$ -</u>

The parent company sells processed soy flour and exclusively selected soy beans to affiliated enterprises, and the denomination for the selling price is the market price subtracting the selling price that affiliated enterprises should bear. The parent company also provides unloading and weighing services for affiliated enterprises, with fees charged based on a fixed unit price per processed ton. The transaction conditions for other related parties were conducted on normal commercial terms.

(3) Purchases

<u>Classification/Name of Related Parties</u>	<u>2022</u>	<u>2021</u>
Affiliated enterprises	\$ 159,178	\$ 347,994
Other related parties	<u>287</u>	<u>-</u>
	<u>\$ 159,465</u>	<u>\$ 347,994</u>

The Consolidated Company's purchasing transaction with related parties was defined on a separate basis.

(4) Processing expense

<u>Classification/Name of Related Parties</u>	<u>2022</u>	<u>2021</u>
Affiliated enterprises		
Central Union Oil Corp.	\$ 235,453	\$ 225,139
Other related parties	<u>-</u>	<u>1,811</u>
	<u>\$ 235,453</u>	<u>\$ 226,950</u>

Processing expenses are mainly the parent company's entrusting of the affiliated enterprises to process and manufacture soybean oil, soy flour, exclusively selected soy beans, and shelled soy flour. As for the processing expense, it is denominated according to the entrusted processing contract agreed and signed by both parties. The contract price was decided on a separate basis.

The additional processing fee with other related parties is that of the subsidiary Fuyou Ankang Co. Ltd. entrusting other related parties to wash and select eggs, and the conditions of the transaction are negotiated by both parties.

(5) Lease Agreement

<u>Classification/Name of Related Parties</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Lease liability</u>		
Other related party		
Xu, Ming Fa	<u>\$ 5,611</u>	<u>\$ 6,249</u>

<u>Classification/Name of Related Parties</u>	<u>2022</u>	<u>2021</u>
<u>Interest expense</u>		
Other related party		
Xu, Ming Fa	<u>\$ 82</u>	<u>\$ 91</u>

Subsidiary company Fu You An Kang Co., Ltd. rented place of operation from a related party, and the decision about the rent and payment methods is in line with normal transactions.

(6) Lease Agreement

Operating lease rental

The parent company offered a workplace as operating lease rental to other related party Cheng Xin Investment Co., Ltd. The lease period is 5 years, and the rent and payment methods were decided separately.

Lease income is summarized as follow:

<u>Classification/Name of Related Parties</u>	<u>2022</u>	<u>2021</u>
Other related parties	<u>\$ 36</u>	<u>\$ 36</u>

The total amount of lease payments to be collected in the future are summarized as follow:

Classification/Name of Related Parties	December 31, 2022	December 31, 2021	
Other related party Cheng Xin Investment Co., Ltd.	\$ <u>108</u>	\$ <u>144</u>	
(7) Accounts Receivable from Related Parties			
Items	Classification/ Name of Related Parties	December 31, 2022	December 31, 2021
Notes receivable – related parties	Other related parties	\$ <u>87</u>	\$ <u>194</u>
Accounts receivable – related parties	Affiliated enterprise Central Union Oil Corp.	\$ 343,114	\$ 351,471
	Other related parties	<u>15,014</u>	<u>10,988</u>
		<u>\$ 358,128</u>	<u>\$ 362,459</u>
Other receivables – related parties	Affiliated enterprise	\$ <u>40</u>	\$ <u>-</u>

The Consolidated Company did not receive pledge from related parties for outstanding accounts receivable. The accounts receivable from related parties for 2022 and 2021 were not listed as allowance loss.

(8) Accounts payable from related parties			
Items	Classification/ Name of Related Parties	December 31, 2022	December 31, 2021
Notes payable – related parties	Other related parties	\$ <u>33</u>	\$ <u>77</u>
Accounts payable – related parties	Affiliated enterprise Central Union Oil Corp.	\$ 7,256	\$ 27,262
	Other related parties	<u>321</u>	<u>385</u>
		<u>\$ 7,577</u>	<u>\$ 27,647</u>

The Consolidated Company did not provide collateral to other related parties for the balance for outstanding accounts receivable.

(9) Other			
Items	Classification of Related Parties	2022	2021
Shipping fee	Other related parties	\$ <u>575</u>	\$ <u>980</u>
Service fee	Other related parties	\$ <u>2,448</u>	\$ <u>4,718</u>
Other expense	Affiliated enterprises	\$ 1,274	\$ 858
	Other related parties	<u>41</u>	<u>198</u>
		<u>\$ 1,315</u>	<u>\$ 1,056</u>

Service fee was mainly used for the payment of related parties' labor dispatch.

(10) Remunerations for Main Management Level

The total remunerations for directors and other main management levels for 2022 and 2021 are as follow:

	<u>2022</u>	<u>2021</u>
Short-term employees benefit	\$ 15,559	\$ 19,611
Post-employment benefit	<u>360</u>	<u>407</u>
	<u>\$ 15,919</u>	<u>\$ 20,018</u>

The directors' and other main management levels' remunerations were decided by the Remuneration Committee based on individual performance and market trends.

XXXI. Pledged Asset

The following assets had been provided as collaterals for bank loans, guarantees for all types of credit:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Property, plant and equipment	\$ 1,504,376	\$ 1,565,584
Limited deposit – bank deposit	<u>39,500</u>	<u>131,205</u>
	<u>\$ 1,543,876</u>	<u>\$ 1,696,789</u>

XXXII. Significant Contingent Liabilities and Unrecognized Contractual Commitments

Except for those stated in other notes, the Consolidated Company's significant commitments and contingencies on the date of balance sheet are as follow:

(1) Significant commitments

1. As of December 31, 2022 and 2021, the amount of the Consolidated Company's issuance of unused letters of credit due to the purchasing of raw materials was respectively NTD 1,147,334 thousands and NTD 915,528thousands.
2. Unrecognized contractual commitments are as follow:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Purchase of property, plant, and equipment	\$ 83,791	\$ 103,454
Purchase of biological assets	<u>-</u>	<u>4,779</u>
	<u>\$ 83,791</u>	<u>\$ 108,233</u>

(2) Contingencies

The parent company purchased low cost oil as raw materials from Chang Chi Foodstuff Factory Co., Ltd. (hereafter referred to as Chang Chi Foodstuff), which resulted in the parent company's compensation loss from oil recovery and related litigations. The Company filed for proceedings in a criminal case that brought a supplementary civil action against Chang Chi Foodstuff for compensation for damages in February 2014. The court convicted Chang Chi Foodstuff for offense of fraud in July 2014, and the parent company should have been jointly compensated with NTD 38,307 thousands. This case was appealed by Chang Chi Foodstuff, and was sent back by the Supreme Court for retrial. The parent company won the lawsuit as judged by the court in November

2018. Chang Chi Foodstuff filed for appeal in January 2019. As of the date the board of directors approved this consolidated financial report, the lawsuit mentioned above was still under review by the court. The Company had not yet recognized such compensation gains.

XXXIII. Foreign Currency Assets and Liability Information with Significant Impact

The information below is expressed in the foreign currency aggregate apart from the Consolidated Company's individual entities' functional currency. The exchange rate disclosed refers to the exchange rate for such foreign currencies' conversion to functional currency. Foreign currency assets and liabilities with significant impact are as follow:

Unit:
Foreign Currency thousands,
NTD thousands

December 31, 2022

Foreign currency assets	Foreign Currency	Exchange Rate	Carrying Amount
<u>Monetary items</u>			
USD	\$ 1,507	30.71 (USD:NTD)	\$46,280

December 31, 2021

Foreign currency assets	Foreign Currency	Exchange Rate	Carrying Amount
<u>Monetary items</u>			
USD	\$ 10,408	27.68 (USD:NTD)	\$ 288,029
RMB	5,566	0.1568 (RMB:USD)	24,163

Unrealized foreign currency exchange profit (loss) with significant impact is as follow:

Foreign Currency	2022		2021	
	Exchange Rate	Unrealized Net Exchange Profit (Loss)	Exchange Rate	Unrealized Net Exchange Profit (Loss)
USD	30.71 (USD:NTD)	\$ 5,810	27.68 (USD:NTD)	(\$ 8,326)
RMB	0.1436 (RMB:USD)	-	0.1568 (RMB:USD)	(130)
		<u>\$ 5,810</u>		<u>(\$ 8,456)</u>

XXXIV. Noted Disclosures

Related information on (1) Significant transactions and (2) reinvestment business:

1. Loan funds to others: none.
2. Offer endorsement and guarantee for others: Schedule 1
3. Final holding of marketable securities status (not including investments in subsidiary companies and affiliated enterprises): none.

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4. Accumulated purchasing or selling of the same marketable securities' amount reaches NTD 300 million or more than 20% of the actual received capital: none.
 5. The amount for obtained property reaches NTD 300 million or more than 20% of the actual capital received: none.
 6. Disposal of the amount for obtained property reaches NTD 300 million or more than 20% of the actual received capital: none.
 7. The amount for purchasing or selling or stocks with related parties reaches NTD 100 million or more than 20% of the actual received capital: Schedule 2.
 8. Accounts receivable from related parties reach NTD 100 million or more than 20% of the actual received capital: Schedule 3.
 9. Transaction of derivative products: none.
 10. Other: business relations and important transactional situations and amount between parent-subsubsidiary companies and among each companies: Schedule 6.
 11. Information on invested companies: Schedule 4.

(3) Information on Investment in China:

1. Name of invested companies in China, main operating items, actual received capital, investment methods, status of outward/inward remittance of funds, final investment carrying value, repatriated investment gains, and investment amount limit in Mainland China: Schedule 5.
2. The following significant transactions, and their prices, payment conditions, and unrealized profit or losses that occurred directly or indirectly from the third region with the invested companies in China:
 - (1) Purchasing amount and its percentage, and related accounts payable's final balance and its percentage: none.
 - (2) Selling amount and its percentage, and related accounts receivable's final balance and its percentage: none.
 - (3) Property transaction amount and its generated profit and loss amount: none.
 - (4) Endorsement and guarantee for notes or the final balance and purpose for providing collaterals: none.
 - (5) The highest balance, final balance, interest rate range, and total current interest for the accommodation of funds: none.
 - (6) Other transactions that cause significant impacts on the current year's profit and loss status or financial status, such as the providing or the receiving of services, etc.: none.

- (4) Main information on shareholders: name of shareholders whose equity ratio reaches more than 5%, shareholding amount, and pro rata: Schedule 7

XXXV. Department Information

Departments that should be reported within the Consolidated Company are the oil department, the feeds department, the flour department, and other departments.

Oil department: offer production, processing, and selling of soybean oil and soy flour, etc.

Feeds department: offer production, processing, and selling of feeds, etc.

Flour department: offer production, processing, and selling of flour, etc.

Other departments: other operating activities that do not belong to that of the oil department, the feeds department, and the flour department.

- (1) Department income and operating results

The income and operating results of the Consolidated company's continuing business units are analyzed according to the reporting department as follows:

	Department income		Department profit or loss	
	2022	2021	2022	2021
Oil department	\$ 7,594,994	\$ 6,231,084	\$ 224,834	\$ 253,837
Feeds department	4,272,933	3,761,108	163,498	170,879
Flour department	3,325,556	2,977,857	(26,566)	114,916
Other departments	<u>80,878</u>	<u>133,905</u>	<u>1,266</u>	<u>(4,350)</u>
Total continuing operations	<u>\$15,274,361</u>	<u>\$13,103,954</u>	363,032	535,282
Gains on affiliated enterprises recognized by using the equity method			57,233	42,018
Interest income			3,697	3,975
Net profit for foreign currency exchange			51,446	39,490
Rent income			1,222	1,122
Interest expense			(54,903)	(25,342)
Net profit before tax for continuing operations			<u>\$ 421,727</u>	<u>\$ 596,545</u>

The reported department incomes above are all generated from transactions with external customers. There is not any inter-departmental sale involved.

Department profit refers to the profit made by each department. It does not include gains on affiliated enterprises recognized by using the equity method that should be amortized, interest income, net profit for foreign currency exchange, rent income, and interest expense.

(2) Total department assets

Department asset	December 31, 2022	December 31, 2021
<u>Continuing operations</u>		
<u>departments</u>		
Oil department	\$ 3,813,644	\$ 3,628,856
Feeds department	1,197,379	1,077,683
Flour department	2,929,447	2,720,788
Other departments	<u>674,283</u>	<u>661,365</u>
Total department assets	8,614,753	8,088,692
Unamortized assets	<u>826,410</u>	<u>1,020,476</u>
Total consolidated assets	<u>\$ 9,441,163</u>	<u>\$ 9,109,168</u>

Based on the purpose of supervising department performance and allocating resources to each department, all assets other than affiliated enterprises recognized by the equity method, other financial assets and current and deferred income tax assets are allocated to the reporting department. Assets shared by reportable departments are allocated based on the income earned by individual reportable departments.

(3) Regional information

The Consolidated Company mainly operates in two regions – the Republic of China (R.O.C.) and Mainland China.

The information regarding the income from continuing operations of the Consolidated Company from external customers and non-current assets categorized according to the assets' location are as follow:

	Income from external customers		Non-current assets	
	2022	2021	December 31, 2022	December 31, 2021
R.O.C.	\$ 14,861,923	\$ 12,668,600	\$ 3,922,839	\$ 3,831,032
Mainland China	<u>412,438</u>	<u>435,354</u>	<u>16</u>	<u>16</u>
	<u>\$ 15,274,361</u>	<u>\$ 13,103,954</u>	<u>\$ 3,922,855</u>	<u>\$ 3,831,048</u>

Non-current assets do not include deferred income tax assets.

(4) Main customer information

Apart from the Consolidated Company's respective sales income from Central Union Corp. that amounted for respectively NTD 2,599,092 thousands and NTD 2,378,189 thousands for 2022 and 2021, which accounted for 17% and 18% of the years' consolidated operating income respectively. The Consolidated Company's sales to any other customer did not reach more than 10% of the consolidated operating income.

Formosa Oilseed Processing Co., Ltd. and Subsidiary Companies
 Endorsement and Guarantee for Others
 January 1 to December 31, 2022

Schedule 1

Unit: NTD thousands

Code	Name of Endorsement and Guarantee Company	Endorsed and Guaranteed Target		Endorsement and Guarantee Limit for Single Enterprise (note 2)	Maximum Endorsement and Guarantee Balance for the Current Period	Final Endorsement and Guarantee Balance	Actual Drawn Amount	Endorsement and Guarantee Amount Guaranteed by Property	Ratio of Accumulated Endorsement and Guarantee Amount to the Net Value of the Latest Financial Statement (%)	Maximum Limit for Endorsement and Guarantee (note 2)	Belonging to Parent Company's Endorsement and Guarantee for Subsidiary Companies (note 3)	Belonging to Subsidiary Companies' Endorsement and Guarantee for Parent Company (note 3)	Belonging to Endorsement and Guarantee for Mainland China (note 3)	Notes
		Name of Company	Relationship (note 1)											
0	Formosa Oilseed Processing	Top Food	(2)	\$ 3,472,875	\$ 3,280,000	\$ 3,280,000	\$ 1,946,887	\$ -	94	\$ 4,167,450	Y	—	—	

Note 1: the relationships between endorser and guarantee and endorsed and guaranteed targets are as follow:

- (1) Companies with business relationships.
- (2) Companies in which the company directly and indirectly holds more than 50% of voting shares.
- (3) Companies that directly and indirectly hold more than 50% of voting shares towards the company.
- (4) Between companies in which the company directly and indirectly holds more than 90% of voting shares.
- (5) Based on the needs of contract engineering, companies from the same industry or joint creators that mutually guarantee according to contractual clauses.
- (6) Companies endorsed and guaranteed by all shareholders according to their shareholding ratio owing to mutual investment relationships.
- (7) Inter-industries that refer to the Consumer Protection Act that regulates the contract bond with joint collateral for the contract for the selling of pre-sold homes.

Note 2: the parent company's handling of the total amount for endorsement and guarantee is limited to not exceeding 120% of the net value of the parent company's latest financial statement. As for the limit for the endorsement and guarantee for domestic single enterprises, the limit shall not exceed 100% of the net value of the parent company's latest financial statement. The limit for the endorsement and guarantee of foreign single affiliated companies shall not exceed 40% of the net value of the parent company's latest financial statement. Subsidiary companies' handling of the total amount for endorsement and guarantee is limited to not exceeding 50% of the net value of the subsidiary companies' latest financial statement. As for the limit for subsidiary companies' endorsement and guarantee for single enterprises, it is limited to not exceeding 20% of the net value of subsidiary companies' latest financial statement. The limit for subsidiary companies' endorsement and guarantee for foreign single affiliated companies shall not exceed 30% of the net value of subsidiary companies' latest financial statement.

Note 3: those belonging to parent companies listed on the OTC's endorsement and guarantee for subsidiary companies, those belonging to subsidiary companies' endorsement and guarantee for parent companies listed on the OTC, and those belonging to endorsement and guarantee for Mainland China should fill out "Y" at the beginning.

Formosa Oilseed Processing Co., Ltd. and Subsidiary Companies
Purchasing or Selling Amount with Related Parties Reaches NTD 100 million or Actual Received Capital Is Above 20%
January 1 to December 31, 2022

Schedule 2

Unit: NTD thousands

Purchases (Sales) Company	Name of Counterparty	Relationship	Transaction Status				Statues and Reasons for Discrepancy in Transaction Conditions and General Transaction		Notes and Accounts Receivable (Payable)		Note
			Purchases (Sales)	Amount	Percentage of Total Purchases (Sales) (%)	Credit Period	Unit Price	Credit Period	Balance	Percentage of Total Notes and Accounts Receivable (Payable) (%)	
Formosa Oilseed Processing Co., Ltd.	Central Union Oil Corp.	Affiliated enterprise	Sales	\$ 2,599,087	23	45-60 days	Deduct of sales expense that should be borne by Central Union Oil Corp. according to market price	—	\$ 343,114	24	
			Purchases and processing expenses	394,202	4	30-45 days	—	—	(7,256)	2	
Formosa Oilseed Processing Co., Ltd.	Top Food	Subsidiary company	Purchases	335,179	3	30-45 days	—	—	(75,088)	18	(note)
Top Food	Formosa Oilseed Processing Co., Ltd.	Parent company	Sales	335,179	9	30-45 days	—	—	75,088	10	(note)
Formosa Oilseed Processing Co., Ltd.	Chong Hsiang International	Subsidiary company	Sales	916,800	8	30-45 days	—	—	175,291	12	(note)
Chong Hsiang International	Formosa Oilseed Processing Co., Ltd.	Parent company	Purchases	916,800	100	30-45 days	—	—	(175,291)	100	(note)
Formosa Oilseed Processing Co., Ltd.	Morn Sun Ltd.	Other related parties	Sales	142,585	1	30-45 days	—	—	14,804	1	

Note: had been written off when preparing the consolidated financial statement.

Formosa Oilseed Processing Co., Ltd. and Subsidiary Companies
 Accounts Receivable from Related Parties Reaches NTD 100 million or Actual Received Capital Is Above 20%
 December 31, 2022

Schedule 3

Unit: NTD thousands

Companies Listed for Accounts Receivable	Name of Transaction Targets	Relationship	Balance for Accounts Receivable from Related Parties	Turnover	Accounts Receivable from Related Parties Overdue		Accounts Receivable from Related Parties Final Recovered Amount	Loss on Pre-Estimated Allowance
					Amount	Handling Method		
Formosa Oilseed Processing	Central Union Oil	Affiliated enterprise	\$ 343,114	7 (times)	\$ -	-	\$ 343,114	\$ -
Formosa Oilseed Processing	Chong Hsiang International	Subsidiary company	175,291 (note)	6 (times)	\$ -	-	175,291	-

Note: had been written off when preparing the consolidated financial statement.

Formosa Oilseed Processing Co., Ltd. and Subsidiary Companies
Name, Location, and other Related Information about Invested Company
January 1 to December 31, 2022

Schedule 4

Unit: NTD thousands

Name of Investing Company	Name of Invested Company	Location	Main Operating Items	Original Invested Amount		Year-End Holdings			Invested Company's Current Year Profit (Loss)	Investment Profit (Loss) Recognized in the Current Year	Note
				End of This Year	End of Last Year	No. of Shares (1000)	Percentage (%)	Carrying Amount			
FORMOSA OILSEED PROCESSING	TOP FOOD	TAICHUNG CITY	Manufacturing and selling of flour products	\$ 449,180	\$ 449,180	51,963	63	\$ 617,648	(\$ 29,051)	\$ 18,189 (notes 2 & 3)	Subsidiary company
	FORMOSA OIL PROCESSING (PANAMA) S. A.	PANAMA CITY, REPUBLIC OF PANAMA	General investment business	242,398	242,398	7	100	149,046	1,273	1,273 (note 3)	Subsidiary company
	FU YOU AN KANG	CHANG HUA COUNTY	Poultry breeding and wholesaling of agricultural products	25,908	25,908	2,591	51	18,787	(22,742)	(11,598) (note 3)	Subsidiary company
	CHONG HSIANG INTERNATIONAL	TAICHUNG CITY	Wholesale trading of oil products	50,000	50,000	5,000	100	38,311	9,124	9,124 (note 3)	Subsidiary company
	CENTRAL UNION OIL	TAICHUNG CITY	Businesses regarding exclusive selection and rendering of soy beans	203,316	203,316	20,000	33	305,839	171,699	57,233	Affiliated enterprise

Note 1: calculated based on the accountant's auditing of the financial statement in the same period.

Note 2: recognized investment loss of NTD 18,348 thousands and added the unrealized benefits of countercurrent transactions of NTD 159 thousands.

Note 3: all had been written off when preparing the consolidated financial statement.

Formosa Oilseed Processing Co., Ltd. and Subsidiary Companies
Investment Information in China
January 1 to December 31, 2022

Schedule 5

Unit: NTD thousands

Name of Invested Company in China	Main Operating Items	Actual Received Capital	Investment Method (note 1)	Accumulated Investment Amount Remitted Outward from Taiwan at BOY	Investment Amount Remitted Outward or Repossessed in the Current Year		Accumulated Investment Amount Remitted Outward from Taiwan at the End of the Year	Invested Company's Current Year Profit or Loss (note 3)	Shareholding Ratio of Parent Company's Direct or Indirect Investment	Investment Profit (Loss) Recognized in the Current Year (note 3)	Year-End Investment Carrying Amount (note 3)	Inward Remitted Investment Profit as of the Current Year	Note
					Outward Remittance	Repossession							
FORMOSA OILSEED PROCESSING (NINGBO)	Wholesale trading of oil products	\$ 77,260	(2) (note 2)	\$ 411,143	\$ -	\$ 151,782	\$ 259,361	\$ 1,308	100%	\$ 1,308	\$ 144,913	\$ 467,746	

Year-End Accumulated Investment Amount Remitted Outward from Taiwan to Mainland China	Investment Amount Approved by the Investment Commission, MOEA (note 4)	Investment Limit in Mainland China According to Regulations by the Investment Commission, MOEA (note 5)
\$ 259,361	\$ 259,361	\$ 2,083,858

Note 1: investment methods are categorized into three categories as follow, and it is acceptable to just mark the category:

- (1) Direct investment in Mainland China.
- (2) Reinvestment in China via companies from a third region.
- (3) Other methods.

Note 2: the investing company from the third region is FORMOSA OIL PROCESSING (PANAMA) S.A.

Note 3: recognized based on the financial statements of the parent company in Taiwan, audited by certified public accountants during the same period.

