

Stock Code : 1225



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

2023 ANNUAL REPORT

Publication Date: May 22, 2024

Website for reference: mops.twse.com.tw

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Name of the accounting firm: Deloitte & Touche Taiwan

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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.

2023 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 2023 was good. The consolidated operating income amounted to NT\$463.084 million in 2023, and the consolidated profit before tax amounted to NT\$490.081 million.

I hereby presents the Company's operating results in 2023 and its business plan for the next year as follows:

I. 2023 Business Report

(I) Implementation of the business plan and budget

1. Implementation of the business plan

Unit: NT\$1,000

Title	2023	2022	Variable%
Operating revenue	14,543,809	15,274,361	-4.78%
Operating costs	13,483,212	14,305,096	-5.75%
Realized operating margin	1,103,773	1,000,542	10.32%
Operating income	463,084	360,804	28.35%
Profit before tax	490,081	421,727	16.21%

2. The Company did not disclose the consolidated financial forecast for the year of 2023; therefore, the information regarding budget implementation is not available.

(II) Analysis of revenues, expenditures and profitability

Title		2023	2022
Financial structure (%)	Debt-Asset Ratio (%)	54.90	59.20
	Ratio of Long-term Capital to Fixed Assets (%)	175.30	171.45
Solvency (%)	Current Ratio	155.43	144.06
	Quick Ratio	88.59	82.44
Profitability (%)	Return on Assets	5.16	4.22
	Return on Shareholders' Equity	10.51	8.99
	Pre-tax net profit to paid-in capital ratio	21.34	19.28
	Earnings Per Share	1.60	1.61

Note: Earnings per share for 2022 was retroactively adjusted for stock dividends.

(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 2024

(I) Estimated sales volume

Unit: ton

Main products	Estimated sales volume
Oil products	237,797
Raw material products	225,614
Feed products	74,334
Flour products	246,179
Total	783,924

(II) Guideline for management

1. Focusing on core business

The newly-built edible oil refinery in Taichung port area will continue to focus on the two main objectives of increasing the availability and improving the quality of oil products. We will actively develop food and beverage sales channels, increase the value added of our products, and increase the visibility of our brand.

2. Implementation of food safety policy

The Company will continue to strengthen the safety of food ingredients and source tracing mechanism, using the excellent and advanced equipment in the laboratory to carry out the most stringent inspection and gate-keeping of incoming raw materials and production products in real time, as well as with the exclusive raw material oil pipeline in our own port to enhance the quality of food safety. The newly built factory in Taichung Port has obtained ISO and TQF quality certification to produce safe and quality products. We hope to gain recognition from high-standard customers and enter the high-value-added market.

3. Expanding export markets

We collect information on feed, edible oils and greases, and flour industries in neighboring countries, to analyze the supply and demand situation in each country, and obtain international market quotations from international grain traders simultaneously, in order to plan for the export of our products. Based on the existing customers in Japan, Korea, Vietnam, Malaysia, Hong Kong, etc., we are actively expanding the regular export opportunities to strengthen the Company's competitiveness.

4. Group Resource Integration

We will continue to improve the Group's internal processes, and closely monitor fluctuations in the overall production and sales markets through proactive decision-making, so as to make adjustments in advance. In the meantime, we will utilize the storage capacity and geographical advantage of the new factory to carry out a more flexible inventory adjustment strategy, in order to pursue the sustainable growth of the Group's operation and to achieve the projected operating targets of various products for the year.

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

We are mainly engaged in the processing of bulk grains and cereals, and our major raw materials, such as soybeans, corn, barley and wheat, are purchased from foreign countries, thus our operating results are subject to the impact of the global economic situation. The global economy fell into a recession in 2023, and in order to curb inflation, the Fed of the United States and the Central Bank of Taiwan raised interest rates a total of 11 and 6 times in the last two years respectively, which resulted in an increase in the cost of funds borrowed. In addition, extreme weather affects commodity production volumes and prices, and various geopolitical conflicts affect the stability of the supply chain. Therefore, keeping track of international information, lowering raw material procurement costs and maintaining optimal inventory levels are the most important business priorities. Looking forward to 2024, according to the National Development Council's monitoring indicators and score in March of 2024, the domestic economy is showing a trend of recovery, and we expect to drive the domestic food and beverage industry's growth momentum and maintain the Company's stable profitability.