Note 4: the parent company was approved by the Investment Committee, MOEA (1999) with No. Investment-Review-II-88710679 and No. Investment-Review-II-88727883 on February 8, 1999 and October 13, 1999, and indirectly invested USD 4,910 thousands and USD 17,975 thousands in Mainland China. In addition, on April 21, 2021, the Investment Committee approved the deduction of USD11,349 thousands from the investment in Mainland China by No. Investment-Review-II-11000089220, and on May 6, 2022, the Investment Committee approved the deduction of USD5,430 thousands from the investment in Mainland China by No. Investment-Review-II-11100052850.

Note 5: calculated based on the limited amount regulated by the "Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China" ordered by the Investment Committee, MOEA in August 2008.

Formosa Oilseed Processing Co., Ltd. and Subsidiary Companies
 Business Relations and Important Transactional Situations between Parent-Subsidiary Companies
 January 1 to December 31, 2022

Schedule 6

Unit: NTD thousands

Code (note 1)	Name of Trader	Target of Transaction	Relationship with Trader (note 2)	Transactional Situations			
				Item	Amount	Transactional Conditions	Percentage of consolidated total revenue or total assets % (note 3)
0	Formosa Oilseed Processing Co., Ltd.	Top Food	1	Affiliated enterprise payables	\$ 75,088	Month-end close 45 days wire transfer	1
				Affiliated enterprise receivables	639	Month-end close 45 days wire transfer	-
				Purchases	335,179	Month-end close 45 days wire transfer	2
				Other income	7,311	Month-end close 45 days wire transfer	-
0	Formosa Oilseed Processing Co., Ltd.	Chong Hsiang International	1	Affiliated enterprise receivables	175,318	Month-end close 45 days wire transfer	2
				Sales income	916,800	Month-end close 45 days wire transfer	6
				Rent income	36	Month-end close 60 days wire transfer	-
				Other income	248	Month-end close 45 days wire transfer	-
0	Formosa Oilseed Processing Co., Ltd.	Fu You An Kang	1	Affiliated enterprise receivables	7,052	Month-end close 80 days wire transfer	-
				Sales income	27,437	Month-end close 80 days wire transfer	-
				Entertainment	3	Month-end close 80 days wire transfer	-

Note 1: the numbering for the information regarding the inter-business dealings between the parent company and the subsidiary companies is as follow:

- (1) The parent company is numbered as 0.
- (2) Subsidiary companies are numbered sequentially in Arabic numerals starting from 1 according to the companies.

Note 2: there are three types of relationships with traders, of which the numbering is as follow:

- (1) Parent company to subsidiary company.
- (2) Subsidiary company to parent company.
- (3) Subsidiary company to subsidiary company.

Note 3: if the calculation of the percentage of transactional amount to consolidated total revenue or total assets begins to items of assets or liabilities, then it is calculated by the year-end balance to the consolidated total assets. If it belongs to items of profit or loss, then it is calculated by current year-end's accumulated amount to the consolidated total revenue.

Formosa Oilseed Processing Co., Ltd.
Information on Major Shareholders
December 31, 2022

Schedule 7

Name of Major Shareholders	Shares	
	Number of Shares Held	Shareholding Percentage
Shin Tai Industry Co., Ltd.	24,286,939	11.10%
Qun Sheng Fa Co., Ltd.	21,314,000	9.74%
Cheng Xin Investment Co., Ltd.	20,843,659	9.53%
An Da Investment Co., Ltd.	20,712,194	9.47%
Guan, Yao Zhan	17,103,887	7.82%
Shin Fong Trading Co., Ltd.	15,952,867	7.29%

Note 1: The information on major shareholders in this table is based on the calculation made by the TDCC, of which the shareholders hold more than 5% of the company's common share that was completed by non-physical payments (including treasury shares) and special shares on the last business day of the quarter-end of the current quarter. The share capital and the actual number of shares completed by non-physical payments recorded in the Consolidated Company's consolidated financial report may differ due to the difference in calculation basis.

V. Financial Report for the Parent Company for the Most Recent Fiscal
Year, Certified by CPAs
Accountant's Audit Report

Opinion

FOPCO's individual balance sheets for December 31, 2022 and 2021, and individual statements of comprehensive income from January 1 to December 31, 2022 and 2021, individual statements of changes in equity, individual statements of cash flows, and notes for individual financial statements (including summaries for significant accounting policies), have already been audited by the Accountant. According to the Accountant's opinion, the preparation of all significant aspects of the above-mentioned individual financial statements refers to the Guidelines for the Preparation of Financial Reports for Issuer of Securities. It is sufficient to appropriately express FOPCO's individual financial situation for December 31, 2022 and 2021, and its individual financial performance and individual cash flow from January 1 to December 31, 2022 and 2021.

The Basis of Opinion

The Accountant referred to the Rules Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the Standards on Auditing to execute the audit. The Accountant's responsibilities under such standards will be further elaborated in the section regarding the accountants' responsibilities for auditing financial statements. The Accountant is independent of the Company in accordance to the code of ethics for accountants while performing other duties under such regulations. The Accountant believes there is sufficient and appropriate evidence obtained for auditing as the basis of opinion for auditing.

Key Audit Matters

Key Audit Matters (KAMs) refers to the most important matters that, to the Accountant's professional judgment, found in FOPCO's 2022 individual financial statements audits. Such matters have been addressed to during the general forming process of the opinion for individual financial statements audit. The Accountant did not express separate opinions regarding such matters.

KAMs regarding FOPCO's 2022 individual financial statements are stated as follow:

Depreciation of Inventories

FOPCO measures its cost of inventories by the lower of cost and net realizable value. When comparing the cost of sales and net realizable value (NRV), apart from inventories with the same classification, FOPCO measures on the basis of individual items of inventories. For related accounting policies, please refer to notes 4(5) and 5 for individual financial statements.

As of December 31, 2022, the amount for FOPCO's in-transit inventory and raw material is NTD 1,119,325 thousands (refer to note 9), which accounts for 16% of total assets, and 82% of net inventory value for the individual financial statement for December 31, 2022. Of which, its costs and related selling price are influenced by global raw material prices, which is possible for violent fluctuations, and will result in the risk of having the raw material's NRV lower than the carrying amount. Owing to the regulation for management level's reference to IAS 2 "inventory" to evaluate the NRV for inventories as mentioned above, there involved estimation and judgment, of which its judgment result directly influenced the recognition of profit and loss amount, it is listed as part of KAMs.

In response to the KAMs mentioned above, the Accountant executed the major audit process as follow:

1. Understand and test FOPCO's status of execution for its review of estimation for NRV, in order to evaluate its operational efficacy for its internal control system, and to evaluate the appropriateness of its decision method for its NRV, as well as to confirm that the inventory has been calculated by the lower of cost and net realizable value.
2. Obtain latest raw material quotation or sales invoice, etc. through sampling so as to verify that there is no significant inconsistency between the NRV and its reference price, and recalculated its inventory value in order to evaluate the appropriateness of its basis of opinion.

Management Level and Governing Body's Responsibilities for Financial Statements

The management level's responsibilities are to prepare appropriately expressed individual financial statements by referring to "Regulations Governing the Preparation of Financial Reports by Securities Issuers," and to maintain necessary internal control related to the preparation of individual financial statements, so as to confirm that there is no misstatement due to fraud or errors in the individual financial statements.

When preparing individual financial statements, the responsibilities for the management level also include the evaluation of FOPCO's operating abilities, the disclosure of related matters, and the adoption of going-concern accounting basis. Unless the management level intends to liquidate FOPCO or to terminate business operation, or apart from liquidating or terminating the business operation, there is no other feasible solution.

The governing body of FOPCO (including the Audit Committee) has the responsibility to supervise the financial reporting process.

Responsibilities for Accountants' Auditing of Individual Financial Statements

The purpose for the Accountant's auditing of individual financial statements is to obtain reasonable assurance about whether or not there are any significant misstatements due to fraud or errors in the individual financial statement in general, and to issue an audit report. Reasonable assurance is a high level of assurance. However, there is no guarantee that significant misstatements can be detected with the audit work performed in accordance with Standards on Auditing. Misstatements can be caused by fraud or error. If the misstatement for individual amount or aggregate could reasonably be expected to influence the economic decisions made by individual financial statements' users, it is considered significant.

When the Accountant audits according to the Standards on Auditing, the Accountant uses his/her professional judgment and professional skepticism. The Accountant also performs the duties as follow:

1. Identify and evaluate the risk of significant misstatements caused by fraud or error in individual financial statements; Design and execute appropriate responding strategies for the evaluated risks; obtain sufficient and appropriate audit evidence as the basis for audit opinion. Since fraud might involve collusion, forgery, intentional omission, false statement, or violations of internal control, the risk of undetected significant misstatements due to fraud is higher than that of error.
2. Acquire necessary understandings for internal control that is related to auditing, so as to design appropriate audit process that are suitable for the situation. However, its purpose is not to express opinion on FOPCO's efficacy for internal control.
3. Evaluate the appropriateness of accounting policies adopted by the management level, and the reasonableness of its estimation and related disclosure as accountant.
4. Based on the obtained audit evidence, to make conclusions on the appropriateness of implementing going concern accounting basis on the management level, and whether or not there are significant uncertainties in matters or circumstances that may cause significant doubts on FOPCO's going concern abilities. Shall the Accountant believes there exists significant uncertainties in such matters or circumstances, the Accountant shall remind the individual financial statements' users to pay attention to the individual financial statements' related disclosure in the audit report, or to amend audit opinion when such disclosure is considered inappropriate. The Accountant's conclusion is based on the audit evidence obtained as of the date of the audit report. However, future matters or circumstances may result in FOPCO's no longer having going concern abilities.
5. Evaluate the general expression, structure, and content of individual financial statements (including related notes), as well as whether the individual financial statements appropriately expressed related transactions and matters.

6. Obtain sufficient and appropriate audit evidence about the individual financial information formed within FOPCO, so as to express opinion about individual financial statements. The Accountant is responsible for the guidance, supervision, and execution of the auditing case, and is also responsible for forming auditing opinion for FOPCO.

The matters being communicated between the Accountant and the governing body include the planning of the range and time for the audit, and significant audit discoveries (including the significant lack of internal control identified during the audit process).

The Accountant also provides statements regarding the personals from the firm that the Accountant is affiliated to abide by related independence that complies with the code of ethics for accountants to the governing body. The Accountant communicates with the governing body about all possible relationships that may be considered to influence the accountant's independence, and other matters (including related protection measures).

The Accountant will decide the KAMs for the audit of FOPCO's 2022 individual financial statements from the Accountant's communication with the governing body. The Accountant will state such matters in the audit report. Unless regulations disapprove the disclosure of specific matters, or under rare circumstances, the Accountant decides not to communicate about certain matters in the audit report. This is because one can reasonably expect the negative impact that this communication brings is greater than the increased public interests.

Deloitte Touche Tohmatsu Limited
Accountant Liao, Wan-Yi

Accountant Chen, Zhao-Mei

Financial Supervisory Commission
Approval Number
No. Financial-Supervisory-
Securities-Auditing-1010028123

Securities and Futures Commission Approval
Number
No. Taiwan-Financial-Securities-
VI-0920123784

March 15, 2023

Formosa Oilseed Processing Co., Ltd.

Individual Balance Sheets

December 31, 2022 and 2021

Unit: NTD thousands

Code	Asset	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
	Current Assets				
1100	Cash (notes 4 & 6)	\$ 644,773	9	\$ 656,291	10
1136	Financial assets measured at amortized cost (notes 7 & 29)	-	-	96,705	2
1150	Notes receivable (notes 4, 8, and 21)	222,984	3	215,064	3
1160	Notes receivable – related parties (notes 4, 21, & 28)	4,650	-	2,904	-
1170	Accounts receivable (notes 4, 8, and 21)	676,106	10	580,344	8
1180	Accounts receivable – related parties (notes 4, 21, & 28)	535,611	8	501,830	7
1200	Other receivables (notes 4 & 8)	18,514	-	20,278	-
1210	Other receivables – related parties (note 28)	706	-	150,967	2
130X	Inventory (notes 4, 5, & 9)	1,373,247	19	1,167,541	17
1410	Prepayments (note 10)	141,344	2	226,537	3
11XX	Total current assets	<u>3,617,935</u>	<u>51</u>	<u>3,618,461</u>	<u>52</u>
	Non-current assets				
1550	Investments by equity method (notes 4 & 11)	1,129,631	16	1,176,631	17
1600	Property, plant, and equipment (notes 4, 12 & 29)	2,131,828	31	2,045,329	29
1755	ROU assets (notes 4 & 13)	148,817	2	141,112	2
1780	Intangible assets (notes 4 & 14)	993	-	-	-
1840	Deferred tax assets (notes 4 & 23)	14,080	-	12,972	-
1990	Other non-current assets (note 15)	7,225	-	7,132	-
15XX	Total non-current assets	<u>3,432,574</u>	<u>49</u>	<u>3,383,176</u>	<u>48</u>
1XXX	Total assets	<u>\$ 7,050,509</u>	<u>100</u>	<u>\$ 7,001,637</u>	<u>100</u>
	Liabilities and Equity				
	Current liabilities				
2100	Short-term loans (note 16& 29)	\$ 1,681,662	24	\$ 1,802,755	26
2110	Short-term notes and bills payables (note 16)	-	-	229,908	3
2150	Notes payable (note 17)	4,842	-	5,036	-
2170	Accounts payable (note 17)	321,652	5	325,404	5
2180	Accounts payable – related parties (note 28)	82,344	1	91,979	1
2219	Other payables (note 18)	104,866	1	115,115	2
2230	Current tax liabilities (notes 4 & 23)	43,178	1	46,269	1
2280	Lease liabilities – current (notes 4 & 13)	7,925	-	6,750	-
2320	Long-term loans due within one year (notes 4, 16 & 29)	160,000	2	165,000	2
2399	Other current liabilities (note 21)	1,352	-	4,942	-
21XX	Total current liabilities	<u>2,407,821</u>	<u>34</u>	<u>2,793,158</u>	<u>40</u>
	Non-current liabilities				
2540	Long-term loans (note 4, 16 & 29)	920,000	13	515,000	7
2580	Lease liabilities – non-current (notes 4 & 13)	143,718	2	136,179	2
2640	Net defined benefit liabilities (notes 4 & 19)	8,685	-	18,552	-
2645	Margin deposit	1,850	-	1,790	-
2570	Deferred tax liabilities (notes 4 & 23)	95,560	2	96,172	2
25XX	Total non-current liabilities	<u>1,169,813</u>	<u>17</u>	<u>767,693</u>	<u>11</u>
2XXX	Total liabilities	<u>3,577,634</u>	<u>51</u>	<u>3,560,851</u>	<u>51</u>
	Equity				
3110	Ordinary share	2,187,030	31	2,187,030	31
3200	Capital reserves	122,122	2	121,705	2
	Retained earnings				
3310	Statutory retained earnings	303,661	4	258,304	4
3320	Special retained earnings	200,454	3	200,454	3
3350	Undistributed earnings	760,441	11	776,742	11
3300	Total retained earnings	<u>1,264,556</u>	<u>18</u>	<u>1,235,500</u>	<u>18</u>
3400	Other equity interest	(100,833)	(2)	(103,449)	(2)
3XXX	Total equity	<u>3,472,875</u>	<u>49</u>	<u>3,440,786</u>	<u>49</u>
	Total liabilities and equity	<u>\$ 7,050,509</u>	<u>100</u>	<u>\$ 7,001,637</u>	<u>100</u>

The notes attached are part of this individual financial statement.

Formosa Oilseed Processing Co., Ltd.
Individual Statement of Comprehensive Income
January 1 to December 31, 2022 and 2021

Unit: NTD thousands;
EPS in NTD

Code		2022		2021	
		Amount	%	Amount	%
	Operating revenue (notes 4, 21 & 28)				
4110	Sales income	\$ 11,461,761	100	\$ 9,566,193	100
4170	Subtract: sales returns and allowances	<u>12,757</u>	-	<u>15,857</u>	-
4100	Net operating income	11,449,004	100	9,550,336	100
4600	Service revenue	<u>820</u>	-	<u>-</u>	-
4000	Total operating revenue	<u>11,449,824</u>	<u>100</u>	<u>9,550,336</u>	<u>100</u>
	Operating cost				
5110	Cost of sales (notes 9 & 28)	10,652,062	93	8,763,985	92
5600	Service costs	<u>432</u>	-	<u>-</u>	-
5000	Total operating cost	<u>10,652,494</u>	<u>93</u>	<u>8,763,985</u>	<u>92</u>
5900	Gross profit	797,330	7	786,351	8
5910	Unrealized profit with subsidiary companies and affiliated enterprises	(<u>226</u>)	-	(<u>71</u>)	-
5950	Realized gross profit	<u>797,104</u>	<u>7</u>	<u>786,280</u>	<u>8</u>
	Operating expenses (note 28)				
6100	Promotion expenses	270,275	3	248,766	3
6200	Management expenses	119,009	1	125,809	1
6300	Development expenses	14,009	-	10,800	-
6450	Expected loss of credit impairment (note 8)	<u>317</u>	-	<u>60</u>	-
6000	Total operating expenses	<u>403,610</u>	<u>4</u>	<u>385,435</u>	<u>4</u>
6510	Other net revenue and expenses (note 22)	<u>698</u>	-	<u>217</u>	-
6900	Net operating profit	<u>394,192</u>	<u>3</u>	<u>401,062</u>	<u>4</u>
7070	Non-operating income and expenses				
	Gains on subsidiary companies and affiliated enterprises, accounted for using equity method (note 4)	37,843	-	116,079	1

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Code		2022		2021	
		Amount	%	Amount	%
7630	Foreign currency exchange net profit (note 22)	\$ 41,760	1	\$ 24,277	1
7100	Interest income	1,409	-	314	-
7110	Rent income (note 28)	314	-	247	-
7190	Other income (notes 28)	9,893	-	8,052	-
7510	Interest expense (note 22)	(31,204)	-	(10,947)	-
7520	Miscellaneous expense	(1,624)	-	(187)	-
7000	Total non-operating income and expenses	<u>58,391</u>	<u>1</u>	<u>137,835</u>	<u>2</u>
7900	Profit before tax	452,583	4	538,897	6
7950	Income tax fees (notes 4 & 23)	<u>83,589</u>	<u>1</u>	<u>85,785</u>	<u>1</u>
8200	Net profit	<u>368,994</u>	<u>3</u>	<u>453,112</u>	<u>5</u>
	Other comprehensive income				
8310	Items not reclassified under profit and loss:				
8311	Remeasurements of defined benefit plan (notes 4 & 19)	9,477	-	1,098	-
8330	Share of affiliated enterprises' other comprehensive income, accounted for using equity methods (note 4)	<u>510</u>	<u>-</u>	(<u>639</u>)	<u>-</u>
		<u>9,987</u>	<u>-</u>	<u>459</u>	<u>-</u>
8360	Items that may be reclassified under profit and loss afterwards:				
8361	Exchange difference after conversion of foreign operations' financial statements (note 4)	<u>2,616</u>	<u>-</u>	(<u>5,014</u>)	<u>-</u>
8300	Total other (net) comprehensive income	<u>12,603</u>	<u>-</u>	(<u>4,555</u>)	<u>-</u>
8500	Total comprehensive income	<u>\$ 381,597</u>	<u>3</u>	<u>\$ 448,557</u>	<u>5</u>
	EPS (note 24)				
9710	Basic	<u>\$ 1.69</u>		<u>\$ 2.07</u>	
9810	Diluted	<u>\$ 1.69</u>		<u>\$ 2.07</u>	

The notes attached are part of this individual financial statement.

Formosa Oilseed Processing Co., Ltd.
Individual Statements of Changes in Equity
January 1 to December 31, 2022 and 2021

Unit: NTD thousands;
EPS in NTD

Code		Ordinary Shares (note 20)		Capital Surplus (note 20)	Retained Earnings (note 20)			Other Equity	Total Equity
		No. of Shares (1000)	Amount		Legal Reserve	Special Reserve	Unappropriated Retained Earnings	Exchange difference converted in foreign operating institutions' financial statements	
A1	January 1, 2021 Balance	<u>218,703</u>	<u>\$ 2,187,030</u>	<u>\$ 121,015</u>	<u>\$ 220,476</u>	<u>\$ 200,454</u>	<u>\$ 667,183</u>	<u>(\$ 98,435)</u>	<u>\$ 3,297,723</u>
	2020 Earnings Appropriation and Disposition								
B1	Legal Reserve	-	-	-	37,828	-	(37,828)	-	-
B5	Shareholders' cash dividend – NTD 1.40 per share	-	-	-	-	-	(306,184)	-	(306,184)
		-	-	-	<u>37,828</u>	-	<u>(344,012)</u>	-	<u>(306,184)</u>
C17	Shareholder's overdue unclaimed dividends	-	-	690	-	-	-	-	690
D1	2021 net profit	-	-	-	-	-	453,112	-	453,112
D3	2021 other comprehensive income	-	-	-	-	-	459	(5,014)	(4,555)
D5	2021 total comprehensive income	-	-	-	-	-	<u>453,571</u>	<u>(5,014)</u>	<u>448,557</u>
Z1	December 31, 2021 Balance	<u>218,703</u>	<u>2,187,030</u>	<u>121,705</u>	<u>258,304</u>	<u>200,454</u>	<u>776,742</u>	<u>(103,449)</u>	<u>3,440,786</u>
	2021 Earnings Appropriation and Disposition								
B1	Legal reserve	-	-	-	45,357	-	(45,357)	-	-
B5	Shareholders' cash dividend – NTD 1.60 per share	-	-	-	-	-	(349,925)	-	(349,925)
		-	-	-	<u>45,357</u>	-	<u>(395,282)</u>	-	<u>(349,925)</u>
C17	Shareholder's overdue unclaimed dividends	-	-	417	-	-	-	-	417
D1	2022 net profit	-	-	-	-	-	368,994	-	368,994
D3	2022 other comprehensive income	-	-	-	-	-	9,987	2,616	12,603
D5	2022 total comprehensive income	-	-	-	-	-	<u>378,981</u>	<u>2,616</u>	<u>381,597</u>
Z1	December 31, 2022 balance	<u>218,703</u>	<u>\$ 2,187,030</u>	<u>\$ 122,122</u>	<u>\$ 303,661</u>	<u>\$ 200,454</u>	<u>\$ 760,441</u>	<u>(\$ 100,833)</u>	<u>\$ 3,472,875</u>

The notes attached are part of this individual financial statement.

Formosa Oilseed Processing Co., Ltd.
Individual Statements of Cash Flows
January 1 to December 31, 2022 and 2021

Unit: NTD thousands

Code		2022	2021
	Cash flows for operating activities		
A10000	Profit before tax	\$ 452,583	\$ 538,897
A20010	Profit and loss items		
A20100	Depreciation expense	59,638	29,357
A20200	Amortization expense	42	999
A20300	Expected loss of credit impairment	317	60
A20900	Interest expense	31,204	10,947
A21200	Interest income	(1,409)	(314)
A22300	Gain on subsidiary companies and affiliated enterprises accounted for using equity method	(37,843)	(116,079)
A22500	Gain on disposal of property, plant, and equipment	(698)	(217)
A23700	Inventory falling price loss	6,864	672
A23900	Unrealized sales profit with subsidiary companies and affiliated enterprises	226	71
A30000	Net change in operating assets and liabilities		
A31130	Notes receivable	(7,920)	(83,953)
A31140	Notes receivable – related parties	(1,746)	280
A31150	Accounts receivable	(95,937)	(163,055)
A31160	Accounts receivable – related parties	(33,781)	(197,316)
A31180	Other receivables	1,756	9,814
A31190	Other receivables – related parties	150,261	337,590
A31200	Inventory	(212,570)	(599,153)
A31230	Prepayments	85,186	(32,115)
A31240	Other current assets	-	34
A32130	Notes payable	(194)	(132)
A32150	Accounts payable	(3,752)	124,237
A32160	Accounts payable – related parties	(9,635)	49,192
A32180	Other payables	(782)	12,923
A32230	Other current liabilities	(3,590)	3,722
A32240	Net defined benefit liabilities	(390)	(308)
A33000	Cash from operating activities	377,830	(73,847)
A33100	Interest income	934	175

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Code		2022	2021
A33300	Interest expenses	(\$ 31,002)	(\$ 10,275)
A33500	Tax expenses	(88,400)	(88,491)
AAAA	Net cash inflow (outflow) from operating activities	<u>259,362</u>	<u>(172,438)</u>
	Investment cash flows		
B00040	Financial assets gained at amortized cost	-	(96,705)
B00050	Disposal of financial assets at amortized cost	96,705	-
B02700	Obtainment of property, plant, and equipment (note 25)	(148,125)	(228,072)
B02800	Disposal of property, plant, and equipment cost	762	-
B03700	Increase of guarantee deposits paid	-	(2,543)
B04500	Purchasing of intangible assets	(1,028)	-
B06700	Decrease (increase) of other non-current assets	35	(1,113)
B07500	Interest income	483	130
B07600	Dividend gained from subsidiary companies and affiliated enterprises	<u>87,962</u>	<u>95,521</u>
BBBB	Net cash inflow (outflow) from investing activities	<u>36,794</u>	<u>(232,782)</u>
	Financing activities cash flows		
C00100	Increase (decrease) of short-term loans	(121,093)	1,031,482
C00500	Increase (decrease) of short-term notes payable	(230,000)	60,000
C01600	Long-term loans	1,450,000	405,000
C01700	Repayment of long-term loans	(1,050,000)	(660,000)
C03000	Increase of margin deposit	60	1,769
C04020	Repayment of lease liabilities principal	(6,991)	(6,441)
C04500	Issuance of cash dividend	(349,925)	(306,184)
C05700	Shareholder's overdue unclaimed dividends	<u>417</u>	<u>690</u>
CCCC	Net cash (out)flows on financing activities	<u>(307,532)</u>	<u>526,316</u>
DDDD	Impact owing to fluctuation in exchange	<u>142</u>	<u>78</u>
EEEE	Net increase (decrease) in cash	(11,518)	121,174
E00100	BOY cash balance	<u>656,291</u>	<u>535,117</u>
E00200	Year-end cash balance	<u>\$ 644,773</u>	<u>\$ 656,291</u>

The notes attached are part of this individual financial statement.

Formosa Oilseed Processing Co., Ltd.
Notes for Individual Financial Statements
January 1 to December 31, 2022 and 2021

(Unless stated otherwise, the amounts' unit is in NTD thousands)

I. Company's History

Formosa Oilseed Processing Company Co., Ltd. (hereafter referred to as "the Company") was established in 1986. Since September 1993, the Company's share has been listed for transaction on Taiwan Stock Exchange. Our main businesses include the manufacturing and the selling of soybean oil, soy flour, flour, oatmeal, corn, pet food, and import and export transactions. The Company's subsidiary company "Top Food Industry Corporation" (Top Food) started to operate since October 2007, and its main business includes producing and selling flour. Thus, the Company no longer engages in the production of flour.

This individual financial statement is expressed in the Company's functional currency New Taiwan Dollars (NTD).

II. Date of Approval and Procedures for Financial Report

This individual financial report was approved by the board of directors on March 15, 2023.

III. Application of Newly Announced Standards for Amendments and Explanations

(1) First time applicable of International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC), and Standing Interpretation Committee (SICs) (hereafter referred to as IFRSs) as approved and announced effective by the Financial Supervisory Commission (hereafter referred to as FSC).

<u>Newly Announced/Amended/Amendments & IFRIC</u>	<u>Effective Date for Announcement of IASB</u>
"Annual Improvements to IFRS standards 2018-2020"	Jan 1, 2022
Amendments to IFRS 3 "Reference to the Conceptual Framework"	Jan 1, 2022
Amendments to IAS 16 "Property, Plant and Equipment — Proceeds before Intended Use"	Jan 1, 2022
Amendments to IAS 37 "Onerous Contracts — Cost of Fulfilling a Contract"	Jan 1, 2022

The application of the IFRSs as approved and announced effective by the FSC will not necessarily cause significant changes in the Company's accounting policies.

(2) The Application of the IFRSs as Approved by the FSC for 2023

<u>Newly Announced/Amended/Amendments & IFRIC</u>	<u>Effective Date for Announcement of IASB</u>
Amendments to IAS 1, “Disclosure of Accounting Policies”	Jan 1, 2023 (note 1)
Amendments to IAS 8, “Definition of Accounting Estimates”	Jan 1, 2023(note 2)
Amendments to IAS 12, “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	Jan 1, 2023 (note 3)
Note 1: This amendment is applicable to the annual reporting period after January 1, 2023.	
Note 2: This amendment is applicable to changes in accounting estimates and changes in accounting policies during the annual reporting period after January 1, 2023.	
Note 3: This amendment is applicable to transactions occurring after January 1, 2022, except for the recognition of deferred tax on temporary differences in lease and decommissioning obligations occurring on January 1, 2022.	

As of the date of announcement of the approval of this individual financial statement, the Company’s estimation criteria and the amendments to IFRIC will not necessarily cause significant impact on the Company’s financial status and financial performance.

(3) IFRSs Announced by the International Accounting Standards Board (IASB) but Not Yet Approved by the FSC

<u>Newly Announced/Amended/Amendment(s) & IFRIC</u>	<u>Effective Date for Announcement of IASB (note 1)</u>
Amendments to IFRS 10 and IAS 28, “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”	Undecided
Amendments to IFRS 16, “Lease Liability in a Sale and Leaseback	Jan 1, 2024 (note 2)
Amendments to IFRS 17, “Insurance Contracts”	Jan 1, 2023
Amendments to IFRS 17	Jan 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9—Comparative Information”	Jan 1, 2023
Amendments to IAS 1, “Classification of Liabilities as Current or Non-Current”	Jan 1, 2024
Amendments to IAS 1, “Non-current Liabilities with Covenants”	Jan 1, 2024

Note 1: Unless noted otherwise, the above-mentioned newly announced/amended/amendment or IFRICs are effective during the annual reporting period after the respective dates.

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

As of the announcement date for the approval of this individual financial report, the Company still continues to evaluate the impacts that the amendments of standards and IFRICs have caused on the Company’s financial status and financial performance. Related impacts will be disclosed when the evaluation is completed.

IV. Statement for Summaries for Significant Accounting Policies

(1) Compliance Assertion

This individual financial statement was prepared by referring to the “Regulations Governing the Preparation of Financial Reports by Securities Issuers.”

(2) Preparation Basis

Except for the net defined benefit liabilities accounted for using the present value for defined benefit obligation subtracting planned assets at fair value, this individual financial statement was prepared on the basis of historical cost.

When preparing individual financial statements, the Company handles invested subsidiary companies and affiliated enterprises by using equity methods. In order to have this individual financial statements’ current year profit and loss, other comprehensive income, and equity the same as the Company’s consolidated financial statements’ current year profit and loss, other comprehensive income, and equity as belonging to the Company’s owner(s), the accountants’ handling of differences under individual basis and consolidated basis was to adjust “investments accounted for using equity method,” “gains on subsidiary companies and affiliated enterprises accounted for using equity method,” and “share of other comprehensive income of affiliated enterprises accounted for using equity method” and related equity items.

(3) Standards for Distinguishing Current and Non-Current Assets and Liabilities

Current assets include:

1. Assets possessed mainly for transaction purposes;
2. Assets expected to be realized within 12 months after the date of balance sheet; and
3. Cash (but excluding those restricted to the exchange or settlement of liabilities for more than 12 months after the date of balance sheet).

Current liabilities include:

1. Liabilities possessed mainly for transaction purposes;
2. Liabilities at maturity for settlement within 12 months after the date of balance sheet; and
3. Liabilities of which its settlement period cannot be unconditionally deferred to at least 12 months after the date of balance sheet.

Those that do not belong to the above-mentioned current assets or current liabilities are classified under non-current assets or non-current liabilities.

(4) Foreign Currencies

When preparing individual financial statements, the Company, transactions made other than the Company’s functional (foreign) currency are converted into the Company’s functional currency for recording by referring to the exchange rate on the date of transaction.

The monetary items in foreign currencies are converted at the closing exchange rate on every date of balance sheet. The exchange difference generated from settling monetary items or converting monetary items will be recognized as the current year's profit or loss.

Non-monetary items in foreign currencies measured at fair value are converted at the exchange rate on the day of determining the fair value, and the exchange difference generated is recognized as the current year's profit or loss. However, for items that belong to the changes in fair value and recognized as other comprehensive income, their exchange difference generated will be recognized as other comprehensive income. Non-monetary items in foreign currencies measured at historical cost are converted at the exchange rate on the date of transaction, and will not be reconverted.

When preparing the individual financial statement, foreign operating institutions' (including the country of operation or subsidiary companies that use different currencies from the Company) assets and liabilities are converted to NTD at the exchange rate on every date of balance sheet. The income and expense items are converted at the average exchange rate for the current year, and the exchange difference generated is recognized as other comprehensive income.

(5) Inventory

Inventories include (in transit) raw materials, materials, finished goods, work in progress, and products. Inventories are measured at lower of cost and NRV. When comparing the cost and the NRV, apart from inventories with the same classification, the Company measures on the basis of individual items of inventories. NRV refers to the balance after subtracting the estimated cost that still needs to be invested until completion and the estimated cost to complete the sell from the estimated selling price under normal circumstances. Inventory cost is calculated by using weighted average method.

(6) Investments in Subsidiary Companies

The Company uses equity method to deal with its investments in subsidiary companies. Subsidiary companies refer to entities that the Company has control over.

Under the equity method, investments were originally recognized as costs, the increase or decrease of the carrying amount after the obtained date varies according to the Company's profit or loss owing to its subsidiary companies and the share of other comprehensive income, as well as profit distribution of profit. Moreover, the Company's benefits in subsidiary companies' changes in equity are recognized according to its shareholding ratio.

When the Company evaluates its impairment loss, it takes into account of the individual financial statements as a whole to consider cash generating units, and compares its recoverable amount and carrying amount. If the recoverable amount of assets increases afterwards, the reversal of impairment loss will be recognized as gains. However, the carrying amount for assets after impairment loss reversal cannot exceed the assets' carrying amount after subtracting the amortization that should be recognized if impairment loss is not recognized.

The Company and subsidiary companies' unrealized profits and losses for downstream transactions are eliminated from individual financial reports. The profits or losses from the Company and subsidiary companies' upstream transactions are solely within the range that is unrelated to the Company's equity in the subsidiary companies, and are recognized in individual financial reports.

(7) Investments in Affiliated Enterprises

Affiliated enterprises are enterprises that have significant influences on the Company, but do not belong to subsidiary companies or joint ventures. The Company conducts the equity method in investing in affiliated enterprises. Under the equity method, the investments in affiliated enterprises are originally recognized as costs, and the carrying amount obtained in the future will increase or decrease according to the Company's benefits from the affiliated enterprises' income and other comprehensive income, and profit distribution. In addition, the Company's benefit in affiliated enterprises' changes in equity is recognized according to its shareholding ratio.

If the Company does not subscribe according to its shareholding ratio when affiliated enterprises issue new shares, and causes changes in shareholding ratio, and further results in the decrease or increase of invested equity net value, the Company increases or decreases the amount to adjust its capital surplus and investments accounted for using equity method. If the aforementioned adjustment should debit capital surplus, and the capital surplus balance from investment accounted for using equity method is insufficient, its difference should be recognized as retained earnings under the debit column.

When the Company evaluates its impairment loss, it regards the overall carrying amount of the investment as a single asset, and compares recoverable amounts with the carrying amount to perform the impairment test. The recognized impairment loss is not allocated to any assets that form parts of the investment's carrying amount, including goodwill. Any impairment loss reversals can be recognized within the range of subsequent increases in such investment's recoverable amount.

The profits or losses from upstream and downstream transactions between the Company and the affiliated enterprises are solely within the range that is unrelated to the Company's equity in the affiliated enterprises, and are recognized in individual financial reports.

(8) Property, Plant, and Equipment

Property, plant, and equipment are recognized as costs, of which the amount will later be measured by cost subtracting accumulated depreciation.

Property, plant, and equipment's significant parts were separately depreciated within the useful life using the straightline method. The Company scans the estimation of useful life, residual value, and depreciation method at least on the last day of every year, and postpones the impact of changes in applicable accounting estimations.

When property, plant, and equipment are derecognized, the difference between the net disposal proceeds and such asset's carrying amount is recognized as profit or loss.

(9) Intangible assets

The intangible assets with finite useful lives acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over the useful lives of the intangible assets. The Company reviews the estimated useful lives, residual values, and amortization methods of intangible assets at least at the end of each year, and defers the effect of any changes in accounting estimates. Intangible assets with indefinite useful lives are reported at cost less accumulated impairment losses.

(10) Property, Plant, and Equipment, and ROU Assets' Impairment Loss

The Company evaluates whether there are any traces showing possible impairments in property, plant, and equipment, and ROU assets on every date of balance sheet. If any impairment traces exist, the Company will estimate such asset's recoverable amount. If it is impossible to estimate individual asset's recoverable amount, the Company estimates the recoverable amount of the cash generating unit to which such asset belongs.

Recoverable amount is calculated by the higher of fair value subtracting sales cost and its use value. When individual assets or the recoverable amount of the cash generating unit is lower than its carrying amount, such asset or the carrying amount of the cash generating unit is reduced to its recoverable amount, and the impairment loss is recognized under profit or loss.

When impairment loss is subsequently reversed, the carrying amount for such assets or cash generating unit are increased to the recoverable amount after being adjusted. However, the carrying amount after the increase shall not exceed the carrying amount (minus depreciation) determined if such assets or cash-generating unit did not recognize impairment loss in the previous years. The reversal of impairment loss is recognized as profit or loss.

(11) Financial Instruments

When financial assets and financial liabilities become one of the contractual regulations for such instrument of the Company, they are recognized in individual balance sheets.

When originally recognizing financial assets and financial liabilities, if financial assets or financial liabilities do not belong to those measured at fair value through profit or loss, then it is measured by fair value plus financial costs directly attributed to the obtainment or distribution of financial assets or financial liabilities. The transaction costs directly attributed to the obtainment or distribution of financial assets or financial liabilities at fair value through profit or loss shall be recognized as profit or loss immediately.

1. Financial assets

The regular way purchase or sale of financial assets adopts accounting recognition and derecognition on the trade date.

(1) Types of measurements

The types of financial assets that the Company possesses are financial assets at amortized cost, and investments in equity instrument at fair value through other comprehensive income.

If the Company's investments of financial assets simultaneously meet the two conditions below, then it is categorized as financial assets measured at amortized cost:

A. it is held under a certain business model, and the purpose for such model is to obtain contractual cash flow by holding financial assets; and

B. the cash flow generated on the specific date of contractual regulations, and such cash flow is completely used for principal payment and the interest for outstanding capital.

After the original recognition of financial assets at amortized cost (including cash, notes receivable at amortized cost, accounts receivable, and other receivables), they are measured by the carrying amount determined by effective interest method subtracting any impairment loss after amortized cost. Any profit or loss owing to foreign currency exchange is recognized as profit or loss.

Except for the two conditions below, interest income is calculated by multiplying effective interest rate and financial assets' total carrying amount:

A. Credit-impaired financial assets purchased or created, and the interest income is calculated by multiplying effective interest rate after credit adjustment by financial assets after amortized cost.

B. Financial assets that do not belong to purchased or created credit impairment, but subsequently become credit impairment, and the interest income is calculated by multiplying effective interest rate by financial assets after amortized cost.

(2) Impairment loss of financial assets

The Company assesses its financial assets after amortized cost (including notes receivable and accounts receivable) based on expected credit loss on every date of balance sheet.

Notes receivable and accounts receivable should both be recognized as allowance loss based on the expected credit loss during the duration. Other financial assets are first assessed by whether there is a significant increase in credit risks after the original recognition. If there is no significant increase, then the recognition of allowance loss is based on 12 months' expected credit loss. If there is a significant increase, then the recognition of allowance loss is based on the expected credit loss during the duration.

Expected credit loss is a weighted average credit loss with the risk of default as the weight. The 12 months expected credit loss represents the expected credit loss that is caused by possible default events within the 12 months after the reporting date of the financial instrument. Expected credit loss during the duration represents the expected credit loss caused by the financial instrument's possible default events during the duration.

All carrying amount for financial assets' impairment loss are reduced through the allowance account.

(3) Derecognition of financial assets

The Company's financial assets can only be derecognized when the contractual rights from financial assets cash flows become invalid, or when the financial assets have been transferred and almost all risks and rewards for such assets' ownership have been transferred to other enterprises.

When the financial assets measured after amortized cost is entirely derecognized, the carrying amount and the difference between the considerations received are recognized as profit or loss. When the equity instrument investments at fair value through other comprehensive income are entirely derecognized, the accumulated profit or loss are directly transferred to retained earnings, and will not be re-classified as profit or loss.

2. Financial liabilities

(1) Subsequent measurements

Financial liabilities are measured at amortized cost accounted for using the effective interest method.

(2) Derecognition of financial liabilities

When derecognizing financial liabilities, the carrying amount and difference between consideration payments (including any transferred non-cash assets or assumed liabilities) are recognized as profit or loss.

(12) Provisions

Amounts recognized as provisions are to consider obligatory risks and uncertainties, and are the best estimate for the required expense to settle the obligation on the date of balance sheet.

(13) Recognition of income

After the Company identifies performance obligations in customer contracts, it will amortize transaction prices to each performance obligation, and will recognize as income once each performance obligation is fulfilled.

1. Sales income from goods

The sales income from goods is from the selling of oil, feeds, raw materials, etc.

When oil, feeds, and raw materials, etc. arrives the customers' designated location/starts shipment, the customers already have the rights to set up prices and the rights to use, and have the main responsibility to re-sale these products. They also have to take the risk for the outdated of goods. The Company recognizes its income and accounts receivable at this point of time.

During processing, the significant risk and rewards of the ownership to the processed products are not yet transferred, and will not be handled for selling when processing.

2. Service revenue

Service revenue is derived from providing services such as unloading, weighing, and warehousing. The revenue amount is calculated based on a fixed unit price per processed ton, and the related revenue is recognized when the services are provided.

- (14) Lease

The Company evaluates whether the contract belongs to (or includes) lease on the contract establishment date.

1. The Company as the lessor

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

Under operating lease, the lease payments are recognized as income on the straight-line basis during related lease periods. Original direct costs happened because of the obtainment of operating lease is added to the target assets' carrying amount, and recognized as expense on the straight-line basis during the lease period.

2. The Company as the lessee

Except for low-value asset lease that is applicable to recognition exemption, and lease payments for short-term lease that are based on the straight-line basis recognized as expenses during the lease period, other leases are all recognized as ROU assets and lease liabilities on the lease starting date.

ROU assets are originally measured by costs (including lease liabilities' original measured amount, lease payment before the lease starting date subtracting lease incentives, original direct cost, and estimated cost of restored assets), and subsequently measured by the amount of the cost subtracting accumulated depreciation and accumulated impairment loss, and adjusts the remeasurements of lease liabilities. ROU assets are separately expressed in the individual balance sheet.

ROU assets' depreciation is pre-estimated on a straight-line basis from the lease starting date until the expiration of the useful life whichever is earlier.

Lease liabilities are originally measured by the lease payment's current value (including regular payments). If the interest rate implicit in a lease is easy to determine, the lease payments are discounted with this interest rate. If such interest rate is not easy to determine, then the lessee's increment borrowing interest rate will be used.

Subsequently, lease liabilities are measured by effective interest method after amortized cost, and the interest expense is amortized during the lease period. If the lease period or changes in the rate that is used to determine lease payments result in changes of future lease payments, the Company will remeasure lease liabilities, and relatively adjust ROU assets. However, if the carrying amount for ROU assets decreases to zero, then the remaining remeasured amount will be recognized as profit or loss. Lease liabilities are separately expressed in the individual balance sheet.

(15) Borrowing Costs

The borrowing costs directly attributed to the acquisition, construction, or production of qualified assets are part of such assets cost, until almost all necessary activities for such assets to reach its intended usage or selling status have been completed.

Except for the aforementioned, all other borrowing costs are recognized as profit or loss in the current period.

(16) Employees' Benefit

1. Short-term employees' benefit

Related liabilities for short-term employees' benefit is measured at non-discounted cash amount prepaid for the exchange of employee services.

2. Post-employment benefit

The pension of the defined allocation retirement plan should be allocated and the pension amount should be recognized as expense when the employee provides his/her service period.

Defined benefit retirement plan's defined benefit cost (including service costs, net interest, and remeasurements) is precisely calculated by adopting the projected unit credit method. Service costs (including current period's service cost) and net interest of net defined benefit liability should be recognized as employee's benefit expense when the events happen, and when settlements happen. Remeasurements (including precisely calculated profit or loss and planned assets rewards interest deduction) should be recognized as other comprehensive income and listed under retained earnings when the event happens, and will not be re-classified as profit or loss in the subsequent period.

Net defined benefit liability is allocation insufficiency of defined benefit retirement plan. Net defined benefit assets cannot exceed the present value for the returned allocated amount from such plan or reducible future allocated amount.

(17) Income Tax

Income tax amount is the total of current income tax and deferred income tax.

1. Current income tax

The Company determines its current income (loss) according to regulations formulated by jurisdictions for income tax reporting, based on the calculation of payable (recoverable) income tax.

According to the R.O.C. Income Tax Act, the calculation of the added income tax to undistributed earnings will be recognized in the year of decision of the shareholder's meeting.

The adjustment for income tax payables for the previous years is listed in the current year's income tax.

2. Deferred income tax

Deferred income tax is calculated based on the temporary difference between booked assets and the carrying amount for liabilities, and the tax basis for calculating taxable income.

Deferred income tax liabilities are generally recognized as all taxable temporary differences, and deferred income tax assets are recognized when it is likely to have taxable income for usage of the deduction of temporary differences.

Taxable temporary differences related to invested subsidiary companies are all recognized as deferred income tax liabilities. Deductible temporary differences related to this type of investment can be recognized as deferred income tax assets only if it is likely to have sufficient taxable income to achieve temporary differences, and within the range expected to reverse in the foreseeable future.

The carrying amount for deferred income tax assets is reviewed on every date of balance sheet, and the carrying amount is reduced for those that are no longer likely to have sufficient taxable income for the recovery of all or partial assets. For those that is not originally recognized as deferred income tax assets, they should be reviewed on every date of balance sheet, too, and the carrying amount is increased for those that are very likely to generate taxable income for the recovery or all or partial assets.

Deferred income tax assets and liabilities are measured by its expected liability settlement or tax rate for assets realization. Such tax rate is based on the tax rate and tax law that have been enacted or substantively enacted on the date of balance sheet. The measurements of deferred income tax liabilities and assets are to reflect the Company's tax outcome generated from the method of expected recovery or settlement of its carrying amount for assets and liabilities on the date of balance sheet.