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

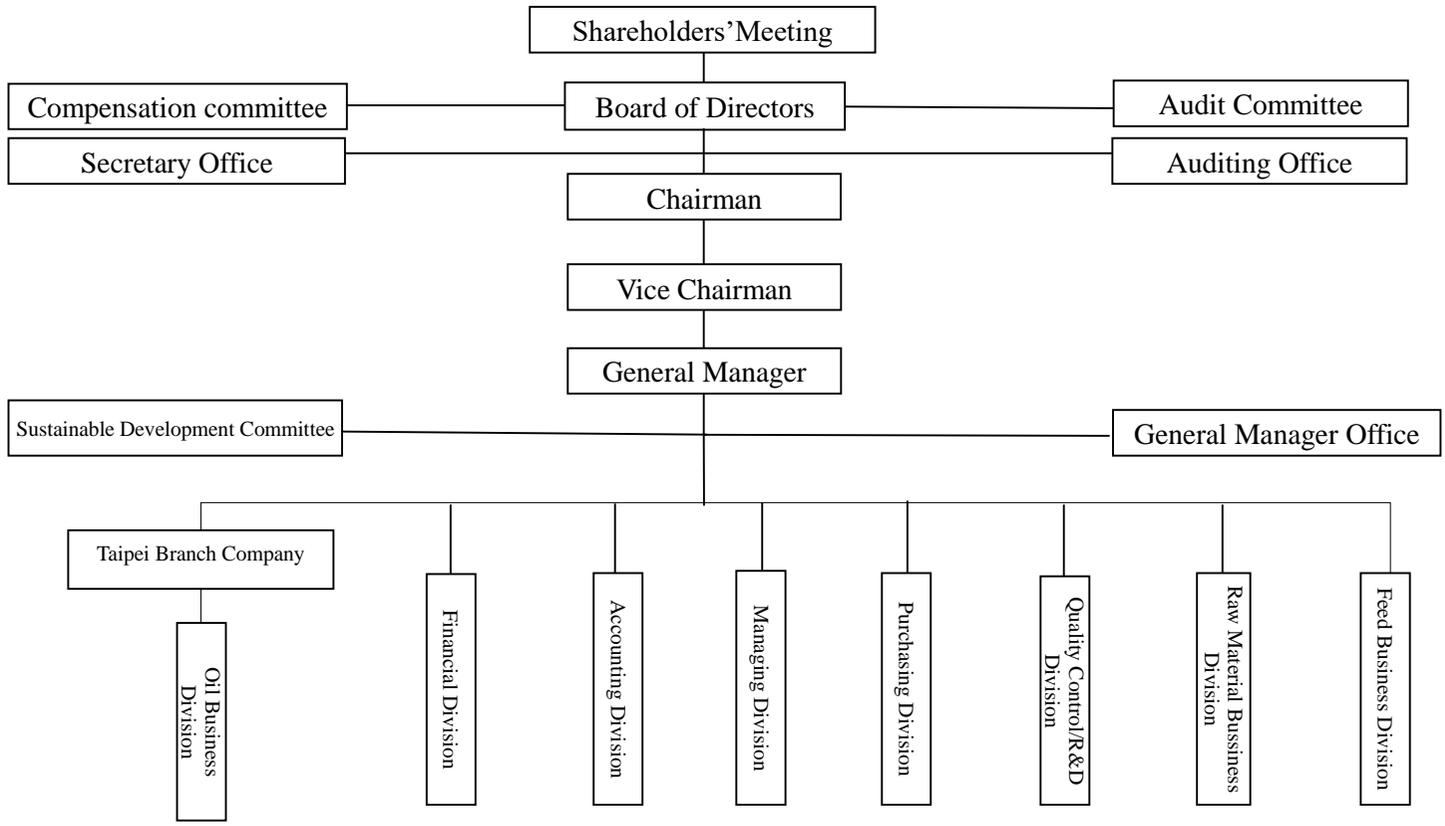
- 1991 Apr. The Company was listed on the Taiwan Stock Exchange
- 1991 Aug. A capital increase of 150,000,000 NTD in cash and 48,310,640 NTD by Capital Surplus Transferred to Capital. the amount of capital was changed to 520,381,580 NTD.
- 1992 Jul. A capital increase of 21,953,590 NTD by cumulative 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.
- 1996 Jul. Promoted from second board (TIGER Board) stocks to first board stocks.
- 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.
- 2023 Sep. A capital increase of 109,351,530 NTD by earning. The amount of capital was changed to 2,296,382,040 NTD.

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 April 28, 2024

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 years	2017.11.09	2,177,419	1.00	2,286,289	1.00	—	—	—	—	—	—	—	—	—	—
	ROC	Representative: Shu Yi-Cheun	Male 51-60	—	—	—	—	—	1,637,858	0.71	11,624	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 Corp., Fu You An Kang Co., Ltd., Jung Shiang International Co., Ltd.	—	—	—	—
Vice Chairman	ROC	An-He Investment And Holding Co., Ltd.	—	2022.6.23	3 years	2022.6.23	215,000	0.10	225,750	0.10	—	—	—	—	—	—	—	—	—	—
	ROC	Representative: Wu Hsing-Cheng	Male 31-40	—	—	—	—	—	1,060,253	0.46	—	—	—	—	Graduated from Department of Computer Science and Information Engineering, Providence University	Director of Genesis Technology Inc. and Top Food Industry Corp. Director of Jung Shiang International Co., Ltd. (from May 14, 2024)	—	—	—	—
Director	ROC	Tai Sheng Ocean Development Co., Ltd.	—	2022.6.23	3 years	2013.6.25	2,798,619	1.28	2,938,549	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 years	2022.6.23	15,294,867	6.99	16,924,810	7.37	—	—	—	—	—	—	—	—	—	—
	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	3 years	2016.6.28	5,169,889	2.36	5,428,383	2.36	—	—	—	—	—	—	—	—	—	—
	ROC	Representative: Wu Ching-Teh	Male 71-80	—	—	—	—	—	7,018	—	77,990	0.03	—	—	Master of Business, Fu Jen Catholic University, 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	3 years	2022.6.23	21,731,939	9.94	26,070,385	11.35	—	—	—	—	—	—	—	—	—	—
	ROC	Representative: Yeh Tzu-Ling	Female 31-40	—	—	—	—	—	65,100	0.03	—	—	—	—	Department of Accounting, Changhua University of Education	—	—	—	—	—
Independent Director	ROC	Lu Hsin-Hwa	Male 61-70	2022.6.23	3 years	Note 3	—	—	—	—	—	—	—	Master, Normal University	Chairman of Jingyang Media Technology Co., Ltd.	—	—	—	—	—
Independent Director	ROC	Wang Shang-Ren	Male 31-40	2022.6.23	3 years	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	3 years	2022.6.23	—	—	—	—	—	—	—	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: Independent Director Lu Hsin-Hwa (June 28, 2016 to June 27, 2019, and January 31, 2020 to present): discharged after re-election on June 27, 2019, and re-elected as an independent director after by-election on January 31, 2020.