V. Main Sources for Significant Accounting Judgment and Estimation, and Hypothesis of Uncertainties

When the Company adopts accounting policies, the management level must make related judgments, estimations, and hypothesis on the basis of historical experience and other relevant factors when obtaining relevant information that is not easily obtained from other sources. The actual results may differ from the estimation.

The management level will continue to review the estimation and the basic hypothesis. If the amendments to the estimation solely impact the current year, then it is recognized in the current year; if the amendments to the accounting estimation simultaneously influence the current year and future periods, then it is recognized in the current period of amendment and the future period.

The information for the main management level's hypothesis and estimation uncertainties is as follow:

Impairment of Inventories Related Parties Transactions

In-transit inventories and raw material costs and related prices are influenced by global raw material prices, which is possible for volatile fluctuations, leading to risk of the raw materials' NRV falling below than the carrying amount. Since the management level referred to the regulations in IAS 2 "Inventory," for the evaluation of raw materials' NRV involves estimation and judgment, the change in raw material prices might cause significant impacts on such estimation results.

VI. Cash

	December 31, 2022	December 31, 2021
Cash on hand & petty cash	\$ 148	\$ 141
Bank checks & demand deposit	644,625	656,150
	\$ 644,773	\$ 656,291

The market interest rate range for bank deposits on the date of balance sheet is as follow:

	December 31, 2022	December 31, 2021
Bank deposit	0.01% ~ 1.05%	0.01% ~ 0.05%

VII. Financial assets measured at amortized cost

	December 31, 2022	December 31, 2021
<u>Current</u>		
Restricted assets – bank deposit	\$ -	\$ 96,705

The market interest rate range for financial assets measured at amortized cost on the date of balance sheet is as follow:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Restricted assets – bank deposit	-	0.18%

Restricted assets – bank deposits are provided to the bank(s) as guarantee for loans, and as pledge information. Please refer to note 29.

VIII. Notes Receivable, Accounts Receivable, and Other Receivables

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Notes Receivable</u>		
Total carrying amount measured at amortized cost	<u>\$ 222,984</u>	<u>\$ 215,064</u>
<u>Accounts Receivable</u>		
Total carrying amount measured at amortized cost	\$ 676,637	\$ 580,558
Subtract: loss allowance	<u>531</u>	<u>214</u>
	<u>\$ 676,106</u>	<u>\$ 580,344</u>
<u>Other Receivables</u>		
Export rebate receivable	\$ 10,415	\$ 12,402
Import price difference receivable	7,730	7,627
Others	<u>369</u>	<u>249</u>
	<u>\$ 18,514</u>	<u>\$ 20,278</u>

(1) Notes Receivable

The average credit period for the Company's product sales is 60 days, of which no interest is accrued in notes receivable. The policy that the Company adopts is to only make transactions with reputable parties, and the Company will obtain full collateral when necessary, so as to reduce the risk of financial loss owing to delinquency. The Company rates its main customers by using other publicly available financial information and historical transaction records. The Company continuously supervises credit exposures and the counterparties' credit levels, and distributes the total transaction amount to different customers with qualified credit ratings. Moreover, the Company manages its credit exposures by reviewing and approving the credit limit of counterparties each year.

The Company's expected credit loss during duration is recognized as notes receivable's allowance loss. The expected credit loss during duration is calculated by provision matrix, which takes the customers' past default records and current financial statuses, and industrial economy situations into account. At the same time, the Company takes GDP prediction and industrial prospects into consideration. The Company's historical experience for credit loss shows that there is no significant difference in loss patterns among different customer groups. Thus, the provision matrix did not further distinguish customer groups, and only determined the expected credit loss rate based on the numbers of days overdue for notes receivable.

If there is evidence showing that the counterparty is facing critical financial difficulties, and the Company is unable to reasonably expect the recoverable amount, the Company should directly write off related notes receivable. However, the Company will continuously recourse the activities, and the recovered amount from the recourse will be recognized as profit or loss.

The Company uses provision matrix to measure notes receivable's allowance loss, which is as follow:

December 31, 2022

	Not overdue
Expected credit loss rate	0%
Total carrying amount	\$ 222,984
Allowance loss (expected credit loss during duration)	-
Amortized cost	\$ 222,984

December 31, 2021

	Not overdue
Expected credit loss rate	0%
Total carrying amount	\$ 215,064
Allowance loss (expected credit loss during duration)	-
Amortized cost	\$ 215,064

(2) Accounts Receivable

The Company's average credit period for product sales is 80 days, of which no interest is accrued in accounts receivable. The policy that the Company adopts is to only make transactions with reputable targets, and the Company will obtain full collateral when necessary so as to reduce the risk of financial loss owing to delinquency. The Company rates its main customers by using other publicly available financial information and historical transaction records. The Company continuously supervises credit exposures and the counterparties' credit levels, and distributes the total transaction amount to different customers with qualified credit ratings. Moreover, the Company manages its credit exposures by reviewing and approving the credit limit of counterparties each year.

The Company's expected credit loss during duration is recognized as notes receivable's allowance loss. The expected credit loss during duration is calculated by provision matrix, which takes the customers' past default records and current financial statuses, and industrial economy situations into account. At the same time, the Company takes GDP prediction and industrial prospects into consideration. The Company's historical experience for credit loss shows that there is no significant difference in loss patterns among different customer groups. Thus, the provision matrix did not further distinguish customer groups, and only determined the expected credit loss rate based on the numbers of days overdue for notes receivable.

If there is evidence showing that the counterparty is facing critical financial difficulties, and the Company is unable to reasonably expect the recoverable amount, the Company should directly write off related notes receivable. However, the Company will continuously recourse the activities, and the recovered amount from the recourse will be recognized as profit or loss.

The Company uses provision matrix to measure accounts receivable's allowance loss, which is as follow:

December 31, 2022

	Not overdue	1-60 days overdue	61-90 days overdue	91-120 days overdue	121-180 days overdue	181-365 days overdue	Over 365 days overdue	Individual identification	Total
Expected credit loss rate	0.01%	0.50%-10.06%	-	0%	-	-	100%	100%	
Total carrying amount	\$ 667,458	\$ 8,158	\$ -	\$ 681	\$ -	\$ -	\$ 36	\$ 304	\$ 676,637
Loss allowance (expected credit loss during duration)	(67)	(124)	-	-	-	-	(36)	(304)	(531)
Amortized cost	<u>\$ 667,391</u>	<u>\$ 8,034</u>	<u>\$ -</u>	<u>\$ 681</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 676,106</u>

December 31, 2021

	Not overdue	1-60 days overdue	61-90 days overdue	91-120 days overdue	121-180 days overdue	181-365 days overdue	Over 365 days overdue	Individual identification	Total
Expected credit loss rate	0.01%	0.47%-7.83%	18.56%	-	-	-	100%	-	
Total carrying amount	\$ 572,707	\$ 7,767	\$ 36	\$ -	\$ -	\$ -	\$ 48	\$ -	\$ 580,558
Loss allowance (expected credit loss during duration)	(57)	(102)	(7)	-	-	-	(48)	-	(214)
Amortized cost	<u>\$ 572,650</u>	<u>\$ 7,665</u>	<u>\$ 29</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 580,344</u>

Changes in information on accounts receivable loss allowance are as follow:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
BOY balance	\$ 214	\$ 154
Add: current year provision impairment loss	<u>317</u>	<u>60</u>
Year-end balance	<u>\$ 531</u>	<u>\$ 214</u>

(3) Other Receivables

When the Company assesses Other Receivables with objective evidence of impairment loss, the amount of impairment loss is individually assessed. As of the balance sheet date, there are no Other Receivables past due that the Company has not yet recognized in Other Receivables loss allowance.

IX. Inventory

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Inventory in-transit	\$ 710,779	\$ 619,855
Raw materials	408,546	238,643
Finished goods	172,862	219,659
Work in progress	73,868	82,254
Materials	<u>7,192</u>	<u>7,130</u>
	<u>\$ 1,373,247</u>	<u>\$ 1,167,541</u>

Operating costs related to inventory for the year 2022 was NTD 10,652,062 thousands, of which NTD 971 thousands included was inventory loss and NTD 6,864 thousands was loss on inventory price decline. Operating costs related to inventory for the year 2021 was NTD 8,763,985 thousands, of which NTD 3,030 thousands included was inventory loss and NTD 672 thousands was loss on inventory price decline.

X. Prepayments

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Excess business tax paid	\$ 126,896	\$ 204,756
Other prepayments	14,044	21,500
Prepayments to suppliers	<u>404</u>	<u>281</u>
	<u>\$ 141,344</u>	<u>\$ 226,537</u>

XI. Investments by Using Equity Method

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Investments in subsidiary companies	\$ 823,792	\$ 892,360
Investments in affiliated enterprises	<u>305,839</u>	<u>284,271</u>
	<u>\$ 1,129,631</u>	<u>\$ 1,176,631</u>

(1) Investments in subsidiary companies

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
TOP FOOD	\$ 617,648	\$ 687,580
FORMOSA OIL PROCESSING (PANAMA) S.A.	149,046	145,157
CHONG HSIANG FOODS INDUSTRY CO., LTD.	38,311	29,187
FU YOU AN KANG CORP.	<u>18,787</u>	<u>30,436</u>
	<u>\$ 823,792</u>	<u>\$ 892,360</u>

<u>Name of Subsidiary Companies</u>	<u>Ownership Interests and Voting Rights</u>	
	<u>Percentage</u>	
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
TOP FOOD	63%	63%
FORMOSA OIL		
PROCESSING (PANAMA)		
S.A.	100%	100%
FU YOU AN KANG CORP.	51%	51%
CHONG HSIANG FOODS	100%	100%

Share of subsidiary companies' profit or loss and other comprehensive income, accounted for using equity method for 2022 and 2021, were recognized in each subsidiary company's financial statements as audited by accountants during the same period.

(2) Investments in affiliated enterprises

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Affiliated enterprises with significance		
CENTRAL UNION OIL CORP.	<u>\$ 305,839</u>	<u>\$ 284,271</u>

The Company's equity-holding percentage in affiliated enterprises on the date of balance sheet is as follow:

<u>Name of Company</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
CENTRAL UNION OIL CORP.	33.33%	33.33%

For the aforementioned affiliated enterprises' information regarding their business nature, major places of operation, and the companies' registered country, please refer to Attached Table 4 "Related Information Regarding Names of Invested Companies and Location, etc." Investments accounted for using equity method, profits or losses from the Company, and shares on other comprehensive income are recognized according to the affiliated enterprises' financial reports audited by accountants during the same period.

The Company measures the aforementioned affiliated enterprises by using the equity method.

The summarized financial information below was prepared on the basis of the affiliated enterprises' IFRSs financial statements, and had already reflected the adjustments made when using the equity method.

Central Union Oil Corp.

	December 31, 2022	December 31, 2021
Current assets	\$ 1,129,306	\$ 1,199,495
Non-current assets	1,432,624	1,476,098
Current liabilities	(1,461,584)	(1,544,683)
Non-current liabilities	(180,172)	(275,966)
Equity	<u>\$ 920,174</u>	<u>\$ 854,944</u>
The Company's shareholding ratio	33.33%	33.33%
The Company's equity	\$ 306,724	\$ 284,981
Unrealized gains (losses) on downstream transactions	(885)	(710)
Carrying amount for investments	<u>\$ 305,839</u>	<u>\$ 284,271</u>
	2022	2021
Operating income	<u>\$ 11,360,367</u>	<u>\$ 10,069,733</u>
Current year's net profit	\$ 171,699	\$ 126,053
Other comprehensive income	<u>1,531</u>	(1,916)
Total comprehensive income	<u>\$ 173,230</u>	<u>\$ 124,137</u>
Dividend obtained from Central Union Oil Corp.	<u>\$ 36,000</u>	<u>\$ 32,000</u>

XII. Property, Plant, and Equipment

	December 31, 2022	December 31, 2021
Land	\$ 715,940	\$ 715,940
Buildings	718,385	43,110
Machinery equipment	619,044	22,151
Transport equipment	6,399	7,969
Experimental equipment	6,483	3,682
Other equipment	60,047	21,098
Unfinished projects	<u>5,530</u>	<u>1,231,379</u>
	<u>\$ 2,131,828</u>	<u>\$ 2,045,329</u>

	Land	Buildings	Machinery equipment	Transport equipment	Experimental equipment	Other equipment	Unfinished projects	Total
<u>Cost</u>								
Jan 1, 2022 balance	\$ 715,940	\$ 245,979	\$ 339,684	\$ 25,428	\$ 17,438	\$ 226,237	\$1,231,379	\$2,802,085
Addition	-	421	3,227	248	623	10,464	123,437	138,420
Disposal	-	-	(3,946)	(2,040)	(9,106)	(1,017)	-	(16,109)
Reclassification	-	<u>690,723</u>	<u>617,532</u>	-	<u>3,267</u>	<u>37,764</u>	<u>(1,349,286)</u>	-
Dec 31, 2022 balance	<u>715,940</u>	<u>937,123</u>	<u>956,497</u>	<u>23,636</u>	<u>12,222</u>	<u>273,448</u>	<u>5,530</u>	<u>2,924,396</u>
<u>Accumulated Depreciation</u>								
Jan 1, 2022 balance	-	(202,869)	(317,533)	(17,459)	(13,756)	(205,139)	-	(756,756)
Disposal	-	-	3,946	1,757	9,106	1,017	-	15,826
Depreciation expense	-	<u>(15,869)</u>	<u>(23,866)</u>	<u>(1,535)</u>	<u>(1,089)</u>	<u>(9,279)</u>	-	<u>(51,638)</u>
Dec 31, 2022 balance	-	<u>(218,738)</u>	<u>(337,453)</u>	<u>(17,237)</u>	<u>(5,739)</u>	<u>(213,401)</u>	-	<u>(792,568)</u>
Dec 31, 2022 net amount	<u>\$ 715,940</u>	<u>\$ 718,385</u>	<u>\$ 619,044</u>	<u>\$ 6,399</u>	<u>\$ 6,483</u>	<u>\$ 60,047</u>	<u>\$ 5,530</u>	<u>\$ 2,131,828</u>

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	Land	Buildings	Machinery equipment	Transport equipment	Experimental equipment	Other equipment	Unfinished projects	Total
<u>Cost</u>								
Jan 1, 2021 balance	\$ 715,940	\$ 246,234	\$ 362,358	\$ 23,692	\$ 17,784	\$ 229,082	\$1,011,917	\$2,607,007
Addition	-	-	3,235	1,736	36	5,439	219,462	229,908
Disposal	-	(255)	(25,909)	-	(382)	(8,284)	-	(34,830)
Dec 31, 2021 balance	<u>715,940</u>	<u>245,979</u>	<u>339,684</u>	<u>25,428</u>	<u>17,438</u>	<u>226,237</u>	<u>1,231,379</u>	<u>2,802,085</u>
<u>Accumulated Depreciation</u>								
Jan 1, 2021 balance	-	(198,359)	(336,583)	(15,644)	(13,047)	(206,462)	-	(770,095)
Disposal	-	255	25,909	-	382	8,282	-	34,828
Depreciation expense	-	(4,765)	(6,859)	(1,815)	(1,091)	(6,959)	-	(21,489)
Dec 31, 2021 balance	-	<u>(202,869)</u>	<u>(317,533)</u>	<u>(17,459)</u>	<u>(13,756)</u>	<u>(205,139)</u>	-	<u>(756,756)</u>
Dec 31, 2021 net amount	<u>\$ 715,940</u>	<u>\$ 43,110</u>	<u>\$ 22,151</u>	<u>\$ 7,969</u>	<u>\$ 3,682</u>	<u>\$ 21,098</u>	<u>\$1,231,379</u>	<u>\$2,045,329</u>

The unfinished project is mainly the Company's rendering plant for purifying edible oil that is still under construction at the Taichung Harbor area. In 2022, it was gradually reclassified as buildings, machinery equipment, and other equipment, and some amounts are still pending transfer after acceptance.

Impairment losses were not recognized or reversed in 2022 and 2021. The depreciation expenses are calculated by using the straight-line method according to the useful life as follow:

Buildings	
Plant's main building	5 to 55 years
Project systems	5 to 40 years
Machinery equipment	2 to 24 years
Transport equipment	3 to 14 years
Experimental equipment	2 to 11 years
Other equipment	2 to 24 years

For the amount of property, plant and equipment set as collateral for secured loans, please refer to note 29.

XIII. Leasing Agreement

(1) ROU assets

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
ROU assets carrying amount		
Land	\$ 129,805	\$ 132,859
Buildings	1,028	1,484
Transport equipment	<u>17,984</u>	<u>6,769</u>
	<u>\$ 148,817</u>	<u>\$ 141,112</u>

	2022	2021
Increase of ROU assets	<u>\$ 15,705</u>	<u>\$ 85,337</u>
Depreciation expense for ROU assets		
Land	\$ 3,054	\$ 3,241
Buildings	456	456
Transport equipment	<u>4,490</u>	<u>4,171</u>
	<u>\$ 8,000</u>	<u>\$ 7,868</u>

Except for the above-mentioned additions (including adjustments to accounting estimates) and recognized depreciation expenses, there was no significant sublease or impairment of the ROU assets of the Company in the years 2022 and 2021.

(2) Lease liabilities

	December 31, 2022	December 31, 2021
Lease liabilities carrying amount		
Current	<u>\$ 7,925</u>	<u>\$ 6,750</u>
Non-current	<u>\$ 143,718</u>	<u>\$ 136,179</u>

Discount rate range for lease liabilities is as follow:

	December 31, 2022	December 31, 2021
Land	1.08% ~ 1.38%	1.08% ~ 1.38%
Buildings	1.38%	1.38%
Transport equipment	1.08% ~ 1.57%	1.08% ~ 1.38%

(3) Significant Rental Activities and Clauses

The parent company signed a land lease contract for leasing the port industry professionalism development zone with Taiwan International Ports Corporation, Ltd. – Port of Taichung Branch (hereafter referred to as Port Branch) in November 2017 in order to construct and operate the palm oil plant. The lease period is 20 years. According to contractual regulations, the properties and movable properties, and property ownerships financed and constructed by the parent company all belong to the parent company. During the duration of the contract, the parent company should calculate the land rent based on the area of the leased land according to the land value announced by the government and the approved annual rent rate, and pay the management fee according to the amount committed to the Port Branch. When the lease period is terminated, the parent company does not have the right of preferential refusal towards the leased land. The aforementioned lease period of the land use right asset was originally calculated based on the 20-year lease term of the land lease contract signed with the Port Branch, and it was expected to produce only a single oil product. In response to future product line diversification and quality improvement, more complete refining equipment has already been purchased, and the parent company's oil and fat factory in Dadu District, Taichung will also be

XVI. Loans

(1) Short-term loans

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Secured loans		
Bank loans (note 29)	\$ -	\$ 85,000
Unsecured loans		
Credit loans	1,388,888	1,672,448
Letter of credit loans	<u>292,774</u>	<u>45,307</u>
	<u>1,681,662</u>	<u>1,717,755</u>
	<u>\$ 1,681,662</u>	<u>\$ 1,802,755</u>

The interest rate range for short-term loans on the date of balance sheet is as follow:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Secured loans</u>		
Bank loans	-	0.65%
<u>Unsecured loans</u>		
Credit loans	1.30% ~ 1.98%	0.81% ~ 1.10%
Letter of credit loans	5.35% ~ 6.12%	0.73% ~ 1.00%

(2) Short-term notes payable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Commercial papers payable	\$ -	\$ 230,000
Subtract: short-term notes discount payable	<u>-</u>	<u>92</u>
	<u>\$ -</u>	<u>\$ 229,908</u>

The market interest rate range for short-term notes payable on the date of balance sheet is as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Unsecured loans	-	0.96%

Short-term notes payable that have not met the maturity date yet:
December 31, 2021

<u>Guarantee / Acceptance institutions</u>	<u>Par price</u>	<u>Discount amount</u>	<u>Carrying amount</u>	<u>Pledge or collateral</u>
<u>Commercial papers payable</u>				
Ta Ching Bills Finance Corporation	\$ 100,000	\$ 52	\$ 99,948	None
Taiwan Cooperative Bills Finance Corporation	100,000	20	99,980	None
Mega Bills	<u>30,000</u>	<u>20</u>	<u>29,980</u>	None
	<u>\$ 230,000</u>	<u>\$ 92</u>	<u>\$ 229,908</u>	

(3) The details for the Company's long-term loans are as follow:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Secured loan</u>		
E.SUN Commercial Bank	\$ 920,000	\$ 300,000
<u>Unsecured loan</u>		
Taiwan Cooperative Bank	160,000	100,000
Taishin International Bank	-	140,000
Mega International Commercial Bank	-	70,000
Shin Kong Bank	-	25,000
Chang Hwa Bank	-	20,000
Bank of Panhsin	-	12,500
Shanghai Commercial and Savings Bank	-	<u>12,500</u>
Subtotal	<u>1,080,000</u>	<u>680,000</u>
Subtract: listed as the part that is due within one year	<u>160,000</u>	<u>165,000</u>
Long-term loan	<u>\$ 920,000</u>	<u>\$ 515,000</u>

The interest rate range for the Company's loans is as follow:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Floating interest rate loans	1.51% ~ 1.57%	1.08% ~ 1.25%

(9) E.SUN Commercial Bank's secured loan: the first installment of the loan principal was repaid in August 2019. Every 6 months is 1 installment. The loan will be evenly amortized in 10 installments. As of December 31, 2021, the loan balance was NTD 300,000 thousands. The aforementioned loan has been fully repaid in advance in April 2022. The company signed a credit contract with E.SUN Commercial Bank in February 2022, with a total amount of NTD 800,000 thousands. The loan principal can be drawn in tranches starting from the date of signing and expires after two years. The loan principal had its first installment due in October 2022, with subsequent installments due every six months for a total of 10 installments. As of December 31, 2022, the loan balance was NTD 720,000 thousands. In addition, the Company signed another credit contract, allowing the loan principal to be used as revolving loan within the financing limit from the first draw date of the loan principal in October 2022 until 2025 before the maturity date. The longest period for each loan cannot exceed 1 year, and the amount drawn this time shall be settled on the maturity date for the loan principal, without the need for additional procedures for the principal's transfer in/out. As of December 31, 2022, the loan balance was NTD 200,000 thousands. The Company offered its plant and land in Dadu District, Taichung City as such line of credit's collateral.