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.

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. Table 1: Principal shareholders of institutional shareholders

April 28, 2024

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 Da-Yuan 4.68%, FineTek Co., Ltd. 3.95%, Ye Xue-Ling 3.81%, Xu Zhuo Feng-Jiao 3.59%, Huang Da-You 3.45%, Wu Shang-Ying 3.20%, Wu Guan-Xuan 2.46%
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. 9.91%, Nong Ann Biotechnology Co., Ltd. 8.36%, 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%, Wu Mei-Hong 0.63%, Lee Chi-Jing 0.47%
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 2.

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. Table 2: 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 Qui-Yong 9.39%, Wu Ding-Guo segregated trust account of UBS Taipei Branch 9.13%, Lin Mi 8.18%, Wu Ding-Guo 7.80%, Wu Shao-Pei 6.46%, Yong Yi Investment Co., Ltd. 6.21%, Yi Da Investment Co., LTD. 6.13%, Wu Shao-Juan 5.27%, Wu Ching-Teh 2.00%, HSBC Bank (Taiwan) Limited. in custody for the investment account of Grandeur Peak Emerging Markets Opportunities Fund 1.92%
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 of the Company, 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
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, 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		Master of Business, Fu Jen Catholic 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, 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 the 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.	1

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 22, 2024

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 April 28, 2024

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	ROC	Shu Yi-Cheun	Male	2016.08.05	1,637,858	0.71	11,624	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 Corp., Fu You An Kang Co., Ltd., Jung Shiang International Co., Ltd.	—	—	—	Note 1
General Manager	ROC	Chang Chih-Pin	Male	2023.11.09	—	—	4,200	—	—	—	M.S. in Marketing, National Chung Hsing University	Director of Ningbo Formosa Oilseed Processing Ltd. and Central Union Oil Corp. General Manager of Jung Shiang International Co., Ltd. (from May 22, 2024)	—	—	—	Note 1
Senior Assistant Manager	ROC	Chang Chin-Yu	Male	2016.06.01	13,002	0.01	—	—	—	—	National MinShyong Vocational High School of Agriculture & Industry	None	—	—	—	—
Assistant Manager	ROC	Lin Fang-Ru	Female	2020.10.30	21,903	0.01	672	—	—	—	Business Management, Ling Tung Junior Colleges of Commerce	None	—	—	—	Note 4
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	—	—	—	Note 4
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.

On November 9, 2023, the Board of Directors approved that Chairman Shu Yi-Cheun no longer concurrently served as the general manager and the former vice general manager Chang Chih-Pin assumed the position of General Manager.

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.

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, 2023

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 subsidiari es 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 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)	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	
Chairman	Jin Sheng Investment Ltd.	-	-	-	-	1,469	1,469	-	-	1,469 0.40%	1,469 0.40%	-	-	-	-	-	-	-	-	1,469 0.40%	1,469 0.40%	None
	Representative : Shu Yi-Cheun	-	-	-	-	-	-	28	41	28 0.01%	41 0.01%	3,571	5,423	108	108	199	-	399	-	3,906 1.06%	5,971 1.62%	None
Vice Chairman	An-He Investment and Holding Co., Ltd.	-	-	-	-	1,469	1,469	-	-	1,469 0.40%	1,469 0.40%	-	-	-	-	-	-	-	-	1,469 0.40%	1,469 0.40%	None
	Representative : Lin Yueh-Tin (*4)	-	-	-	-	-	-	4	10	4 -	10 -	-	-	-	-	-	-	-	-	4 -	10 -	None
	Representative : Wu Hsing-Cheng (*4)	-	-	-	-	-	-	24	30	24 0.01%	30 0.01%	2,620	2,620	76	76	147	-	147	-	2,867 0.78%	2,873 0.78%	None
Director	Tai Sheng Ocean Development Co., Ltd.	-	-	-	-	1,469	1,469	-	-	1,469 0.40%	1,469 0.40%	-	-	-	-	-	-	-	-	1,469 0.40%	1,469 0.40%	None
	Representative : Cheng Yi-Chia	-	-	-	-	-	-	28	28	28 0.01%	28 0.01%	-	-	-	-	-	-	-	-	28 0.01%	28 0.01%	None
Director	Morn Sun Feed Mill Corp.	-	-	-	-	1,469	1,469	-	-	1,469 0.40%	1,469 0.40%	-	-	-	-	-	-	-	-	1,469 0.40%	1,469 0.40%	None
	Representative : Wu Ching-Teh	-	-	-	-	-	-	28	40	28 0.01%	40 0.01%	-	-	-	-	-	-	-	-	28 0.01%	40 0.01%	None
Director	Shin Fong Trading Co., Ltd.	-	-	-	-	1,469	1,469	-	-	1,469 0.40%	1,469 0.40%	-	-	-	-	-	-	-	-	1,469 0.40%	1,469 0.40%	None
	Representative : Cheng Chao-Heng	-	-	-	-	-	-	28	28	28 0.01%	28 0.01%	-	-	-	-	-	-	-	-	28 0.01%	28 0.01%	None
Director	Shin Tai Industry Co., Ltd.	-	-	-	-	1,469	1,469	-	-	1,469 0.40%	1,469 0.40%	-	-	-	-	-	-	-	-	1,469 0.40%	1,469 0.40%	None
	Representative : Wu Chin-Chuan (*4)	-	-	-	-	-	-	12	12	12 -	12 -	-	-	-	-	-	-	-	-	12 -	12 -	None
	Representative : Yeh Tzu-Ling (*4)	-	-	-	-	-	-	16	16	16 -	16 -	-	-	-	-	-	-	-	-	16 -	16 -	None