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- (10) Taiwan Cooperative Bank's mid-term loan: the settlement of the amount employed this time reached the 24th month since March 2021, the draw date of the loan principal. The contract was extended in February 2022 and the settlement of the amount employed this time reached the 24th month since March 2022, the draw date of the loan principal. As of December 31, 2022 and 2021, the loan balance was respectively NTD 160,000 thousands and NTD 100,000 thousands.
- (11) Taishin International Bank's mid-term loan: according to contract regulations, the original loan principal can be used as revolving loan within the financing limit from the first draw date of the loan principal in June 2019 until 2021 before the maturity date. The Company has extended the contract to July 2023. The longest period for each loan cannot exceed 180 days, and the amount drawn this time shall be settled on the maturity date for the loan principal. However, the loan principal can be applied for revolved drawing according to contract regulations, and there is no need for additional procedures for the principal's transfer in/out. As of December 31, 2021, the loan balance was NTD 140,000 thousands. As of December 31, 2022, no funds were drawn.
- (12) Mega International Commercial Bank's mid-term loan: according to contract regulations, the original loan principal can be used as revolving loan within the financing limit from first draw date of the loan principal in March 2020 until July 2022 before the maturity date and there is no need for additional procedures for the principal's transfer in/out. The longest period for each loan cannot exceed 180 days, and the amount drawn this time shall be settled on the maturity date for the loan principal. As of December 31, 2021, the loan balance was NTD 70,000 thousands.
- (13) Shin Kong Bank's mid-term loan: according to contract regulations, the loan principal can be used as revolving loan within the financing limit from the first draw date of the loan principal in December 2021 until April 2024 before the maturity date and there is no need for additional procedures for the principal's transfer in/out. The longest period for each loan cannot exceed 180 days, and the amount drawn this time shall be settled on the maturity date for the loan principal. As of December 31, 2021, the loan balance was NTD 25,000 thousands. As of December 31, 2022, no funds were drawn.
- (14) Chang Hwa Bank's mid-term loan: since the first draw date of the loan principal in March 2019, every 6 months is 1 installment, and the loan will be evenly amortized in 6 installments. As of December 31, 2021, the loan balance was NTD 10,000 thousands. Another NTD 40,000 thousands was drawn in April 2020. The first installment of the loan principal was repaid in September 2020. Every 6 months is 1 installment. The loan will be evenly amortized in 4 installments. As of December 31, 2021, the loan balance was NTD 10,000 thousands.
- (15) Bank of Panhsin's mid-term loan: the first installment of loan principal was originally repaid in April 2020. Every 3 months is 1

installment. The loan will be evenly amortized in 8 installments. As of December 31, 2021, the loan balance was NTD 5,000 thousands. Another NTD 45,000 thousands was drawn in February 2020. The first installment of the loan principal was repaid in October 2020. Every 3 months is 1 installment. The loan will be evenly amortized in 6 installments. As of December 31, 2021, the loan balance was NTD 7,500 thousands.

- (16) Shanghai Commercial and Savings Bank's mid-term loan: the first installment of the loan principal was repaid in June 2020. Every 3 months is 1 installment. The loan will be evenly amortized in 8 installments. As of December 31, 2021, the loan balance was NTD 12,500 thousands.

XVII. Notes Payable and Accounts Payable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Notes payable</u>		
Incurred by business operations	<u>\$ 4,842</u>	<u>\$ 5,036</u>
<u>Accounts payable</u>		
Incurred by business operations	<u>\$ 321,652</u>	<u>\$ 325,404</u>

(1) Notes payable

The Company's notes payable are mainly notes issued for the payment of freight incurred by business operations.

(2) Accounts payable

The average credit period is 60 days. The Company's financial risk management policy ensures that all accounts payable are repaid within the prearranged credit period.

XVIII. Other Payables

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Salaries and bonuses payable	\$ 75,566	\$ 75,774
Freight payable	7,453	6,972
Import and export expenses payable	4,418	8,274
Equipment payable	3,864	13,441
Labor and health insurance payable	2,498	2,424
Interests payable	1,300	1,190
Other	<u>9,767</u>	<u>7,040</u>
	<u>\$ 104,866</u>	<u>\$ 115,115</u>

XIX. Welfare Benefit Plan after Retirement

(1) Defined allocation plan

The pension system in the "Labor Pension Act" that is applicable to the Company belongs to defined pension allocation plan under the government's management. 6% of the employee's monthly salary is allocated to the employee's Labor Insurance Bureau personal account as the employee's pension.

(2) Defined welfare benefit plan

The “Labor Standards Act” that the Company refers to in handling pension system belongs to defined welfare benefit pension plan under the government’s management. The payment of the employee’s pension is based on the employees’ years of service and the employee’s average salary of the 6 months prior to the approved retirement date. The Company allocates 8% of the employee’s monthly salary to his/her pension, and is submitted to the Supervisory Committee of Business Entities’ Labor Retirement Reserve to deposit into Bank of Taiwan’s imprest account in the name of the committee. Before the year ends, if the estimated imprest balance is insufficient to pay estimated employees that fulfill retirement conditions in the following year, the difference should be allocated at once before the end of March in the following year. Such imprest account is managed by the Bureau of Labor Funds, Ministry of Labor. The Company has no right in influencing its investment management strategies.

Amounts for defined benefit plan that are listed in the individual balance sheet are as follow:

	December 31, 2022	December 31, 2021
PV for defined benefit obligation	\$ 75,566	\$ 81,458
Planned assets fair value	(66,881)	(62,906)
Allocation insufficiency	<u>8,685</u>	<u>18,552</u>
Net defined benefit liabilities	<u>\$ 8,685</u>	<u>\$ 18,552</u>

Changes in net defined benefit liabilities are as follow:

	PV for defined benefit obligation	Planned assets fair value	Net defined benefit liabilities
Jan 1, 2021	<u>\$ 85,619</u>	(\$ 65,661)	<u>\$ 19,958</u>
Service cost			
Current service cost	721	-	721
Interest expenses (income)	<u>321</u>	(248)	<u>73</u>
Recognized as profit or loss	<u>1,042</u>	(248)	<u>794</u>
Remeasurements			
Gains on planned assets	-	(907)	(907)
Actuarial loss (profit)			
— Changes in demographic assumptions	1,455	-	1,455
— Changes in financial assumptions	(757)	-	(757)
— Experience adjustment	(889)	-	(889)
Recognized as other comprehensive income	(191)	(907)	(1,098)
Allocated by employer	<u>-</u>	(1,102)	(1,102)
Payment of benefits	(5,012)	<u>5,012</u>	<u>-</u>
December 31, 2021	<u>\$ 81,458</u>	(\$ 62,906)	<u>\$ 18,552</u>

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	PV for defined benefit obligation	Planned assets fair value	Net defined benefit liabilities
January 1, 2022	<u>\$ 81,458</u>	<u>(\$ 62,906)</u>	<u>\$ 18,552</u>
Service cost			
Current service cost	593	-	593
Interest expenses (income)	<u>407</u>	<u>(317)</u>	<u>90</u>
Recognized as profit or loss	<u>1,000</u>	<u>(317)</u>	<u>683</u>
Remeasurements			
Gains on planned assets	-	(5,096)	(5,096)
Actuarial loss (profit)			
— Changes in financial assumptions	(3,094)	-	(3,094)
— Experience adjustment	<u>(1,287)</u>	<u>-</u>	<u>(1,287)</u>
Recognized as other comprehensive income	<u>(4,381)</u>	<u>(5,096)</u>	<u>(9,477)</u>
Allocated by employer	<u>-</u>	<u>(1,073)</u>	<u>(1,073)</u>
Payment of benefits	<u>(2,511)</u>	<u>2,511</u>	<u>-</u>
December 31, 2022	<u>\$ 75,566</u>	<u>(\$ 66,881)</u>	<u>\$ 8,685</u>

The amounts recognized as profit or loss for the defined benefit plan are summarized according to their functions as follow:

	2022	2021
Operating costs	<u>\$ 84</u>	<u>\$ 117</u>
Promotion expense	198	231
Management expense	<u>401</u>	<u>446</u>
	<u>\$ 683</u>	<u>\$ 794</u>

The Company is exposed to the risks below owing to the pension system of the “Labor Standards Act”:

1. Investment risks: through methods of self-application or discretionary management, the Bureau of Labor Funds, Ministry of Labor invests labors’ pension funds in domestic and foreign equity securities, debt securities, and bank deposits, and other objects. However, the amount that can be distributed under the Company’s planned assets is the income that is calculated by not being lower than the local banks’ two-year time deposit rate.
2. Interest risks: the decrease of interest rates in government bonds/corporate bonds will result in the increase in the present value for defined benefit obligation. However, the debts of planned assets’ return on investments will increase accordingly, too. Both have partial offset effects on net defined benefit liabilities.
3. Salary risks: the calculation of the present value for defined benefit obligations refers to planned members’ future salary. Therefore, the increase in planned members’ salary will result in the increase in the present value for defined benefit obligations.

The Company's actuarial calculation for the PV for defined benefit obligations is performed by certified actuaries. The measurement date's major assumptions are as follow:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Discount rate	1.125%	0.500%
Salary's expected increase rate	2.500%	2.500%

If the major actuarial assumptions are respectively subjected to possible reasonable changes, under the circumstance that other assumptions remain unchanged, the amounts that will result in the increase (decrease) of the PV for defined benefit obligations are as follow:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Discount rate		
0.25% increase	(<u>\$ 1,179</u>)	(<u>\$ 1,503</u>)
0.25% decrease	<u>\$ 1,212</u>	<u>\$ 1,549</u>
Salary's expected increase rate		
0.25% increase	<u>\$ 1,175</u>	<u>\$ 1,493</u>
0.25% decrease	(<u>\$ 1,149</u>)	(<u>\$ 1,457</u>)

Since actuarial assumptions may be interrelated, it is unlikely for changes in single assumption only. Thus, the aforementioned sensitivity analysis may not reflect the situation of the changes in the present value for defined benefit obligations.

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Amount expected to be allocated within 1 year	<u>\$ 1,019</u>	<u>\$ 1,081</u>
Defined benefit obligation's average maturity period	6.3years	7.4 years

XX. Equity

(1) Share Capital

Common Stock

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Authorized number of shares (1000)	<u>300,000</u>	<u>300,000</u>
Authorized share capital	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>
Number of shares issued and fully collected (1000)	<u>218,703</u>	<u>218,703</u>
Issued share capital	<u>\$ 2,187,030</u>	<u>\$ 2,187,030</u>

The nominal amount per common share is NTD 10. Each share has one voting right and the right to receive dividends.

(2) Capital Reserves

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Can be used to compensate for losses, distribute cash, or share capitalization</u>		
<u>Issuance of premium</u>	\$ 121,015	\$ 121,015
<u>Can only be used to compensate for losses</u>		
<u>Shareholders' overdue unclaimed dividends</u>	<u>1,107</u>	<u>690</u>
	<u>\$ 122,122</u>	<u>\$ 121,705</u>

In the capital reserve, those that belong to the overage of the issuance of shares in excess of the par and the gifts of assets donated to the business can be used to compensate for losses. They can also be used to issue cash dividend or to capitalize share capital when the company breaks even. However, when capitalizing share capital, it is limited to a certain ratio of the actual received share capital each year.

(3) Reserved Earnings and Dividend Policies

According to the Company's bylaws regarding the regulations in the earnings distribution policy, if there are earnings in the final account, another 10% is withdrawn as earnings reserve after tax payments and the compensation for losses. The rest will be listed as or reversed to special earnings surplus according to regulations. If there is still balance, together with accumulated undistributed earnings, the board of directors will draft a proposal regarding the distribution of earnings, and submit it to the shareholders meeting for the decision of the distribution of shareholders' dividends and bonus. For policies regarding distribution of employees and directors' remunerations according to the clause in the Company's bylaws, please refer to note 22-3 "Employees' Remunerations and Directors' Remunerations."

The Company's policy regarding the distribution of dividends is based on the principle to maintain the soundness of the company's long-term financial structure and the growth and expansion of future operations, to distribute share dividends so as to retain the funds needed, and the rest can be distributed as cash dividends. However, cash dividends cannot be less than 10% of total dividends. If there is 0.1 NTD short of the distribution of cash dividend per share, then no cash dividend will be distributed.

Statutory earnings reserve should be allocated until its balance reaches the company's actual received total share capital. Statutory earnings reserve can be used to compensate losses. When the company has no loss, except for the part that the statutory earnings reserve exceeds 25% of the actual received total share capital can be used to allocate the share capital, it is still available to be distributed in cash.

The Company hosted the regular shareholders' meeting on June 23, 2022 and July 29, 2021, and respectively decided the approval of 2021 and 2020 earnings distribution proposal as follow:

	<u>Earnings Distribution Project</u>		<u>Dividend per Share (NTD)</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Pre-estimated statutory earnings surplus	\$ 45,357	\$ 37,828		
Cash dividend	349,925	306,184	\$ 1.60	\$ 1.40

(4) Special Earnings Surplus

Since it is the Company's first time using IFRSs and the increase in reserved earnings generated is insufficient for pre-estimation. Thus, the sole increase in reserved earnings generated by converse-using IFRSs NTD 200,454 thousands can pre-estimate special earnings surplus.

XXI. Income

	2022	2021
Customer contract income		
Goods sales income	\$11,449,004	\$ 9,550,336
Service revenue	820	-
	\$11,449,824	\$ 9,550,336

(1) Customer Contract Description

1. Goods Sales Income

Products such as oil, feeds, and raw materials, etc. are sold to wholesalers and retailers, and are sold according to the fixed price in the contract. The income amount is measured at received consideration or consideration receivable's fair value.

2. Service Revenue

Service revenue of the Company is derived from providing services such as unloading, weighing, and warehousing. The revenue amount is calculated based on a fixed unit price per processed ton, and the related revenue is recognized when the services are provided.

(2) Contract balance

	December 31, 2022	December 31, 2021	January 1, 2021
Notes receivable	\$ 222,984	\$ 215,064	\$ 131,111
Notes receivable – related parties	4,650	2,904	3,184
Accounts receivable	676,106	580,344	417,427
Accounts receivable – related parties	535,611	501,830	304,514
	\$ 1,439,351	\$ 1,300,142	\$ 856,236
Contractual liabilities (listed in other current liabilities)			
Selling of goods	\$ -	\$ 3,440	\$ -

Changes in contract liabilities are mainly from the difference between the time point of the fulfilment of performance obligations and the time point of customers' payments.

(3) Customer contracts that are not all complete yet	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Selling of products		
– Executed in 2022	\$ <u> -</u>	\$ <u> 3,440</u>

XXII. Net Profit

(1) Depreciation and Amortization

	<u>2022</u>	<u>2021</u>
Depreciation expenses		
summarized according to its functions		
Operating costs	\$ 44,237	\$ 14,198
Operating expenses	<u>15,401</u>	<u>15,159</u>
	<u>\$ 59,638</u>	<u>\$ 29,357</u>
Amortization expenses		
summarized according to its functions		
Operating costs	\$ 7	\$ 999
Operating expenses	<u>35</u>	<u>-</u>
	<u>\$ 42</u>	<u>\$ 999</u>

(2) Employees' benefit expenses

	<u>2022</u>	<u>2021</u>
Post-employment benefits		
Defined contribution plans	\$ 6,631	\$ 6,517
Defined benefit plans (note 19)	<u>683</u>	<u>794</u>
	7,314	7,311
Salary expenses	173,778	176,399
Labor and health insurance expenses	15,933	15,598
Directors' remunerations	11,171	12,992
Other employee benefits	<u>10,290</u>	<u>8,167</u>
	<u>\$ 218,486</u>	<u>\$ 220,467</u>
Summarized according to its functions		
Operating costs	\$ 64,842	\$ 59,381
Operating expenses	<u>153,644</u>	<u>161,086</u>
	<u>\$ 218,486</u>	<u>\$ 220,467</u>

(3) Employees' Remunerations and Directors' Remunerations

According to the clause in the Company's bylaws, the Company refers to the current year's pre-tax profit before deducting the distribution of employees' remunerations and directors' remunerations, and allocates respectively 2%-4% and not higher than 4% from employees' remuneration and directors' remuneration. The employees' remuneration and directors' remuneration for 2022 and 2021 were

decided by the board of directors on March 15, 2023 and March 25, 2022 respectively as follow:

<u>Estimated Percentage</u>	2022	2021
Employees' remunerations	2%	2%
Directors' remunerations	2%	2%

<u>Amount</u>	2022	2021
	Cash	Cash
Employees' remunerations	\$ 9,429	\$ 11,227
Directors' remunerations	9,429	11,227

If there are still changes in the amount after the annual individual financial statements' issuance date, it will be handled as changes in accounting estimates, and will be adjusted and entered into account in the following year.

There is no difference between the actual distributed amount for employees' remuneration and directors' remuneration for 2021 and 2020 and the individual financial statements' recognized amount for 2021 and 2020.

For information regarding the Company's employees' remuneration and directors' remuneration as decided by the board of directors, please search on the Taiwan Stock Exchange's Market Observation Post System.

(4) Other Earnings and Impairment Loss Net Value

	2022	2021
Disposal of gains on property, plant and equipment	<u>\$ 698</u>	<u>\$ 217</u>

The disposal of gains on property, plant and equipment in 2022 is the sum of the current year's disposal of profit NTD 479 thousands and recognized realized deferred income NTD 219 thousands. The disposal of gains on property, plant and equipment in 2021 is the sum of the current year's disposal of loss NTD 2 thousands and recognized realized deferred income NTD 219 thousands.

(5) Currency Exchange Profit (Loss)

	2022	2021
Total currency exchange profit	\$ 53,232	\$ 45,919
Total currency exchange loss	(11,472)	(21,642)
Net profit	<u>\$ 41,760</u>	<u>\$ 24,277</u>

(6) Interest Expense

	<u>2022</u>	<u>2021</u>
Bank loan interest	\$ 29,617	\$ 9,734
Lease liability interest	<u>1,587</u>	<u>1,213</u>
	<u>\$ 31,204</u>	<u>\$ 10,947</u>

Related information on interest capitalization is as follow:

	<u>2022</u>	<u>2021</u>
Interest capitalization amount	\$ 3,597	\$ 12,506
Interest capitalization rate	1.19%~1.21%	1.16%~1.19%

XXIII. Income Tax

(1) Income tax recognized as profit or loss

The main items of the income tax is as follow:

	<u>2022</u>	<u>2021</u>
Current income tax		
Generated in the current year	\$ 84,969	\$ 83,413
Adjustments made in the previous years	340	-
Deferred income tax		
Generated in the current year	(1,720)	<u>2,372</u>
Income tax expense recognized as profit or loss	<u>\$ 83,589</u>	<u>\$ 85,785</u>

The reconciling of accounting income and income tax expense is as follow:

	<u>2022</u>	<u>2021</u>
Net profit before tax	<u>\$ 452,583</u>	<u>\$ 538,897</u>
Income tax expense calculated based on statutory tax rate for net profit before tax	\$ 90,516	\$ 107,779
Tax-free income	(7,313)	(21,994)
Non-deductible impairment loss in taxes	46	-
Current income tax expenses in the previous years adjusted in the current year	<u>340</u>	<u>-</u>
Income tax expense recognized as profit or loss	<u>\$ 83,589</u>	<u>\$ 85,785</u>

(2) Current income tax liabilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current income tax liabilities		
Income tax payable	<u>\$ 43,178</u>	<u>\$ 46,269</u>

(3) Deferred income tax assets and liabilities

Changes in deferred income tax assets and liabilities are as follow:
2022

	BOY balance	Recognized as profit/loss	Year-end balance
<u>Deferred income tax assets</u>			
Temporary difference			
Loss on investment accounted for using equity method	\$ 10,245	(\$ 254)	\$ 9,991
Pension expense overrun	1,995	(78)	1,917
Loss on inventory price decline	173	1,373	1,546
Deferred income	409	(44)	365
Other	150	111	261
	<u>\$ 12,972</u>	<u>\$ 1,108</u>	<u>\$ 14,080</u>
<u>Deferred income tax liabilities</u>			
Temporary difference			
Land value increment tax	\$ 95,560	\$ -	\$ 95,560
Other	612	(612)	-
	<u>\$ 96,172</u>	<u>(\$ 612)</u>	<u>\$ 95,560</u>

2021

	BOY balance	Recognized as profit/loss	Year-end balance
<u>Deferred income tax assets</u>			
Temporary difference			
Loss on investment accounted for using equity method	\$ 11,467	(\$ 1,222)	\$ 10,245
Pension expense overrun	2,056	(61)	1,995
Deferred income	453	(44)	409
Loss on inventory price decline	39	134	173
Other	717	(567)	150
	<u>\$ 14,732</u>	<u>(\$ 1,760)</u>	<u>\$ 12,972</u>
<u>Deferred income tax liabilities</u>			
Temporary difference			
Land value increment tax	\$ 95,560	\$ -	\$ 95,560
Other	-	612	612
	<u>\$ 95,560</u>	<u>\$ 612</u>	<u>\$ 96,172</u>

(4) Income tax verification status

Regarding the Company's business income tax declaration, the declared cases as of before 2020 were authorized by tax collecting institutions.

XXIV. Earnings per Share (EPS)

Net profit and the number of shares of the common share's weighted average for the calculation of EPS is as follow:

Net profit

	<u>2022</u>	<u>2021</u>
Net profit used for the calculation of basic and diluted EPS	<u>\$ 368,994</u>	<u>\$ 453,112</u>

Number of Shares

	<u>2022</u>	Unit: 1000 shares <u>2021</u>
Number of shares of common share's weighted average used for the calculation of basic EPS	218,703	218,703
Impacts of potential common share with dilutive effect:		
Employees' remuneration	<u>207</u>	<u>270</u>
Number of shares of common share's weighted average used for the calculation of diluted EPS	<u>218,910</u>	<u>218,973</u>

If the Company can choose to distribute employees' remuneration by share or by cash, then when the Company calculates its diluted EPS, under the hypothesis that the employees' remuneration is distributed by share, the calculation of diluted EPS is to include the number of weighted average outstanding shares when such potential common share has dilutive effect. When calculating diluted EPS before deciding the number of shares distributed as the employees' remuneration in the following year, the Company still needs to consider such potential common share's dilutive effect.

XXV. Cash Flow Information

(1) Partial cash transaction

The partial cash transactional investments that the Company conducted in 2022 and 2021 are as follow:

	<u>2022</u>	<u>2021</u>
Partial cash paid to purchase property, plant and equipment		
Purchase of property, plant, and equipment	\$ 138,420	\$ 229,908
Net change in prepayment of equipment	128	(234)
Net change in equipment payable	<u>9,577</u>	<u>(1,602)</u>
Cash paid	<u>\$ 148,125</u>	<u>\$ 228,072</u>

(2) Changes in liabilities owing to financing activities

2022

	BOY balance	Cash flow	Non-cash changes			Year-end balance
			New lease liabilities	Reduced lease liabilities	Amortized interest expense	
Short-term loans	\$ 1,802,755	(\$ 121,093)	\$ -	\$ -	\$ -	\$ 1,681,662
Short-term notes payable	229,908	(230,000)	-	-	92	-
Long-term loans and long-term loans due within one year	680,000	400,000	-	-	-	1,080,000
Margin deposit	1,790	60	-	-	-	1,850
Lease liability	<u>142,929</u>	<u>(6,991)</u>	<u>15,705</u>	<u>-</u>	<u>-</u>	<u>151,643</u>
	<u>\$ 2,857,382</u>	<u>\$ 41,976</u>	<u>\$ 15,705</u>	<u>\$ -</u>	<u>\$ 92</u>	<u>\$ 2,915,155</u>

2021

	BOY balance	Cash flow	Non-cash changes			Year-end balance
			New lease liabilities	Reduced lease liabilities	Amortized interest expense	
Short-term loans	\$ 771,273	\$ 1,031,482	\$ -	\$ -	\$ -	\$ 1,802,755
Short-term notes payable	169,786	60,000	-	-	122	229,908
Long-term loans and long-term loans due within one year	935,000	(255,000)	-	-	-	680,000
Margin deposit	21	1,769	-	-	-	1,790
Lease liability	<u>64,033</u>	<u>(6,441)</u>	<u>85,337</u>	<u>-</u>	<u>-</u>	<u>142,929</u>
	<u>\$ 1,940,113</u>	<u>\$ 831,810</u>	<u>\$ 85,337</u>	<u>\$ -</u>	<u>\$ 122</u>	<u>\$ 2,857,382</u>

XXVI. Capital Risk Management

The Company conducts capital management so as to optimize its debts and equity balance in order to maximize shareholders' compensation under the circumstance that the Company is ensured to continue to operate.