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 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)				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)	This company	Companies in the financial statements (Note 7)	
Independent Director	Lu Hsin-Hwa	480	480	-	-	-	-	28	28	508 0.14%	508 0.14%	-	-	-	-	-	-	-	-	508 0.14%	508 0.14%	None
Independent Director	Wang Shang-Ren	480	480	-	-	-	-	28	28	508 0.14%	508 0.14%	-	-	-	-	-	-	-	-	508 0.14%	508 0.14%	None
Independent Director	Lien Ren-Lung	480	480	-	-	-	-	28	28	508 0.14%	508 0.14%	-	-	-	-	-	-	-	-	508 0.14%	508 0.14%	None
<p>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.</p> <p>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</p>																						

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

*1. No retirement allowance/ severance was given in 2023. 2. The item F means withdrawal of capitalized retirement allowance/ severance in 2023. 3. Remuneration of Directors and employees is proposed figure.

4. Reassigned representative of Shin Tai Industry Co., Ltd.: Wu Chin-Chuan was dismissed on April 12, 2023; and Yeh Tzu-Ling was reassigned on May 5, 2023 to the present.

Reassigned representative of An-He Investment and Holding Co., Ltd.: Lin Yueh-Tin was dismissed on March 15, 2023 and Wu Hsing-Cheng was reassigned to the present.

The Board of Directors resolved to elect representative of An-He Investment and Holding Co., Ltd., Wu Hsing -Cheng as Vice Chairman on April 7, 2023.

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. If a director concurrently serves as a general manager or a vice general manager, please complete this Table and following table "Remunerations for the General Manager and Vice General Manager (Individual Disclosure of Names and Remuneration Items)" or "Remunerations for the General Manager and Vice General Manager (Disclosure of Aggregate Remuneration Plus Disclosure of Names by Remuneration Range) and Range of Remuneration".

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: This refers to employee profit-sharing compensation (including stocks and cash) received by a director for concurrent service as an employee in the most recent fiscal year (including concurrent service as general manager, assistant general manager, other managerial officer, or non-managerial employee). Disclose the amount of profit-sharing compensation approved or expected to be approved by the board of directors for distribution for the most recent fiscal year. If the amount cannot be forecasted, disclose the amount expected to be distributed by calculating pro-rata to the amount that was actually distributed in the preceding fiscal year. Table (1-3) Names and Distributions of Employee Profit-Sharing Compensation to Managerial Officers should also be completed.

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(Individual Disclosure of Names and Remuneration Items)

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 company	Companies in the financial statements(Note 5)	This company	Companies in the financial statements(Note5)	This company	Companies in the financial statements(Note5)	This company		Companies in the financial statements(Note5)		This company	Companies in the financial statements (Note 5)	
								Current value	Stock Value	Current value	Stock Value			
Chairman	Shu Yi-Cheun (Note 1)	2,679	4,062	108	108	892	1,361	199	-	399	-	3,878 1.05%	5,930 1.61%	None
General Manager	Chang Chih-Pin (Note 1)	1,719	1,719	102	102	720	720	209	-	209	-	2,750 0.75%	2,750 0.75%	None

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

Note 1: The name of each general manager and vice general manager shall be stated separately, based on the amount of the aggregated remuneration items paid to each. If a director concurrently serves as a general manager or a vice general manager, please complete this table and the above table "Remuneration to the Directors and Independent Directors (Individual Disclosure of Names and Remuneration Items)", or "Remuneration to the Directors and Independent Directors (Disclosure of Aggregate Remuneration Plus Disclosure of Names by Remuneration Range) and Range of Remuneration".

On November 9, 2023, the Board of Directors approved that Chairman Shu Yi-Cheun no longer concurrently served as the general manager and Chang Chih-Pin, the former vice general manager, assumed the position of General Manager.

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: This refers to employee profit-sharing compensation (including stocks and cash) received by the general manager(s) and vice general manager(s) as approved or expected to be approved by the board of directors for the most recent fiscal year. If the amount cannot be forecasted, disclose the amount expected to be distributed by calculating pro-rata to the amount that was actually distributed in the preceding fiscal year. In addition, the attached table "Managers received the distributed remuneration and their status" shall be completed. (Employee Profit-Sharing Compensation is proposed amount)

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) (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 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	Shu Yi-Cheun (Note 1)	2,679	4,062	108	108	892	1,361	199	-	399	-	3,878 1.05%	5,930 1.61%	None
Vice Chairman	Wu Hsing- Cheng (Note 1)	1,963	1,963	76	76	658	658	147	-	147	-	2,843 0.77%	2,843 0.77%	None
General Manager	Chang Chih-Pin (Note 1)	1,719	1,719	102	102	720	720	209	-	209	-	2,750 0.75%	2,750 0.75%	None
Assistant Manager	Kuo Chung-Yi	1,209	1,209	78	78	392	392	97	-	97	-	1,776 0.48%	1,776 0.48%	None
Assistant Manager	Hsieh Chiang- Ling	1,212	1,212	73	73	364	364	90	-	90	-	1,738 0.47%	1,738 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 a director concurrently serves as the aforesaid manager, please complete this table and the above table “Remuneration to the Directors and Independent Directors (Individual Disclosure of Names and Remuneration Items)” On November 9, 2023, the Board of Directors approved that Chairman Shu Yi-Cheun no longer concurrently served as the general manager and the former vice general manager Chang Chih-Pin assumed the position of General Manager. The Board of Directors resolved to elect representative of An-He Investment and Holding Co., Ltd., Wu Hsing-Cheng as Vice Chairman on April 7, 2023.

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: This refers to employee profit-sharing compensation (including stocks and cash) received by the Top Five Managers Received the Highest Remuneration as approved or expected to be approved by the board of directors for the most recent fiscal year. If the amount cannot be forecasted, disclose the amount expected to be distributed by calculating pro-rata to the amount that was actually distributed in the preceding fiscal year. In addition, the attached table “Managers received the distributed remuneration and their status”. (Employee Profit-Sharing Compensation is proposed amount)

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 April 28, 2024

	Title (Note1)	Name (Note1)	Stock value	Current value	Total	Total amount to after-tax earnings ratio (%)
Manager	Chairman	Shu Yi-Cheun (Note 1)	-	907	907	0.25
	General Manager	Chang Chih-Pin (Note 1)				
	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. On November 9, 2023, the Board of Directors approved that Chairman Shu Yi-Cheun no longer concurrently served as the general manager and the former vice general manager Chang Chih-Pin assumed the position of General Manager.

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 any director, general manager, or vice general manager receives profit-sharing compensation (including stocks or cash), complete this table in addition to table "Method for Disclosure of Remuneration".

- (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	2023		2022	
	The Company	Companies in the financial statements	The Company	Companies in the financial statements
Director	4.68%	5.25%	4.21%	4.22%
General Manager and Vice General Manager	1.80%	2.36%	1.56%	1.56%

- 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 2023 and up to the date this Annual Report was printed, the Board of Directors met 7 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	7	0	100%	
Vice Chairman	An-He Investment and Holding Co., Ltd. Representative : Lin Yueh-Tin Representative : Wu Hsing-Cheng	7	0	100%	1.Reassigned representative Wu Hsing-Cheng on March 15, 2023. 2.Representative of An-He Investment and Holding Co., Ltd., Wu Hsing-Cheng was relected as the Vice Chairman on April 7, 2023.
Director	Morn Sun Feed Mill Corp. Representative : Wu Ching-Teh	6	1	85.71%	
Director	Shin Tai Industry Co., Ltd. Representative : Wu Chin-Chuan Representative : Yeh Tzu-Ling	6	1	85.71%	Reassigned representative Yeh Tzu -Ling on May 5, 2023.
Director	Tai Sheng Ocean Development Co., Ltd. Representative : Cheng Yi-Chia	7	0	100%	
Director	Shin Fong Trading Co., Ltd. Representative : Cheng Chao- Heng	7	0	100%	
Independent Director	Lu Hsin-Hwa	6	0	85.71%	
Independent Director	Wang Shang-Ren	7	0	100%	
Independent Director	Lien Ren-Lung	7	0	100%	

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 Article 14-3, Securities and Exchange Act : The Company has established an Audit Committee, and Article 14-3 of the Securities and Exchange Act is not applicable. Please refer to the operation of the Audit Committee in the annual report for matters listed in Article 14-5 of the 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
2023.04.07	Election of Vice Chairman.	1. Three independent directors, Wang Shang-Ren, Lu Hsin Hwa and Lien Ren-Lung hold reserved opinions. 2. Approved by the Board of Directors.
2023.05.12	Remuneration to the current Directors concurrently serving as Chairman and General Manager and Vice Chairman.	1. Independent Director Wang Shang-Ren approved the remuneration of the Director concurrently serving as Chairman and General Manager, but reserved his opinion on the remuneration of the Director concurrently serving as Vice-Chairman. 2. Approved by the Board of 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:

On May 12, 2023, the Board of Directors' Meeting discussed the proposal of "Remuneration to the current directors concurrently serving as chairman, general manager and vice-chairman of the Company", Chairman and General Manager Shu Yi-Cheun and Vice-Chairman Wu Hsing-Cheng recused themselves from the discussion and voting due to conflict of interests. On September 27, 2023 the board of directors' meeting discussed the proposal of "2022 year-end bonus distribution plan for managers". Chairman and General Manager Shu Yi-Cheun recused himself from the discussion and voting due to conflict of interests.