XXVII. Financial Instrument

- (1) Information regarding fair value – financial instruments that are not measured at fair value

The Company's management level believes that the carrying amount for financial assets and financial liabilities that are not measured at fair value is close to its fair value, or that its fair value cannot be measured reliably.

- (2) Types of financial instruments

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets</u>		
Measured at amortized cost		
(note 1)	\$ 2,103,344	\$ 2,224,383
<u>Financial liabilities</u>		
Measured at amortized cost		
(note 2)	3,199,800	3,174,423

Note 1: the balance is financial assets that includes cash, financial instrument measured at amortized cost, notes receivable, notes receivable – related parties, accounts receivable, accounts receivable – related parties, other receivables, and other receivables – related parties, etc., measured at amortized cost.

Note 2: the balance is financial liabilities that include short-term loans, short-term notes payable, notes payable, accounts payable, accounts payable – related parties, partial other payables, and long-term loans (including parts due within one year), etc., measured at amortized cost.

(3) Purpose and policy for financial risk management

The Company’s major financial instruments include accounts receivable, accounts payable, loans, lease liabilities, etc. The Company’s financial management department supervises and manages financial risks related to the Company’s operation by referring to the degree and width of risks to analyze internal risk reports for risk exposures. Such risks include market risks (including exchange rate risks and interest rate risks), credit risks, and current risks.

1. Market risks

The main financial risks that the Company bears for operating activities are risks in foreign currency exchange rate changes and risks in interest rate changes.

The Company’s risk exposure related to financial instrument’s market risk and its management and measurement methods for such risk exposure did not change.

(1) Exchange rate risks

For the Company’s monetary assets and monetary liabilities’ carrying amount denominated as non-functional currencies on the date of balance sheet, please refer to note 31.

Sensitivity analysis

The Company is mainly influenced by the fluctuation in the exchange rate for US dollars.

The table below describes in detail of the Company’s sensitivity analysis when the exchange rate for NTD (functional currency) to each relevant currency increases or decreases 5%. 5% is the sensitivity percentage used when the Company internal reports the exchange rate risks to the main management level; it also represents the management level’s evaluation on foreign currency exchange rate’s reasonable range for possible changes. The table below shows when individual functional currency relatively appreciates by 5% to each relevant currency, the amount that will cause changes for net profit before tax. When NTD to each relative foreign currency depreciates by 5%, its impact on net profit before tax will be the same amount in reverse.

	US Dollar’s Impact	
	2022	2021
Decrease in net profit before tax	(\$ 1,136)	(\$ 12,190)

The amounts above mainly originates from the Company's bank deposit in US dollars that are still outstanding on the date of balance sheet and has not undergone cash flow hedges, and from accounts receivable.

(2) Interest rate risks

The Company's carrying amount for financial assets and liabilities impacted by interest rate risk exposures on the date of balance sheet is as follow:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Interest rate risk with fair value		
— Financial assets	\$ 29,600	\$ 138,678
— Financial liabilities	1,540,531	2,130,285
Interest rate risk with cash flow		
— Financial assets	615,025	614,177
— Financial liabilities	1,372,774	725,307

Sensitivity analysis

The sensitivity analysis below is determined by the interest rate risk exposure according to non-derivative instruments on the date of balance sheet. The Company internal uses 25 basis points increase/decrease rate of change when reporting the interest rate to the main management level. This also represents the management level's evaluation on the rate's reasonable range for possible changes.

If the interest rate increases/decreases by 25 basis points, under the circumstance that all other variables remain unchanged, the Company's net profit before tax for 2022 and 2021 relatively decreased/increased by NTD 1,894 thousands and NTD 278 thousands. This is mainly caused by the Company's risk exposures from variable interest rate bank demand deposit and loan risks.

2. Credit risks

Credit risks refer to the Company's risks in financial loss owing to the counterparty's delinquency in fulfilling contract obligations. As of the date of balance sheet, the Company may face greatest credit risk possibly because of financial loss owing to the counterparty's unfulfilled obligation, of which is mainly from the carrying amount for financial assets recognized in the individual balance sheet.

The policy that the Company adopts is to only make transactions with reputable targets, and the Company will obtain full collateral when necessary so as to reduce the risk of financial loss owing to delinquency.

The targets for accounts receivable encompass numerous customers, scattered in sales for oil and feeds. The Company does

not have any significant credit risk exposure against any single counterparty or any set counterparties with similar characteristics.

3. Current risks

The Company supports its operation and reduces the impact of cash flow fluctuation through management and through maintaining sufficient position of cash.

The Company's management level supervises the usage status of the bank's financing limit and ensures the fulfillment of the loan's contract clauses. As of December 31, 2022 and 2021, the Company's undrawn bank financing limit was respectively NTD 3,226,620 thousands and NTD 1,657,548 thousands.

The table below refers to the earliest possible repayment date requested upon the Company, and was prepared by the financial liability's undiscounted cash flow (including principal and estimated interest). Therefore, bank loans that may be required to be repaid immediately are listed within the earliest period on the table, without considering the probability of the bank immediately exercising this right. The maturity date analysis of other non-derivative financial liabilities was prepared based on the agreed repayment dates.

The undiscounted interest cash flows paid at a floating rate were derived based on the yield curve of the balance sheet date.

December 31, 2022

	On demand or less than 1 month	1-3 months	3 months-1 year	1-5 years	More than 5 years
Liabilities without interest	\$ 122,517	\$ 167,231	\$ 148,390	\$ -	\$ -
Lease liability	726	2,178	6,719	30,222	152,211
Floating interest rate instrument	7,447	166,434	300,123	946,645	-
Fixed interest rate instrument	534,556	112,298	749,911	-	-
	<u>\$ 665,246</u>	<u>\$ 448,141</u>	<u>\$ 1,205,143</u>	<u>\$ 976,867</u>	<u>\$ 152,211</u>

Advanced information regarding maturity date analysis for lease liabilities:

	Less than 1 year	1-5 years	5-10 years	10-15 years	15-20 years	More than 20 years
Lease liability	<u>\$ 9,623</u>	<u>\$ 30,222</u>	<u>\$ 18,495</u>	<u>\$ 18,495</u>	<u>\$ 18,495</u>	<u>\$ 96,726</u>

December 31, 2021

	On demand or less than 1 month	1-3 months	3 months-1 year	1-5 years	More than 5 years
Liabilities without interest	\$ 128,733	\$ 178,569	\$ 154,458	\$ -	\$ -
Lease liability	692	2,116	5,453	19,481	152,211
Floating interest rate instrument	18,707	110,872	80,728	515,000	-
Fixed interest rate instrument	758,909	787,013	441,434	-	-
	<u>\$ 907,041</u>	<u>\$ 1,078,570</u>	<u>\$ 682,073</u>	<u>\$ 534,481</u>	<u>\$ 152,211</u>

Advanced information regarding maturity date analysis for lease liabilities:

	Less than 1 year	1-5 years	5-10 years	10-15 years	15-20 years	More than 20 years
Lease liability	<u>\$ 8,261</u>	<u>\$ 19,481</u>	<u>\$ 18,495</u>	<u>\$ 18,495</u>	<u>\$ 18,495</u>	<u>\$ 96,726</u>

XXVIII. Related Parties' Transactions

(1) Related parties' names and relationships

Name of Related Parties	Relationship with the Company
Affiliated enterprises with significance Central Union Oil Corp.	Invested company denominated accounted for using equity method
Subsidiary companies TOP FOOD FU YOU AN KANG CHONG HSIANG INTERNATIONAL FORMOSA OIL PROCESSING (PANAMA) S.A.	The Company's subsidiary company The Company's subsidiary company The Company's subsidiary company The Company's subsidiary company
Other related parties Cheng Xin Investment Co., Ltd.	Its main shareholder is the Company's CEO's relative within first degree relationship
Morn Sun Feed Ltd.	The Company's juridical person director.

(2) Operating income

Items	Classification/Name of Related Parties	December 31, 2022	December 31, 2021
Sales income	Affiliated enterprises Central Union Oil Corp.	\$ 2,599,087	\$ 2,378,189
	Subsidiary companies	944,237	551,708
	Other related parties	<u>142,585</u>	<u>109,289</u>
		<u>\$ 3,685,909</u>	<u>\$ 3,039,186</u>
Service revenue	Affiliated enterprises	<u>\$ 80</u>	<u>\$ -</u>

The Company sells processed soy flour and exclusively selected soy beans to affiliated enterprises, and the denomination for the selling price is the market price subtracting the selling price that affiliated enterprises should bear. Providing unloading and weighing services for affiliated enterprises, with fees charged based on a fixed unit price per processed ton. The transaction conditions for subsidiary companies and other related parties were defined separately.

(3) Purchases

Classification/Name of Related Parties	2022	2021
Subsidiary companies	\$ 335,179	\$ 268,529
Affiliated enterprises	<u>158,749</u>	<u>347,209</u>
	<u>\$ 493,928</u>	<u>\$ 615,738</u>

The Company's purchasing transaction with related parties was defined on a separate basis.

(4) Processing expense

Classification/Name of Related

Parties	2022	2021
Affiliated enterprises		
Central Union Oil Corp.	<u>\$ 235,453</u>	<u>\$ 225,139</u>

Processing expenses are mainly the Company's entrusting of the affiliated enterprises to process and manufacture soybean oil, soy flour, exclusively selected soy beans, and shelled soy flour. As for the processing expense, it is denominated according to the entrusted processing contract agreed and signed by both parties. The contract price was decided on a separate basis.

(5) Lease Agreement

Operating lease rental

The Company offered workplaces as operating lease rentals to subsidiary company Chong Hsiang International Co., Ltd. and other related party Cheng Xin Investment Co., Ltd. The lease period is 5 years, and their rents and payment methods were decided separately.

Lease income is summarized as follow:

Classification/Name of Related

Parties	2022	2021
Affiliated enterprise		
Chong Hsiang International	36	36
Other related parties		
Cheng Xin Investment	<u>36</u>	<u>36</u>
	<u>\$ 72</u>	<u>\$ 72</u>

The total amount of lease payments to be collected in the future are summarized as follow:

Classification/Name of Related

Parties	December 31, 2022	December 31, 2021
Subsidiary company		
Chong Hsiang International	\$ 138	\$ 174
Other related parties		
Cheng Xin Investment	<u>108</u>	<u>144</u>
	<u>\$ 246</u>	<u>\$ 318</u>

(6) Other Income

Classification/Name of Related

Parties	2022	2021
Subsidiary company		
Top Food	\$ 7,311	\$ 5,586
Chong Hsiang International	<u>248</u>	<u>139</u>
	<u>\$ 7,559</u>	<u>\$ 5,725</u>

(7) Accounts Receivable from Related Parties

Items	Classification/Name of Related Parties	December 31, 2022	December 31, 2021
Accounts receivable – related parties	Affiliated enterprise		
	CENTRAL UNION OIL CORP. Subsidiary Company	\$ 343,114	\$ 351,471
	CHONG HSIANG INTERNATIONAL	175,291	138,068
	Other	2,402	1,563
	Other related parties	<u>14,804</u>	<u>10,728</u>
		<u>\$ 535,611</u>	<u>\$ 501,830</u>
Notes receivable – related parties	Subsidiary company	<u>\$ 4,650</u>	<u>\$ 2,904</u>
Other receivables – related parties	Affiliated enterprise	\$ 40	\$ -
	Subsidiary company		
	FORMOSA OIL PROCESSING (PANAMA) S.A.	-	150,330
	Other	<u>666</u>	<u>637</u>
		<u>\$ 706</u>	<u>\$ 150,967</u>

Subsidiary company – FORMOSA OIL PROCESSING (PANAMA) S.A had already passed the resolution for capital reduction in November 2020, and would return NTD 337,773 thousands to the Company. The aforementioned amount was received in February 2021. Another resolution for capital reduction had passed in December 2021, and the FORMOSA OIL PROCESSING (PANAMA) S.A would return NTD 150,330 thousands to the Company. The aforementioned amount was received in March 2022.

The Company did not receive pledge from related parties for outstanding accounts receivable. The accounts receivable from related parties for 2022 and 2021 were not listed as allowance loss.

(8) Accounts payable from related parties

Items	Classification/Name of Related Parties	December 31, 2022	December 31, 2021
Accounts payable – related parties	Subsidiary company		
	Top Food	\$ 75,088	\$ 64,717
	Affiliated enterprises		
	Central Union Oil Corp.	<u>7,256</u>	<u>27,262</u>
		<u>\$ 82,344</u>	<u>\$ 91,979</u>

The Company did not provide collateral to other related parties for the balance for outstanding accounts receivable.

(9) Endorsement and Guarantee Classification/Name of Related Parties	December 31, 2022	December 31, 2021
Subsidiary company		
Top Food		
Guarantee amount	\$ 3,280,000	\$ 2,915,600
Actual amount spent	\$ 1,946,887	\$ 1,791,551

The Company offered endorsement and guarantee for Top Food's financing from the bank.

(10) Other	Classification of Related Parties	2022	2021
Entertainment expense	Subsidiary company	\$ 3	\$ 2
Other expense	Affiliated enterprise	\$ 1,274	\$ 858

(11) Remunerations for Main Management Level

The total remunerations for directors and other main management levels for 2022 and 2021 are as follow:

	2022	2021
Short-term employees benefit	\$ 7,052	\$ 10,256
Post-employment benefit	243	299
	\$ 7,295	\$ 10,555

The directors' and other main management levels' remunerations were decided by the Remuneration Committee based on individual performance and market trends.

XXIX. Pledged Asset

The following assets had been provided as collaterals for bank loans:

	December 31, 2022	December 31, 2021
Property, plant and equipment	\$ 693,756	\$ 697,430
Limited deposit – bank deposit	-	96,705
	\$ 693,756	\$ 794,135

XXX. Significant Contingent Liabilities and Unrecognized Contractual Commitments

Except for those stated in other notes, the Company's significant commitments and contingencies on the date of balance sheet are as follow:

(1) Significant commitment

- As of December 31, 2022 and 2021, the amount of the Company's issuance of unused letters of credit due to the purchasing of raw materials was respectively NTD 999,052 thousands and NTD 620,988 thousands.

2. Unrecognized contractual commitments are as follow:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Purchase of property, plant, and equipment	<u>\$ 68,785</u>	<u>\$ 67,952</u>

(2) Contingencies

The Company purchased low cost oil as raw materials from Chang Chi Foodstuff Factory Co., Ltd. (hereafter referred to as Chang Chi Foodstuff), which resulted in the Company's compensation loss from oil recovery and possible related litigations. The Company filed for proceedings in a criminal case that brought a supplementary civil action against Chang Chi Foodstuff for compensation for damages in February 2014. The court convicted Chang Chi Foodstuff for offense of fraud in July 2014, and the Company should be jointly compensated with NTD 38,307 thousands. This case was appealed by Chang Chi Foodstuff, and was sent back by the Supreme Court for retrial. The Company won the lawsuit as judged by the court in November 2018. Chang Chi Foodstuff filed for appeal in January 2019. As of the date the board of directors approved this individual financial report, it was still under review by the court. The Company had not recognize such compensation gains yet.

XXXI. Foreign Currency Assets and Liability Information with Significant Impact

The information below is expressed in the Company's foreign currency aggregate apart from the Company's functional currency. The exchange rate disclosed refers to the exchange rate for such foreign currencies' conversion to functional currency. Foreign currency assets and liabilities with significant impact are as follow:

			Unit:
<u>December 31, 2022</u>	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>Foreign Currency thousands, NTD thousands Carrying Amount</u>
Foreign currency assets			
<u>Monetary items</u>			
US dollars	\$ 740	30.71 (USD:NTD)	\$ 22,725
<u>Non-monetary items</u>			
Subsidiary companies that adopt equity method			
US dollars	4,853	30.71 (USD:NTD)	149,047

December 31, 2021

	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>Carrying Amount</u>
Foreign currency assets			
<u>Monetary items</u>			
US dollars	\$ 8,810	27.68 (USD:NTD)	\$ 243,805
<u>Non-monetary items</u>			
Subsidiary companies that adopt equity method			
US dollars	5,244	27.68 (USD:NTD)	145,157

Unrealized foreign currency exchange profit (loss) with significant impact is as follow:

	<u>2022</u>		<u>2021</u>	
<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>Unrealized Net Exchange Profit (Loss)</u>	<u>Exchange Rate</u>	<u>Unrealized Net Exchange Profit (Loss)</u>
US dollars	30.71 (USD:NTD)	<u>(\$ 3,487)</u>	27.68 (USD:NTD)	<u>(\$ 7,048)</u>

XXXII. Noted Disclosures

Related information on (1) Significant transactions and (2) reinvestment business:

1. Loan funds to others: none.
2. Offer endorsement and guarantee for others: Schedule 1
3. Final holding of marketable securities status (not including investments in subsidiary companies and affiliated enterprises): none.
4. Accumulated purchasing or selling of the same marketable securities' amount reaches NTD 300 million or more than 20% of the actual received capital: none.
5. The amount for obtained property reaches NTD 300 million or more than 20% of the actual capital received: none.
6. Disposal of the amount for obtained property reaches NTD 300 million or more than 20% of the actual received capital: none.
7. The amount for purchasing or selling or stocks with related parties reaches NTD 100 million or more than 20% of the actual received capital: Schedule 2.
8. Accounts receivable from related parties reach NTD 100 million or more than 20% of the actual received capital: Schedule 3.
9. Transaction of derivative products: none.
10. Information on invested companies: Schedule 4.

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- (3) Information on Investment in China:
1. Name of invested companies in China, main operating items, actual received capital, investment methods, status of outward/inward remittance of funds, final investment carrying value, repatriated investment gains, and investment amount limit in Mainland China: Schedule 5.
 2. The following significant transactions, and their prices, payment conditions, and unrealized profit or losses that occurred directly or indirectly from the third region with the invested companies in China:
 - (1) Purchasing amount and its percentage, and related accounts payable's final balance and its percentage: none.
 - (2) Selling amount and its percentage, and related accounts receivable's final balance and its percentage: none.
 - (3) Property transaction amount and its generated profit and loss amount: none.
 - (4) Endorsement and guarantee for notes or the final balance and purpose for providing collaterals: none.
 - (5) The highest balance, final balance, interest rate range, and total current interest for the accommodation of funds: none.
 - (6) Other transactions that cause significant impacts on the current year's profit and loss status or financial status, such as the providing or the receiving of services, etc.: none.
 - (4) Main information on shareholders: name of shareholders whose equity ratio reaches more than 5%, shareholding amount, and pro rata: Schedule 6.

Formosa Oilseed Processing Co., Ltd.
Endorsement and Guarantee for Others
January 1 to December 31, 2022

Schedule 1

Unit: NTD thousands

Code	Name of Endorsement and Guarantee Company	Endorsed and Guaranteed Target		Endorsement and Guarantee Limit for Single Enterprise (note 2)	Maximum Endorsement and Guarantee Balance for the Current Period	Final Endorsement and Guarantee Balance	Actual Drawn Amount	Endorsement and Guarantee Amount Guaranteed by Property	Ratio of Accumulated Endorsement and Guarantee Amount to the Net Value of the Latest Financial Statement (%)	Maximum Limit for Endorsement and Guarantee (note 2)	Belonging to Parent Company's Endorsement and Guarantee for Subsidiary Companies (note 3)	Belonging to Subsidiary Companies' Endorsement and Guarantee for Parent Company (note 3)	Belonging to Endorsement and Guarantee for Mainland China (note 3)	Notes
		Name of Company	Relationship (note 1)											
0	Formosa Oilseed Processing	Top Food	(2)	\$ 3,472,875	\$ 3,280,000	\$ 3,280,000	\$ 1,946,887	\$ -	94	\$ 4,167,450	Y	—	—	

Note 1: : the relationships between endorser and guarantee and endorsed and guaranteed targets are as follow:

- (1) Companies with business relationships.
- (2) Companies in which the company directly and indirectly holds more than 50% of voting shares.
- (3) Companies that directly and indirectly hold more than 50% of voting shares towards the company.
- (4) Between companies in which the company directly and indirectly holds more than 90% of voting shares.
- (5) Based on the needs of contract engineering, companies from the same industry or joint creators that mutually guarantee according to contractual clauses.
- (6) Companies endorsed and guaranteed by all shareholders according to their shareholding ratio owing to mutual investment relationships.
- (7) Inter-industries that refer to the Consumer Protection Act that regulates the contract bond with joint collateral for the contract for the selling of pre-sold homes.

Note 2: the Company's handling of the total amount for endorsement and guarantee is limited to not exceeding 120% of the net value of the Company's latest financial statement. As for the limit for the endorsement and guarantee for domestic single enterprises, the limit shall not exceed 100% of the net value of the Company's latest financial statement. The limit for the endorsement and guarantee of foreign single affiliated companies shall not exceed 40% of the net value of the parent company's latest financial statement. Subsidiary companies' handling of the total amount for endorsement and guarantee is limited to not exceeding 50% of the net value of the subsidiary companies' latest financial statement. As for the limit for subsidiary companies' endorsement and guarantee for single enterprises, it is limited to not exceeding 20% of the net value of subsidiary companies' latest financial statement. The limit for subsidiary companies' endorsement and guarantee for foreign single affiliated companies shall not exceed 30% of the net value of subsidiary companies' latest financial statement.

Note 3: those belonging to parent companies listed on the OTC's endorsement and guarantee for subsidiary companies, those belonging to subsidiary companies' endorsement and guarantee for parent companies listed on the OTC, and those belonging to endorsement and guarantee for Mainland China should fill out "Y" at the beginning.

Formosa Oilseed Processing Co., Ltd.

Purchasing or Selling Amount with Related Parties Reaches NTD 100 million or Actual Received Capital Is Above 20%

January 1 to December 31, 2022

Schedule 2

Unit: NTD thousands

Purchases (Sales) Company	Name of Counterparty	Relationship	Transaction Status				Statues and Reasons for Discrepancy in Transaction Conditions and General Transaction		Notes and Accounts Receivable (Payable)		Note
			Purchases (Sales)	Amount	Percentage of Total Purchases (Sales) (%)	Credit Period	Unit Price	Credit Period	Balance	Percentage of Total Notes and Accounts Receivable (Payable) (%)	
Formosa Oilseed Processing Co., Ltd.	Central Union Oil Corp.	Affiliated enterprise	Sales	\$ 2,599,087	23	45-60 days	Deduct of sales expense that should be borne by Central Union Oil Corp. according to market price	—	\$ 343,114	24	
			Purchases and processing expenses	394,202	4	30-45 days	—	—	(7,256)	2	
Formosa Oilseed Processing Co., Ltd.	Top Food	Subsidiary company	Purchases	335,179	3	30-45 days	—	—	(75,088)	18	
Top Food	Formosa Oilseed Processing Co., Ltd.	Parent company	Sales	335,179	9	30-45 days	—	—	75,088	10	
Formosa Oilseed Processing Co., Ltd.	Chong Hsiang International	Subsidiary company	Sales	916,800	8	30-45 days	—	—	175,291	12	
Chong Hsiang International	Formosa Oilseed Processing Co., Ltd.	Parent company	Purchases	916,800	100	30-45 days	—	—	(175,291)	100	
Formosa Oilseed Processing Co., Ltd	Morn Sun Feed Ltd.	Other related parties	Sales	142,585	1	30-45 days	—	—	14,804	1	

Formosa Oilseed Processing Co., Ltd.