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: 2023.01.01~2023.12.31

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 4.67 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 4.58 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 4.82 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 4.74 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. To enhance information transparency: We have established the "Procedures for Handling Material Inside Information", and established a mechanism for handling and disclosing material internal information, to enhance and strengthen the transparency of the Company's information.
3. The Company regularly (twice a year) arranges directors' continuing education programs to enhance the directors' professional knowledge and to implement corporate governance.

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 2023 and up to the date this Annual Report was printed, the Board of Directors met 5 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	5	0	100%	
Independent Director	Wang Shang-Ren	5	0	100%	
Independent Director	Lien Ren-Lung	5	0	100%	

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
2023.03.15	1. Proposal of the Company's 2022 parent company only financial statements. 2. Proposal of the Company and its subsidiaries' 2022 consolidated financial statements. 3. Proposal of the 2022 "Internal Control System Effectiveness Assessment" and "Internal Control System Declaration". 4. Proposal of the amendment to some articles of "Internal Control System - Management of Prevention of Insider Trading"	Approved	Approved by the Board of Directors
	The content of any dissenting or qualified opinion or significant recommendation of the independent directors: None.		
2023.04.07	1. Proposal of the issuance of new shares by capitalization of the 2022 earnings. 2. Replacement of CPA for the Company's financial reports.	Approved	Approved by the Board of Directors
	The content of any dissenting or qualified opinion or significant recommendation of the independent directors: None.		
2023.05.12	1. Proposal of the Company and its subsidiaries's consolidated financial statements for Q1 2023. 2. The change of accounting supervisor.	Approved	Approved by the Board of Directors
	The content of any dissenting or qualified opinion or significant recommendation of the independent directors: None.		

2023.08.10	1. Proposal of the Company and its subsidiaries's consolidated financial statements for Q2 2023. 2. Proposal of provide endorsement and guarantee for the subsidiary, Top Food industry Corporation.	Approved	Approved by the Board of Directors
	The content of any dissenting or qualified opinion or significant recommendation of the independent directors: None.		
2023.11.09	1. Proposal of the Company and its subsidiaries's consolidated financial statements for Q3 2023. 2. Proposal of the Company's 2024 audit plan.	Approved	Approved by the Board of Directors
	The content of any dissenting or qualified opinion or significant recommendation of the independent directors: None.		

(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
2023.11.09 (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: Inventory valuation	No objection

(III) Summary of communication results between independent directors and internal audit managers:

Date	Communication focuses	Result
2023.03.15	Execution of audit business from August 2022 to January 2023.	No objection
2023.05.12	Execution of audit business from November 2022 to March 2023.	No objection
2023.08.10	Execution of audit business from March to June 2023.	No objection
2023.09.27	Execution of audit business from May to July 2023.	No objection
2023.11.09	Execution of audit business from July to August 2023.	No objection
2023.11.09 (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)			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>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>	None
<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>The company's board of directors approved the "Board Performance Evaluation Measures" on March 27, 2020. The 2023 board performance evaluation has been completed and the board of directors reported on March 13, 2024.</p>	None
<p>(IV) Does the Company evaluate the independence of Accountant on a regular basis?</p>	✓	<p>In accordance with Article 47 of the Accounting Act and The Bulletin of Norm of Professional Ethics for Certified Public Accountant No.10, and with reference to the Audit Quality Indicators (AQIs), we have established the independence and suitability evaluation standards for the Company's CPAs, to regularly conduct the evaluations every year after obtaining the statement of independence issued by the CPAs and according to the above standards. Based on the evaluation results, CPAs Hsieh Chien-Hsin and Chang Keng-Hsi of Deloitte & Touche meet the independence and suitability standards, and are suitable to serve as the Company's CPAs. We have submitted the results to the Audit Committee and the Board of Directors on January 18, 2024, and have been approved by them. (Note 1)</p>	None
<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 Directors and shareholders' meetings, etc.)?</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.</p> <p>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 evaluation, and plan for directors and corporate governance executives to participate</p>	None

			in training courses. Please refer to page 38 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? (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.)? (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's website (www.fopco.com.tw) has disclosed business and corporate governance information. 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. The company announced the first, second, third quarter and annual financial reports and monthly operating conditions within the time limit as required.	None None 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 relations, supplier relations, rights of stakeholders, further education of directors and supervisors, implementation of risk management policies and risk measurement standards, implementation of customer	✓		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 employee restaurants, regular health checks, and prepared employee dormitories for remote employees. Establish an employee welfare committee to provide a perfect workplace for employees. 2. Investor Relations: In accordance with relevant regulations, the company	None