Accounts Receivable from Related Parties Reaches NTD 100 million or Actual Received Capital Is Above 20%

December 31, 2022

Schedule 3

Unit: NTD thousands

Companies Listed for Accounts Receivable	Name of Transaction Targets	Relationship	Balance for Accounts Receivable from Related Parties	Turnover	Accounts Receivable from Related Parties Overdue		Accounts Receivable from Related Parties Final Recovered Amount	Loss on Pre-Estimated Allowance
					A m o u n t	Handling Method		
Formosa Oilseed Processing	Central Union Oil	Affiliated enterprise	\$ 343,114	7 (times)	\$ -	-	\$ 343,114	\$ -
Formosa Oilseed Processing	Chong Hsiang International	Subsidiary company	175,291	6 (times)	-	-	175,291	-

Formosa Oilseed Processing Co., Ltd.
Name, Location, and other Related Information about Invested Company
January 1 to December 31, 2022

Schedule 4

Unit: NTD thousands

Name of Investing Company	Name of Invested Company	Location	Main Operating Items	Original Invested Amount		Year-End Holdings			Invested Company's Current Year Profit (Loss)	Investment Profit (Loss) Recognized in the Current Year (note 1)	Note
				End of This Year	End of Last Year	No. of Shares (1000)	Percentage (%)	Carrying Amount			
FORMOSA OILSEED PROCESSING	TOP FOOD	TAICHUNG CITY	Manufacturing and selling of flour products	\$ 449,180	\$ 449,180	51,963	63	\$ 617,648	(\$ 29,051)	(\$ 18,189) (note 2)	Subsidiary company
	FORMOSA OIL PROCESSING (PANAMA) S. A.	PANAMA CITY, REPUBLIC OF PANAMA	General investment business	242,398	242,398	7	100	149,046	1,273	1,273	Subsidiary company
	FU YOU AN KANG	CHANG HUA COUNTY	Poultry breeding and wholesaling of agricultural products	25,908	25,908	2,591	51	18,787	(22,742)	(11,598)	Subsidiary company
	CHONG HSIANG INTERNATIONAL	TAICHUNG CITY	Wholesale trading of oil products	50,000	50,000	5,000	100	38,311	9,124	9,124	Subsidiary company
	CENTRAL UNION OIL	TAICHUNG CITY	Businesses regarding exclusive selection and rendering of soy beans	203,316	203,316	20,000	33	305,839	171,699	57,233	Affiliated enterprise

Note 1: calculated based on the accountant's auditing of the financial statement in the same period.

Note 2: recognized investment loss of NTD 18,348 thousands and added the unrealized benefits of countercurrent transactions of NTD 159 thousands.

Formosa Oilseed Processing Co., Ltd.
Investment Information in China
January 1 to December 31, 2022

Schedule 5

Unit: NTD thousands

Name of Invested Company in China	Main Operating Items	Actual Received Capital	Investment Method (note 1)	Accumulated Investment Amount Remitted Outward from Taiwan at BOY	Investment Amount Remitted Outward or Repossessed in the Current Year		Accumulated Investment Amount Remitted Outward from Taiwan at the End of the Year	Invested Company's Current Year Profit or Loss (note 3)	Shareholding Ratio of Parent Company's Direct or Indirect Investment	Investment Profit (Loss) Recognized in the Current Year (note 3)	Year-End Investment Carrying Amount (note 3)	Inward Remitted Investment Profit as of the Current Year	Note
					Outward Remittance	Repossession							
FORMOSA OILSEED PROCESSING (NINGBO)	Wholesale trading of oil products	\$ 77,260	(2) (note 2)	\$ 411,143	\$ -	\$ 151,782	\$ 259,361	\$ 1,308	100%	\$ 1,308	\$ 144,913	\$ 467,746	

Year-End Accumulated Investment Amount Remitted Outward from Taiwan to Mainland China	Investment Amount Approved by the Investment Commission, MOEA (note 4)	Investment Limit in Mainland China According to Regulations by the Investment Commission, MOEA (note 5)
\$ 259,361	\$ 259,361	\$ 2,083,858

Note 1: investment methods are categorized into three categories as follow, and it is acceptable to just mark the category:

- (1) Direct investment in Mainland China.
- (2) Reinvestment in China via companies from a third region.
- (3) Other methods.

Note 2: the investing company from the third region is FORMOSA OIL PROCESSING (PANAMA) S.A.

Note 3: recognized based on the financial statements of the parent company in Taiwan, audited by certified public accountants during the same period.

Note 4: the parent company was approved by the Investment Committee, MOEA (1999) with No. Investment-Review-II-88710679 and No. Investment-Review-II-88727883 on February 8, 1999 and October 13, 1999, and indirectly invested USD 4,910 thousands and USD 17,975 thousands in Mainland China. In addition, on April 21, 2021, the Investment Committee approved the deduction of USD11,349 thousands from the investment in Mainland China by No. Investment-Review-II-11000089220, and on May 6, 2022, the Investment Committee approved the deduction of USD5,430 thousands from the investment in Mainland China by No. Investment-Review-II-11100052850.

Note 5: calculated based on the limited amount regulated by the "Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China" ordered by the Investment Committee, MOEA in August 2008.

Formosa Oilseed Processing Co., Ltd.

Information on Major Shareholders

December 31, 2022

Schedule 6

Name of Major Shareholders	Shares	
	Number of Shares Held	Shareholding Percentage
Shin Tai Industry Co., Ltd.	24,286,939	11.10%
Qun Sheng Fa Co., Ltd.	21,314,000	9.74%
Cheng Xin Investment Co., Ltd.	20,843,659	9.53%
An Da Investment Co., Ltd.	20,712,194	9.47%
Guan, Yao Zhan	17,103,887	7.82%
Shin Fong Trading Co., Ltd.	15,952,867	7.29%

Note 1: the information on major shareholders in this table is based on the calculation made by the TDCC, of which the shareholders hold more than 5% of the company's common share that was completed by non-physical payments (including treasury shares) and special shares on the last business day of the quarter-end of the current quarter. The share capital and the actual number of shares completed by non-physical payments recorded in the Company's individual financial report may differ due to the difference in calculation basis.

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SIGNIFICANT ACCOUNTING ITEMS§**

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Formosa Oilseed Processing Co., Ltd.

Schedule for Cash

December 31, 2022

Table 1

Unit: NTD thousands

<u>Item</u>	<u>Balance</u>
Cash on hand and petty cash	\$ 148
Bank deposit	
Check deposit	29,600
Demand deposit (note)	<u>615,025</u>
	<u>\$ 644,773</u>

Note: this includes USD 14 thousands; the exchange rate is USD 1 = NTD 30.71.

Formosa Oilseed Processing Co., Ltd.
Schedule for Notes Receivable
December 31, 2022

Table 2

Unit: NTD thousands

Name of Customer	Balance
Guochang Livestock Farm	\$ 7,019
Dan Shin Enterprise Co., Ltd.	6,764
Huang, Qi-Cheng	6,659
Qiu, Shi-Chong	6,209
Kinda Commodities Company	5,436
Other (note)	<u>190,897</u>
Total	<u><u>\$ 222,984</u></u>

Note: the balance for each account did not reach 5% of the balance for this item.

Formosa Oilseed Processing Co., Ltd.

Schedule for Accounts Receivable

December 31, 2022

Table 3

Unit: NTD thousands

Name of Customers	Balance
You Mu Co., Ltd.	\$ 37,713
Wei Lih Food Industrial Co., Ltd.	37,677
Lian Hwa Foods Corporation	28,167
Taisun Enterprise Co., Ltd.	23,442
Presicarre Corporation	20,099
Other (note)	<u>529,539</u>
	676,637
Subtract: loss allowance	<u>531</u>
Net value	<u>\$ 676,106</u>

Note: the balance for each account did not reach 5% of the balance for this item.

Formosa Oilseed Processing Co., Ltd.
Schedule for Inventory
December 31, 2022

Table 4

Unit: NTD thousands

Item	Balance	
	Costs	Market Price (note)
In-transit inventory	\$ 710,779	\$ 767,712
Raw materials	408,546	420,014
Finished goods	172,862	177,986
Work in progress	73,868	79,388
Materials	7,192	7,192
Total	\$ 1,373,247	\$ 1,452,292

Note: NRV

Formosa Oilseed Processing Co., Ltd.
 Schedule for Investment Changes Accounted for Using Equity Method
 2022

Table 5

Unit: NTD thousands, unless stated otherwise

Invested Company	BOY Balance		Increase in Current Year		Decrease in Current Year		Gains on subsidiary companies and affiliated enterprises accounted for using equity method	Exchange difference after conversion in foreign operating institutions' financial statements	Share of subsidiary companies and affiliated enterprises' other comprehensive income, accounted for using equity method	(Un)realized profit	Year-End Balance			Equity Net Value		
	No. of Shares (1000)	Amount	No. of Shares (1000)	Amount	No. of Shares (1000)	Amount					No. of Shares (1000)	Shareholding %	Amount	Amount	Note	
	Investments accounted for using equity method															
TOP FOOD	51,963	\$ 687,580	-	\$ -	-	(\$ 51,962)	(\$ 18,189)	\$ -	\$ -	\$ 219	51,963	63	\$ 617,648	\$ 619,482	Notes 1 & 3	
FORMOSA OIL PROCESSING (PANAMA) S.A.	7	145,157	-	-	-	-	1,273	2,616	-	-	7	100	149,046	149,046	Note 3	
FU YOU AN KANG CORP.	2,591	30,436	-	-	-	-	(11,598)	-	-	(51)	2,591	51	18,787	18,877	Note 3	
ZHONG XIANG INTERNATIONAL CORP.	5,000	29,187	-	-	-	-	9,124	-	-	-	5,000	100	38,311	38,311	Note 3	
CENTRAL UNION OIL CORP.	20,000	284,271	-	-	-	(36,000)	57,233	-	510	(175)	20,000	33	305,839	306,724	Notes 2 & 3	
		<u>\$ 1,176,631</u>		<u>\$ -</u>		<u>(\$ 87,962)</u>	<u>\$ 37,843</u>	<u>\$ 2,616</u>	<u>\$ 510</u>	<u>(\$ 7)</u>			<u>\$ 1,129,631</u>	<u>\$ 1,132,440</u>		

Note 1: The decrease in current year is due to the allocation of Top Food's cash dividend.
 Note 2: The decrease in current year is due to the allocation of Central Union Oil's cash dividend.
 Note 3: It is calculated based on the invested company's audited financial statements and the Company's shareholding ratio.

Formosa Oilseed Processing Co., Ltd.
Schedule for Changes in ROU Assets

2022

Table 6

Unit: NTD thousands

	Land	Buildings	Transport equipment	Total
Cost				
January 1, 2022 balance	\$142,464	\$ 2,853	\$ 16,185	\$161,502
Current year addition	-	-	15,705	15,705
Current year disposal	(654)	-	(10,086)	(10,740)
December 31, 2022 balance	<u>141,810</u>	<u>2,853</u>	<u>21,804</u>	<u>166,467</u>
Accumulated depreciation				
January 1, 2022 balance	(9,605)	(1,369)	(9,416)	(20,390)
Depreciation expense	(3,054)	(456)	(4,490)	(8,000)
Current year disposal	654	-	10,086	10,740
December 31, 2022 balance	<u>(12,005)</u>	<u>(1,825)</u>	<u>(3,820)</u>	<u>(17,650)</u>
December 31, 2022 net amount	<u>\$129,805</u>	<u>\$ 1,028</u>	<u>\$ 17,984</u>	<u>\$148,817</u>

Formosa Oilseed Processing Co., Ltd.

Schedule for Short-Term Loans

December 31, 2022

Table 7

Type(s) of loan and creditors	Loan period	Year interest (%)	Balance	Amount financed	Pledge or collateral
Credit Loans					
Bank SinoPac, Fengyuan Branch	Nov.2022-Jan.2023	1.66	\$ 258,000	\$ 600,000	None
Cathay United Bank, Taichung Branch	Jul.2022-Mar.2023	1.30~1.71	242,904	255,000	None
Taiwan Cooperative Bank, Sinjhong Branch	Jun.2022-Jul.2023	1.50~1.55	200,000	300,000	None
Agricultural Bank of Taiwan Corporation, Taichung Branch	Oct.2022-Oct.2023	1.56	200,000	300,000	None
Taiwan Cooperative Bank, Songjiang Branch	Jul.2022-Sep.2023	1.55	195,000	500,000	None
Shanghai Commercial and Savings Bank, Chung Li Branch	Nov.2022-May.2023	1.68	118,484	150,000	None
Bank of Taiwan, Taichung Harbor Branch	Oct.2022-Jan.2023	1.55	78,000	180,000	None
First Commercial Bank, Nanmen Branch	Dec.2022-Jan.2023	1.79	34,000	130,000	None
Taiwan Business Bank, Shalu Branch	Nov.2022-May.2023	1.75	32,500	100,000	None
Mega International Commercial Bank, Taipei Fuxing Branch	Dec.2022-Feb.2023	1.98	<u>30,000</u>	<u>300,000</u>	None
			<u>1,388,888</u>	<u>2,815,000</u>	
Letter of Credit Loans					
Chang Hwa Bank Head Office	Dec.2022-Mar.2023	5.76	79,569	350,000	None
Hua Nan Commercial Bank, Ltd., Chuxu Branch	Dec.2022-Jun.2023	6.08	74,446	500,000	None
Taiwan Business Bank, Shalu Branch	Dec.2022-Feb.2023	6.12	47,411	100,000	None
Taiwan Cooperative Bank, Songjiang Branch	Dec.2022-Jun.2023	6.12	39,225	500,000	None
Mega International Commercial Bank, Taipei Fuxing Branch	Dec.2022-Feb.2023	5.41	34,363	300,000	None
Taichung Commercial Bank, West Taichung Branch	Dec.2022-Jun.2023	5.71	13,105	300,000	None
Taiwan Cooperative Bank, Sinjhong Branch	Dec.2022-Jan.2023	5.35	<u>4,655</u>	<u>300,000</u>	None
			<u>292,774</u>	<u>2,350,000</u>	
			<u>\$ 1,681,662</u>	<u>\$ 5,165,000</u>	

Formosa Oilseed Processing Co., Ltd.
Schedule for Notes Payable
December 31, 2022

Table 8

Unit: NTD thousands

Name of Suppliers	Balance
Guangan Transportation Co., Ltd.	\$ 759
Qingyi Motor Freight Co., Ltd.	595
Zhao, Wei-Hong	533
Dingyou Transportation Co., Ltd.	309
Dengshun Express Co., Ltd.	291
Lianyun Freight Co., Ltd.	261
Rijian Express Co., Ltd.	250
Liantong Motor Freight Co., Ltd.	247
Other (note)	<u>1,597</u>
	<u>\$ 4,842</u>

Note: the balance for each account did not reach 5% of the balance for this item.

Formosa Oilseed Processing Co., Ltd.

Schedule for Accounts Payable

December 31, 2022

Table 9

Unit: NTD thousands

Name of Suppliers	Balance
Taisun Enterprise Co., Ltd.	\$ 44,231
Lung Ming Green Energy Technology Engineering Co., Ltd.	27,504
Fure Shing Can Printing Mfg. Co.	12,050
Renjia Co., Ltd.	9,239
Ming She Industry Co., Ltd.	6,258
Other (note)	<u>222,370</u>
	<u>\$ 321,652</u>

Note: the balance for each account did not reach 5% of the balance for this item.

Formosa Oilseed Processing Co., Ltd.

Schedule for Long-Term Loans

December 31, 2022

Table 10

Unit: NTD thousands

Loan Creditor Banks	Credit Period	Repayment Methods	Year Interest (%)	Balance			Collateral
				Due within 1 year	Due over 1 year	Total	
E.SUN Commercial Bank	Apr 2022 – Apr 2027	The first installment was repaid in February 2022; every 6 months is 1 installment. The loan will be evenly amortized in 10 installments.	1.55	\$ 160,000	\$ 560,000	\$ 720,000	Property, plant and equipment
E.SUN Commercial Bank	Oct 2022 – Feb 2025	According to contract regulations, the loan principal can be used as revolving loan within the financing limit from the first draw date of the loan principal in October 2022 until 2025 before the maturity date.	1.57	-	200,000	200,000	Property, plant and equipment
Taiwan Cooperative Bank	Jun 2022 – Mar 2024	The settlement of the amount employed this time reached the 24 th month since March 2021. The contract was extended in February 2022 and the settlement of the amount employed this time reached the 24 th month since March 2022, the draw date of the loan principal.	1.51	-	160,000	160,000	None
Total				<u>\$ 160,000</u>	<u>\$ 920,000</u>	<u>\$ 1,080,000</u>	

Formosa Oilseed Processing Co., Ltd.

Schedule for Lease Liabilities

December 31, 2022

Table 11

Unit: NTD thousands

Title	Lease Period	Discount Rate	Year-End Balance	Note
Land	11/1/2017- 09/30/2068	1.08% ~ 1.38%	\$131,558	None
Buildings	4/1/2016- 3/31/2025	1.38%	1,055	None
Transport equipment	01/01/2019- 09/30/2027	1.08% ~ 1.57%	19,030	None
Subtract: those listed under current			<u>(7,925)</u>	
Lease liabilities – non- current			<u>\$143,718</u>	

Formosa Oilseed Processing Co., Ltd.
Schedule for Operating Income
2022

Table 12

Unit: NTD thousands

Item	Quantity (t)	Amount
Sales income		
Soybean oil, soy flour	239,904	\$ 7,150,641
Feeds	75,889	1,229,104
Corn, oatmeal	225,777	3,082,016
Subtotal		11,461,761
Subtract: sales returns and sales discount		12,757
Net value		11,449,004
Service revenue		
Unloading and weighing service		820
Subtotal		820
Total operating income		\$11,449,824

Formosa Oilseed Processing Co., Ltd.

Schedule for Operating Costs

2022

Table 13

Unit: NTD thousands

Item	Amount
Direct raw material	
BOY raw material and in-transit inventory	\$ 865,628
Plus (subtract):	
Current year incoming material	8,282,466
Selling of raw material	(2,588,930)
Year-end raw material and in-transit inventory	(1,126,517)
Direct raw material consumption	5,432,647
Direct labor	33,191
Manufacturing expense	400,517
Manufacturing costs	5,866,355
Plus (subtract):	
BOY work in progress	82,254
Purchased work in progress	145,270
Selling of work in progress	(124,689)
Year-end work in progress	(73,868)
Finished goods costs	5,895,322
Plus (subtract):	
BOY finished goods and products	219,659
Purchased finished goods and products	2,003,372
Rendering fee	(2,068)
Year-end finished goods and products	(172,862)
Production and marketing costs	7,943,423
Costs for selling of raw material	2,588,930
Costs for selling of work in progress	124,689
Service costs	432
Customs tax refund income	(4,980)
Operating costs	<u>\$10,652,494</u>

Formosa Oilseed Processing Co., Ltd.

Schedule for Operating Expenses

2022

Table 14

Unit: NTD thousands

	Promotion expense	Management expense	Research and development expense	Expected loss of credit impairment	Total
Salary	\$ 52,256	\$ 62,096	\$ 4,700	\$ -	\$119,052
Freight	89,398	85	63	-	89,546
export expenses	63,507	-	-	-	63,507
Depreciation	5,409	7,725	2,267	-	15,401
Directors' remuneration	-	11,171	-	-	11,171
Expected loss of credit impairment	-	-	-	317	317
Other (note)	<u>59,705</u>	<u>37,932</u>	<u>6,979</u>	<u>-</u>	<u>104,616</u>
	<u>\$270,275</u>	<u>\$119,009</u>	<u>\$ 14,009</u>	<u>\$ 317</u>	<u>\$403,610</u>

Note: the balance for each account did not reach 5% of the balance for this item.

Formosa Oilseed Processing Co., Ltd.
Functional Summary Statement for Employee Benefits, Depreciation, Amortized
Expenses
2022 and 2021

Table 15

Unit: NTD thousands

	2022			2021		
	Belonging to operating costs	Belonging to operating expenses	Total	Belonging to operating costs	Belonging to operating expenses	Total
Employee benefits expense						
Salary expense	\$ 54,726	\$ 119,052	\$ 173,778	\$ 50,399	\$ 126,000	\$ 176,399
Labor and health insurance expenses	5,501	10,432	15,933	4,938	10,660	15,598
Directors' remuneration	-	11,171	11,171	-	12,992	12,992
Pension expense	2,464	4,850	7,314	2,282	5,029	7,311
Other employee benefits expense	2,151	8,139	10,290	1,762	6,405	8,167
Depreciation expense	44,237	15,401	59,638	14,198	15,159	29,357
Amortized expense	7	35	42	999	-	999

Note 1: The Company's number of employees for 2022 and 2021 are respectively 240 and 237, of which the number of directors who are not part-time employees are 7 for both years.

- Note 2: (1) The average employee benefits expense for the current year is NTD 890 thousands ("Total employee benefits expense for the current year" - "Total directors' remuneration" / "Numbers of employees for the current year" - "Numbers of directors who are not part-time employees")
The average employee benefits expense for the previous year was NTD 902 thousands. ("Total employee benefits expense for the previous year" - "Total directors' remuneration" / "Numbers of employees for the previous year" - "Numbers of directors who are not part-time employees")
- (2) The average employee salary expense for the current year is NTD 746 thousands (total salary expense for the current year / "numbers of employees for the current year - directors who are not part-time employees").
The average employee salary expense for the previous year was NTD 767 thousands (total salary expense for the previous year / "numbers of employees for the previous year - directors who are not part-time employees").
- (3) The changes in average employee salary expense is 2% ("average employee salary expense for the current year - average employee salary expense for the previous year" / average employee salary expense for the previous year).
- (4) The Company did not establish supervisors' system, so there is no supervisors' remuneration.
- (5) The Company's salary and remuneration policies for directors, independent directors, managers, and employees are stated as follow:
- A. Remunerations for directors and independent directors: paid according to the "Directors, Supervisors, and Functional Committees' Remunerations Payment Plan" approved by the board of directors.

-
-
- a. The directors' remunerations are allocated according to the rules in the Company's by-laws. Independent directors do not take part in the allocation.
 - b. Attendance fees for attending board of directors' meetings.
 - c. Fixed amount of remunerations is paid to functional committee members every month.
- B. Remunerations for managers: salaries for high-level managers are approved by the board of directors. Variable remunerations are paid according to the "Regulations for Managing Year-End Bonus and Annual Allocation of Employee Remunerations."
- C. The employees are handled according to the Company's related rules governing practitioners' salary.
- D. The Company's Salary and Remunerations Committee evaluates on a regular basis, and sets salaries and remunerations for directors and managers.

VI. Facts Regarding the Company and Its Affiliated Enterprises
Which Have Developed Difficult Financial Standing in Recent
Year and the Period as of the Annual Report Date: None.

Seven. Review and analysis of financial status and Financial Performance, and the Risk Concern

I. Financial Position

Financial status review and analysis table

Unit: NT\$ thousand

Item \ Year	2022	2021	Difference	
			Increase (decrease) amount	Change ratio (%)
Current assets	5,482,615	5,263,532	219,083	4.16
Non-current assets	3,958,548	3,845,636	112,912	2.94
Total assets	9,441,163	9,109,168	331,995	3.64
Current liabilities	3,805,893	3,942,989	(137,096)	(3.48)
Non-current liabilities	1,782,896	1,293,735	489,161	37.81
Total liabilities	5,588,789	5,236,724	352,065	6.72
Equity	2,187,030	2,187,030	-	-
Capital reserve	122,122	121,705	417	0.34
Retained surplus	1,264,556	1,235,500	29,056	2.35
Other rights	(100,833)	(103,449)	2,616	(2.53)
Non-controlling interests	379,499	431,658	(52,159)	(12.08)
Total shareholders' equity	3,852,374	3,872,444	(20,070)	(0.52)
Description of major changes:				
1. Non-current liabilities: mainly due to the increase in long-term borrowings as working capital.				