<p>policies, and purchase of liability insurance for directors and supervisors)?</p>		<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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 255).</p> <p>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.</p> <p>8. The company has purchased liability insurance for all directors. The insurance period is from September 7, 2023 to September 7, 2024.</p>	
<p>9. Please describe improvements that have already been made based on the Corporate Governance Evaluation results released for the most recent fiscal year by the Corporate Governance Center, Taiwan Stock Exchange, and specify the priority enhancement objectives and measures planned for any matters still awaiting improvement:</p> <p>Improved:</p> <ol style="list-style-type: none"> 1. We have recorded questions raised by shareholders and the Company's replies in the minutes of the shareholders' meetings, and have provided uninterrupted video files of the entire meeting on the Company's website. 2. Chairman and General Manager are not the same person, we have established succession. Planning for board members and key management. 3. Evaluate the independence and suitability of the CPA with reference to the AQIs. <p>Priority enhancement item:</p> <p>Increase the frequency of institutional Investor conferences in the future, depending on actual need.</p>			

Note1 : 2023 Independence and Suitability Assessment for CPAs

(1) Prepared with reference to Article 47 of the Accounting Act and The Bulletin of Norm of Professional Ethics for Certified Public Accountant No.10:

Item	Assessment	Yes	No
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.	✓	

(2) Audit Quality Indicators (AQIs) evaluation:

Dimension	No.	AQIs	Relevance	Result	
				Yes	No
Profession	1	Audit Experience	Whether auditors possess enough audit experience.	✓	
	2	Training Hours	Whether auditors receive enough training.	✓	
	3	Attrition Rate	Whether the firm maintains sufficient human resources.	✓	
	4	Professional Support	Whether the firm is equipped with sufficient experts, including CAAT specialists and financial appraisers	✓	
Quality control	5	Workload	Whether partners are loaded with excessive engagements or work overtime.		✓
	6	Involvement	Whether the involvement of audit team in each audit phase is appropriate.	✓	
	7	EQCR	Whether EQC reviewers spend sufficient time on engagement.	✓	
	8	Quality Supporting Capacity	Whether the firm is equipped with sufficient resources to support audit teams.	✓	
Independence	9	Non-Audit Service (NAS)	Whether the proportion of NAS affects the firm's independence.		✓
	10	Familiarity	Whether audit firm tenure affects the firm's independence.		✓
Monitoring	11	External Inspection Results & Enforcement	Whether the firm's compliance with quality control system and engagement is satisfactory.	✓	
	12	Number of Official Improvement Letters Issued by Authority		✓	
Innovation	13	Innovative Planning or Initiatives	Whether the firm has undertaken appropriate planning or initiatives to improve audit quality.	✓	

Evaluation period: 2023

Result: CPAs conform to independence and suitability.

Corporate Governance Supervisor Training Status (2023/1/1-2023/12/31)

Date of training		Organizer	Course Title	Training Hours	Total training hours for the current year
From	To				
2023.06.02	2023.06.02	Chinese National Association of Industry and Commerce	Directors and Supervisors Seminar - Taishin Net Zero Power Summit 2023	3	15
2023.06.09	2023.06.09	Securities and Futures Institute	2023 Prevent insider trading	3	
2023.08.17	2023.08.18	Taiwan Corporate Governance Association	Sustainable governance training course- Sustainable Carbon Reduction Strategy	9	

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	2023/09/27	2023/09/27	Securities and Futures Institute	Supervising the Corporate Risk and Crisis by the Directors and Supervisors	6
			2023/11/09	2023/11/09		Challenges and Opportunities of Sustainable Development Path and Introduction of Greenhouse Gas Inventory	
Intuitional Director Representative	Wu Hsing-Cheng	2023.03.15	2023/09/27	2023/09/27	Securities and Futures Institute	Supervising the Corporate Risk and Crisis by the Directors and Supervisors	6
			2023/11/09	2023/11/09		Challenges and Opportunities of Sustainable Development Path and Introduction of Greenhouse Gas Inventory	
Intuitional Director Representative	Wu Ching-Teh	2022.10.14	2023/09/27	2023/09/27	Securities and Futures Institute	Supervising the Corporate Risk and Crisis by the Directors and Supervisors	9
			2023/11/09	2023/11/09		Challenges and Opportunities of Sustainable Development Path and Introduction of Greenhouse Gas Inventory	
			2023/11/10	2023/11/10	Taiwan Corporate Governance Association	The key to sustainable business growth - open innovation	
Intuitional Director Representative	Cheng Yi-Chia	2022.08.11	2023/06/09	2023/06/09	Securities and Futures Institute	2023 Prevent insider trading	12
			2023/09/27	2023/09/27		Supervising the Corporate Risk and Crisis by the Directors and Supervisors	
			2023/11/09	2023/11/09		Challenges and Opportunities of Sustainable Development Path and Introduction of Greenhouse Gas Inventory	
			2023/12/08	2023/12/08		2023 Insider Equity Transaction Legal Compliance	
Intuitional Director Representative	Yeh Tzu-Ling	2023.05.05	2023/09/27	2023/09/27	Securities and Futures Institute	Supervising the Corporate Risk and Crisis by the Directors and Supervisors	6
			2023/11/09	2023/11/09		Challenges and Opportunities of Sustainable Development Path and Introduction of Greenhouse Gas Inventory	