II. Financial Performance

(I) Review and analysis table of business results

Unit: NT\$ thousand

Item \ Year	2022	2021	Increase (decrease) amount	Change ratio (%)
Net operating income	15,274,361	13,103,954	2,170,407	16.56
Operating cost	14,305,096	11,968,692	2,336,404	19.52
Original recognition of agricultural interest	31,452	21,838	9,614	44.02
(Un)realized sales income with associates	(175)	(32)	(143)	446.88
Operating margin	1,000,542	1,157,068	(156,526)	(13.53)
Operating expenses	638,921	626,286	12,635	2.02
Operating income	360,804	530,837	(170,033)	(32.03)
Non-operating income and expenses	60,923	65,708	(4,785)	(7.28)
Pre-tax income	421,727	596,545	(174,818)	(29.31)
Income tax expense	74,580	109,698	(35,118)	(32.01)
Net income	347,147	486,847	(139,700)	(28.69)
Other comprehensive income (net)	12,603	(4,555)	17,158	(376.68)
Total comprehensive income and loss	359,750	482,292	(122,542)	(25.41)

Description of major changes:

1. The original recognition of agricultural interest: mainly due to the increase in the number of eggs produced by Fu You An Kang Co., Ltd. in 2022.
2. (Un)realized sales income with associates: mainly due to the higher amount of unsold inventory sold by Formosa Oilseed Processing Co., Ltd. with associates during the period.
3. Operating income, pre-tax benefits, income tax expenses, net income: mainly due to the higher import cost of raw materials compared to last year, but the adjustment of sales price was less than the increase of cost, resulting in the decrease of operating income and net income and income tax expense.
4. Other comprehensive gains and losses (net): mainly due to the increase in conversion gains from the conversion of financial statements of foreign operating institutions due to changes in exchange rates.
5. Total comprehensive income: mainly due to the increase in operating costs in 2022.

(II) Expected sales volume in the coming year

Unit: mt

Main products	Estimated sales quantity
Grease products	243,320
Raw material products	227,149
Feed products	75,681
Flour products	239,482
Total	785,632

Note: The estimated sales volume of the main products is based on the actual sales volume in the most recent year and the industry profile as the main factors.

(III) Possible impact on the company's future financial business and corresponding plans:

There will be no significant impact on the company's future financial business.

III. Cash Flow Review and Analysis

(I) Analysis of change in cash flow in the current year:

Unit: NT\$ thousand

Cash, beginning of year	Net cash flow from operating activities	Net cash flow from investment activities	Net cash flow from financial activities	Effects of change in exchange rates	Cash surplus (deficit), end of year	Corrective measures to be taken in response to illiquidity	
						Investment plan	Financing plan
1,108,318	(537)	(100,843)	13,469	2,544	1,022,951	—	—

1. Operating activities: Net cash outflow was mainly due to the increase in inventories and accounts receivable, and income tax payments.
2. Investment activities: Net cash outflow was mainly due to the acquisition of plant and equipment.
3. Financing activities: Net cash inflow was mainly due to the increase in long-term and short-term bank loans.

- (II) Corrective measures to be taken in response to illiquidity: None.
 (III) Liquidity analysis for the coming year:

Unit: NT\$ thousand

Cash, beginning of year ①	Estimated net cash flow from operating activities ②	Estimated cash outflow ③	Estimated cash surplus (deficit), end of year ① + ② - ③	Corrective measures to be taken in response to illiquidity	
				Investment plan	Financing plan
1,022,951	366,469	(343,691)	1,045,729	—	—

Note: Estimated annual cash outflows include net cash inflows (outflows) from investment activities and financing activities.

1. Operating activities: The Company expects stable operating scale and profitability, with a net cash inflow from operating activities for the coming year.
2. Investment activities: It is expected that there will be expenses for the purchase of equipment and maintenance of factory in the coming year, will result in a net cash outflow from investing activities for the year.
3. Financing activities: It is expected that repayment of bank loans and distribution of cash dividends in the coming year, will result in a net cash outflow from financing activities for the year.

IV. Effect upon Financial Operations of Any Major Capital Expenditures during the Most Recent Fiscal Year: None

V. The Re-investment Policy of the Current Year and Investment Plan within One Year Ahead:

The Company's reinvestment policy is to meet the needs of the Company's development. It mainly invests in the upstream and downstream industries of the food industry. The Company's net investment income recognized by the equity method was NT\$37,843 thousand in 2022, which was mainly due to the profits generated from the Company's reinvestment in CENTRAL UNION OIL CORP.

VI. Analysis and Assessment on Risks

- (1) The impact of recent annual interest rate, exchange rate changes, and inflation on the company's profits and losses and future countermeasures:

In recent years, market interest rates have continued to remain low. In 2022, net interest expenses (interest expenses minus interest income) accounted for 0.34% of net operating income, while net exchange benefits accounted for only 0.34% of net operating income. Therefore, changes in interest rates and exchange rates are negligible. The company is a food manufacturing industry and is less affected by inflation.

- (2) The policies, main reasons for profit or loss, future countermeasures for engaging in high-risk, high-leverage investments, fund loans to others, endorsements, and derivative commodity transactions in the most recent years:

The company has not engaged in high-risk and high-leverage investment and derivative commodity trading activities in the most recent year.

The company only endorses the reinvestment business that is Taiwan Food Co., Ltd. The balance for the most recent year is NTD 3,280,000,000, accounting for 94% of the net value of the financial statements. The company's endorsement guarantee limit for a single enterprise is NTD 3,472,875,000.

- (3) The latest annual R&D plan, the current progress of the unfinished R&D plan, the R&D expenses that need to be invested, the estimated time to complete the mass production, and the main factors affecting the success of the R&D in the future:
None.

- (4) The impact of major domestic and foreign policy and legal changes in the most recent year on the company's financial business and corresponding measures:
None.

- (5) The impact of technological changes and industrial changes on the company's financial business and corresponding measures:

In response to the risk of information security threats, the Company has formulated relevant measures and operating rules for information security management, established a complete network and computer security protection system, taken measures to protect information equipment, services, data security and compliance with laws and regulations, and ensured the smooth operation of the Company, improving the Company's operational efficiency and competitiveness, and effectively controlling and maintaining the function of enterprise service operations. In addition, in order to establish the information security awareness of all colleagues, information security education and training and promotion are regularly held every year according to risk factors, so as to establish employees' information security awareness and reduce the Company's information security risks.

- (6) The impact of corporate image change on corporate crisis management and corresponding measures: None.

- (7) Expected benefits, possible risks and countermeasures of mergers and acquisitions: None.

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-
- (8) Expected benefits, possible risks and corresponding measures of the expansion of the plant:

Due to the rising awareness of food safety, in order to provide consumers with higher quality products, the Company built a refined edible oil and grease factory in Taichung Port in 2019 by leasing land for a commissioned construction project, which can improve the quality and production capacity of the products. The factory has officially started mass production in 2022 and is expected to have a daily refined oil and grease production capacity of 200 metric tons.

- (9) Risks faced by purchase or sales concentration and corresponding measures: None.

- (10) Directors, supervisors, or major shareholders holding more than 10% of the shares, the impact or risk of a large number of transfers or replacement of equity on the company, and corresponding measures: None.

- (11) The impact, risks and corresponding measures of the change in operating rights on the company: None.

- (12) Litigation or non-litigation events:

The company purchased low-priced oil products from CHANG CHI FOODSTUFF FACTORY CO., LTD. (hereinafter referred to as CHANG CHI CORP) as raw materials, resulting in the Company's violation of the Food Sanitation Management Law. In February 2014, CHANG CHI CORP was sued in criminal proceedings and filed a civil lawsuit, claiming damages. The court ruled that CHANG CHI CORP was convicted of fraud in July 2014, and should compensate the company for NT\$38,307 thousands. The case was appealed by CHANG CHI CORP, and was remanded by the Supreme Court. The court ruled in favor of the Company in November 2018. CHANG CHI CORP filed an appeal in January 2019. As of the publication date of the annual report, the case was still under trial by the court, and the Company had not recognized gains from compensation.

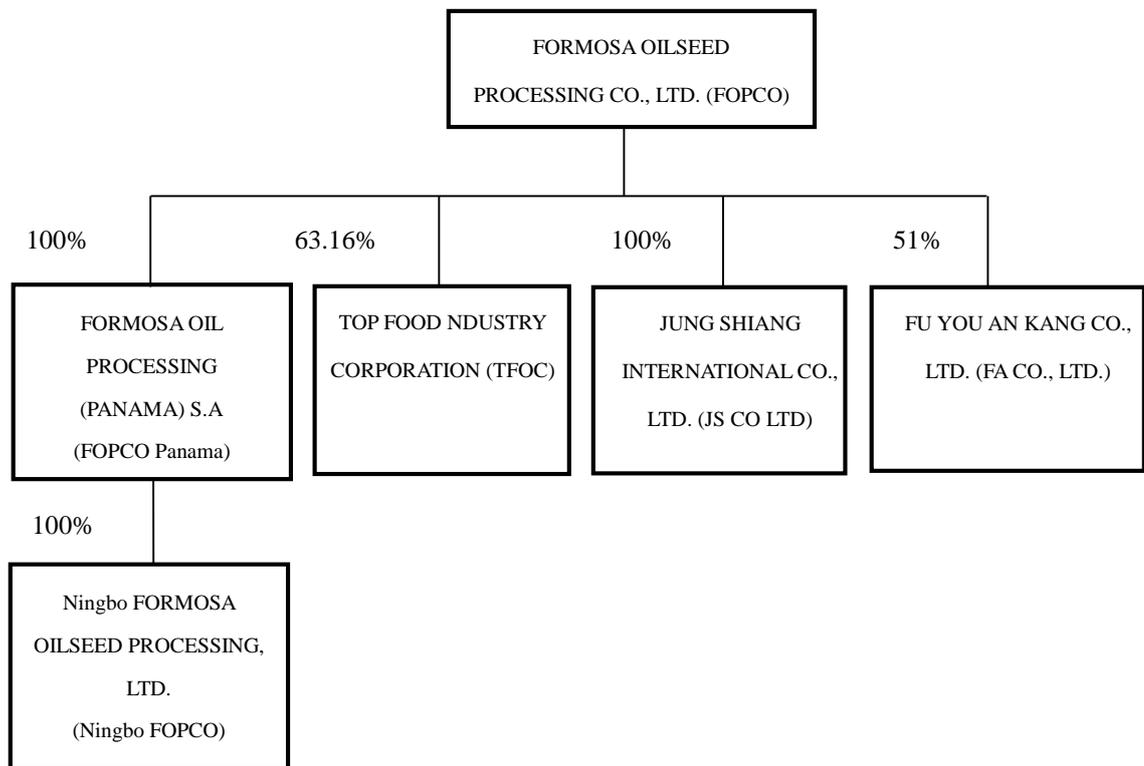
- (13) Other important risks and corresponding measures: None.

VII. Other Important Matters: None.

Eight. Other Items Deserving Special Mention

I. Information Related to the Company's Affiliates: Consolidated Business Report of Affiliated Enterprises (2022)

(I) Organization Chart of Affiliated Enterprises



Summary description of affiliate enterprise organizations

1. History of each affiliated company

FORMOSA OILSEED PROCESSING CO., LTD. (controlling company) was established in 1986, and its stocks have been listed on the Taiwan Stock Exchange since September 1993. The company deals with the manufacture and sale of soybean oil (salad oil), soybean flour, flour, cereals, corn, feed, livestock products, and import and export trade business. Since October 1996, the subsidiary company TOP FOOD INDUSTRY CORPORATION Ltd. has started to operate, mainly engaged in the production and sales of flour. Therefore the controlling company has temporarily ceased the flour production business.

FORMOSA OIL PROCESSING (PANAMA) S.A (subsidiary company and controlling company holding 100% shares) was established in Panama in 1997 to specialize in the investment holding business.

TOP FOOD INDUSTRY CORPORATION Ltd. (subsidiary company, controlling company holding 63.16%) was established in 1993. After the establishment of the company, it officially started operations in October 2007, and is mainly engaged in the production and sales of flour, agricultural products and feed.

JUNG SHIANG INTERNATIONAL CO., LTD. (formerly known as Yuanhe Catering Company) (subsidiary company and controlling company holding 100% shares) was established in October 2011, and officially started operations (operating catering business) in June 2012. The company then ventured into marketing in 2018. The company is mainly engaged in the wholesale trading of edible oils and fats.

Ningbo FORMOSA OILSEED PROCESSING, LTD. (FOPCO Panama' Co Ltd. holds 100% shares) was reinvested in mainland China by FOPCO Panama' Co Ltd. in 1999. It is mainly engaged in the processing, sales and wholesale buying and selling of soybeans, rapeseed oil, oilseeds and their by-products. Since the land use rights and factory buildings were expropriated by the local government, since July, 2015 the processing and sales business is not being operated for the time being, but is only engaged in the wholesale trading business.

FU YOU AN KANG CO., LTD (a subsidiary company and controlling company holding 51% of its shares) was acquired by FORMOSA OILSEED PROCESSING CO., LTD in February 2016 for cash, mainly for the expansion of poultry breeding and agricultural product wholesale business.

2. The relationship between the holding company of affiliated enterprises and the affiliated company:

Company Name	Controlling (subsidiary) company	Control (affiliates) relationship	The business of the affiliated enterprises and its division of labor
FORMOSA OIL PROCESSING Co., Ltd	Controlling Company	Shareholding control	Manufacture and sales of soybean oil (salad oil), soybean meal, flour, oatmeal, corn, feed, animal products and import and export trade business.
FORMOSA OIL PROCESSING (PANAMA)S.A	Subsidiary company	Shareholding control	General investment business.
Ningbo FORMOSA OIL PROCESSING, Ltd	Subsidiary company	Shareholding control	Soybean and rapeseed oil, oilseeds and their by-products processing sales and wholesale trading business.
TOP FOOD INDUSTRY CORPORATION	Subsidiary company	Shareholding control	Production and marketing of flour, agricultural products and feed.
JUNG SHIANG INTERNATIONAL CO., LTD.	Subsidiary company	Shareholding control	Edible fats and oils wholesale trading business.
FU YOU AN KANG CO., LTD.	Subsidiary company	Shareholding control	Poultry breeding and agricultural products wholesale business.

3. In accordance with the "Consolidated Business Report of Affiliated Enterprises", the matters that the company should disclose are as follows:

- (1) Basic information of each affiliated company: refer to attached table 1.
- (2) Information on shareholders presumed to have the same control and affiliation:
None.
- (3) Information on directors, supervisors and general managers of each affiliated company: refer to Appendix 2.
- (4) Overview of the operation of each affiliated company: refer to Appendix III.

Addendum 1

**FORMOSA OILSEED PROCESSING CO., LTD. And
Its Affiliated Companies
Overview of operations of Affiliated Enterprises
2022**

Unit : NTD ; USD

Company Name	Date of establishment	Address	Paid-in Capital	Main business or production items
FORMOSA OIL PROCESSING Co., Ltd	1986.04.18	No. 453, Section 1, Shatian Road, Dadu District, Taichung City	NT\$ 2,187,030,000	Manufacture and sale of soybean oil (salad oil), soybean meal, flour, oatmeal, corn, feed, animal products and import and export trade.
FORMOSA OIL PROCESSING (PANAMA)S.A	1997.10.27	PANAMA MARITIME BUILDING EAST 78 STREET, HOUSE NO.30. SAN FRANCISCO. PANAMA CITY, REPUBLIC OF PANAMA	US\$ 6,363,000	General investment business.
Ningbo FORMOSA OIL PROCESSING , Ltd	1993.12.15	Room 809, Building A3, R&D Park, Lane 587, Juxian Road, Ningbo High-tech Zone, Zhejiang Province	US\$ 1,450,000	Production and sales of soybeans, rapeseed oil and oilseeds.
TOP FOOD INDUSTRY CORPORATION	2004.02.23	No. 35, Beidi Road, Haibinli, Qingshui District, Taichung City	NT\$ 822,749,000	Production and marketing of flour, agricultural products and feed.
JUNG SHIANG INTERNATIONAL CO., LTD.	2011.10.26	No. 453, Section 1, Shatian Road, Dadu District, Taichung City	NT\$ 50,000,000	Edible fats and oils wholesale trading business.
FU YOU AN KANG CO., LTD.	2015.11.11	No.565, Minbao Alley, g, Erlin Township, Changhua County	NT\$ 50,800,000	Poultry breeding and agricultural products wholesale business.

Addendum2

FORMOSA OILSEED PROCESSING CO., LTD. And
Its Affiliated Companies
Overview of operations of Affiliated Enterprises
May 1, 2023

Unit : NT\$ thousand ; Share ; %

Company Name	Job Title	Name or Representative	Shares Holding	
			Shares	Shareholding Ration
FORMOSA OILSEED PROCESSING CO., LTD.	Chairman	Jin Sheng Investment Ltd. legal representative : Shu Yi-Cheun	2,177,419	1.00
	Vice Chairman	An-He Investment and Holding Co., Ltd. legal representative: Wu Hsing-Cheng	215,000	0.10
	Director	Tai Sheng Ocean Development Co., Ltd. legal representative: Cheng Yi-Chia	2,798,619	1.28
	Director	Shin Fong Trading Co., Ltd. legal representative: Cheng Chao- Heng	15,952,867	7.29
	Director	Morn Sun Feed Mill Corp. legal representative: Wu Ching-Teh	5,169,889	2.36
	Director	Shin Tai Industry Co., Ltd. legal representative: Yeh Tzu-Ling	24,828,939	11.35
	Independent director	Lu Hsin-Hwa	-	-
	Independent director	Wang Shang-Ren	-	-
	Independent director	Lien Ren-Lung	-	-
	General manager	Shu Yi-Cheun	1,559,865	0.71
FORMOSA OIL ROCESSING (PANAMA) S.A.	Chairman and General Manager	FORMOSA OILSEED PROCESSING CO., LTD. legal representative: Sheu Jong-Ming	Note1	Note1
	Director	Lin Yueh-Ting, Shu Yi-Cheun		
Ningbo FORMOSA OILSEED PROCESSING, LTD.	Chairman	FORMOSA OIL PROCESSING (PANAMA) S.A. delegation: Lin Xinyao	Note2	Note2
	Director and General Manager	Chen Borong		
	Director	Sheu Jong-Ming, Shu Yi-Cheun, Chang Chih-Pin		
	Supervisor	Kuo Chung-Yi		
TOP FOOD INDUSTRY CORPORATION (Note 3)	Chairman	FORMOSA OILSEED PROCESSING CO., LTD. legal representative: Shu Yi-Cheun	51,963,117	63.16
	Director	Sheu Jong-Ming, Wu Hsing-Cheng	30,311,819	36.84
	Director	MORN SUN FEED MILL CORP. legal rep Wu Ching-The, Ye Ming-Ciou		
	Supervisor	Zheng Wen-rong	-	-
	Supervisor	Huang Yun-hui	-	-
	Chief Executive Officer	Lin Xin-yao	-	-
JUNG SHIANG INTERNATIONAL CO., LTD.	Chairman and General Manager	FORMOSA OILSEED PROCESSING CO., LTD. legal representative: Shu Yi-Cheun	5,000,000	100
	Director	Sheu Jong-Ming, Lin Yueh-Tin		
	Supervisor	Lee Chien-Yi		
FU YOU AN KANG CO., LTD (Note 3)	Chairman	FORMOSA OILSEED PROCESSING CO., LTD. legal representative: Shu Yi-Cheun	2,590,800	51

Company Name	Job Title	Name or Representative	Shares Holding	
			Shares	Shareholding Ration
	Director	Hsu Wen-Tung, Yeh Wen-lung		
	Director	Xu Ming-fa	889,200	17.50
	Director and General Manager	Xu Hong-li	858,000	16.89
	Supervisor	Xu Zhi-hong	742,000	14.61
	Supervisor	Hsieh Chiang-Ling	-	-

Note 1: The capital contribution is US\$6,363,000, and the capital contribution ratio is 100%.

Note 2: The capital contribution is US\$1,450,000, and the capital contribution ratio is 100%.

Note 3: The information provided is as of 2023.05.25.

Addendum 3

FORMOSA OILSEED PROCESSING CO., LTD. And Its Affiliated Companies Overview of operations of Affiliated Enterprises 2022

Unit: Except for net profit per share
In addition to the NT dollar, the
remaining is NT\$ thousand

Company Name	Capital	Total assets	Total liabilities	Net worth	Operating revenues	Operating income (loss)	Current(los s) Income (after tax)	Net profit per share (after tax)
FORMOSA OILSEED PROCESSING CO., LTD.	2,187,030	7,050,509	3,577,634	3,472,875	11,449,824	394,192	368,994	1.69
FOPCO Panama	195,416	149,047	—	149,047	—	(78)	1,273	—
Ningbo FORMOSA OILSEED PROCESSING, LTD.	77,260	161,088	16,175	144,913	412,437	(67)	1,308	—
TOP FOOD INDUSTRY CORPORATION	822,749	3,007,008	2,026,160	980,847	3,660,735	(20,503)	(29,051)	(0.35)
JUNG SHIANG INTERNATIONAL CO., LTD	50,000	220,261	181,950	38,311	949,902	8,929	9,124	1.82
FU YOU AN KANG CO., LTD	50,800	81,976	44,967	37,010	80,880	(22,111)	(22,742)	(4.48)

Note: US\$1= NT\$30.71 conversion.

(II) Consolidated financial statements of affiliate enterprises: (Same as the previous disclosure of consolidated financial statements of parent and subsidiary companies)

DECLARATION

The company's 2022 (from January 1 to December 31, 2022) shall be included in the preparation of the consolidated financial statement. The International Financial Reporting Standard No. 10 should be included in the preparation of the consolidated financial statements of the parent and subsidiary companies. The companies that should be included in the preparation of the consolidated financial statements of the parent and subsidiary companies are all the same, and the relevant information that should be disclosed in the consolidated financial statements of the related companies has been disclosed in the consolidated financial statements of the parent and subsidiary companies. Business consolidated financial statements are no longer prepared separately.

Hereby declared

Company Name : FORMOSA OILSEED PROCESSING CO., LTD.

Principal : Shu Yi-Cheun



March 15, 2023

(III) Relationship report: None.

II. Private Placement of Securities Carried Out by the Company during the Most Recent Fiscal Year or during the Current Fiscal Year up to the Date of Printing of the Annual Report: None.

III. Holding or Disposal of Shares in this Company by the Company's Subsidiaries during the Most Recent Fiscal Year or during the Current Fiscal Year up to the Date of Printing of the Annual Report: None.

IV. Other Matters That Require Additional Description: None.

V. Any of the Situations Listed in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act, which Might Materially Affect Shareholders' Equity or the Price of the Company's Securities; Has Occurred during the Most Recent Fiscal Year or during the Current Fiscal Year up to the Date of Printing of the Annual Report: None.

FORMOSA OILSEED PROCESSING CO., LTD.



Chairman: JIN SHENG INVESTMENT LTD.



SHU, YI-CHEUN

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