Title	Name	Date of taking office	Date of training		Organizer	Course Title	Training Hours
			From	To			
Intuitional Director Representative	Cheng Chao-Heng	2022.06.24	2023/09/27	2023/09/27	Securities and Futures Institute	Supervising the Corporate Risk and Crisis by the Directors and Supervisors	6
			2023/11/09	2023/11/09		Challenges and Opportunities of Sustainable Development Path and Introduction of Greenhouse Gas Inventory	
Independent Director	Lu Hsin-Hwa	2022.06.23	2023/09/27	2023/09/27	Securities and Futures Institute	Supervising the Corporate Risk and Crisis by the Directors and Supervisors	6
			2023/11/09	2023/11/09		Challenges and Opportunities of Sustainable Development Path and Introduction of Greenhouse Gas Inventory	
Independent Director	Wang Shang-Ren	2022.06.23	2023/09/27	2023/09/27	Securities and Futures Institute	Supervising the Corporate Risk and Crisis by the Directors and Supervisors	6
			2023/11/09	2023/11/09		Challenges and Opportunities of Sustainable Development Path and Introduction of Greenhouse Gas Inventory	
Independent Director	Lien Ren-Lung	2022.06.23	2023/09/27	2023/09/27	Securities and Futures Institute	Supervising the Corporate Risk and Crisis by the Directors and Supervisors	6
			2023/11/09	2023/11/09		Challenges and Opportunities of Sustainable Development Path and Introduction of Greenhouse Gas Inventory	

(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

April 28, 2024

Identity	Condition Name	Professional qualifications and experience	Independence Situation	Number of other public companies in which director is serving on the remuneration committee
Convener Independent director	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 4 times (A) in total throughout 2023 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	4	0	100%	
Member	Lu Hsin-Hwa	4	0	100%	
Member	Lien Ren-Lung	4	0	100%	

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):

Meeting Date	Content of Motion	Outcome of the resolution	Measures taken by the Company
2023.1.12	Bonus payment to former Vice Chairman Lin Yueh-Tin.	Withdraw	Handled according to the Board's resolution.
	The company's 2022 year-end bonus distribution plan for managers	Withdraw	
2023.11.9	Remuneration package for the appointment of the General Manager	Approved by all directors present to delete the Article 8(2) of the Appointment Agreement, and the rest of remuneration terms remain the same as those set out in the original Appointment Agreement.	Handled according to the Board's resolution.

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: Please refer to III below.

III. Matters resolved by the Remuneration Committee in 2023, members' dissenting or qualified opinions, resolution results of the Remuneration Committee, and measures taken by the Company with respect to the members' opinion:

Meeting Date	Content of Motion	Outcome of the resolution	Measures taken by the Company
2023.01.12	Bonus payment to former Vice Chairman Lin Yueh-Tin	Convener Wang Shang-Ren hold qualified opinion, Committee members Lu Hsin-Hwa and Lien Ren-Lung agreed, the motion was approved by a majority of members present, and passed as proposed.	Board of Directors resolved to withdraw the motion, handled according to the Board's resolution.
	The company's 2022 year-end bonus distribution plan for managers	Convener Wang Shang-Ren hold qualified opinion, Committee members Lu Hsin-Hwa and Lien Ren-Lung agreed, the motion was approved by a majority of members present, and passed as proposed.	Board of Directors resolved to withdraw the motion, handled according to the Board's resolution.
2023.05.12	Remuneration to the current Directors concurrently serving as Chairman and General Manager and Vice Chairman.	Convener Wang Shang-Ren approved the remuneration to directors concurrently serving as chairman and general manager, but qualified his opinion on the remuneration to directors concurrently serving as vice-chairman; Committee members Lu Hsin-Hwa and Lien Ren-Lung agreed, the motion was approved by a majority of members present, and passed as proposed.	Approved by the Board of Directors, handled according to the Board's resolution.
2023.09.27	Proposal for the distribution of the remuneration amount of the directors for 2022.	Approved by all members present	Approved by the Board of Directors, handled according to the Board's resolution.
	The company's 2022 manager employee compensation amount distribution plan	Approved by all members present	Approved by the Board of Directors, handled according to the Board's resolution.
2023.11.09	Remuneration package for the appointment of the General Manager	Approved by all members present	Approved by all directors present to delete the Article 8(2) of the Appointment Agreement, and the rest of remuneration terms remain the same as those set out in the original Appointment Agreement.

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.

(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. Established by the Company’s general manager, the “Sustainable Development Committee” is responsible for developing and implementing sustainable development policies, systems, or related management policies and concrete action plans. The implementation plans include implementing corporate governance, developing a sustainable environment, protecting the social welfare, and strengthening the information disclosure of sustainable development, as well as paying attention to the changes in relevant standards for sustainable development both at home and abroad, in order to review and improve the Company’s systems. The 2022 Sustainability Report has been issued in June 2023, and the implementation results have been reported to the Board of Directors in September 2023, the Board of Directors has urged the implementation units to improve the effectiveness of the relevant plans when necessary. We plan to submit the 2023 Sustainability Report to the Board of Directors in August 2024 for approval.	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?	✓ ✓		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 new Taichung Port 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.	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>Taichung Port Factory has completely replaced the old factory since 2023. The total wastewater discharged from wastewater treatment factory in 2023 was 49.59% lower compared to 2022. The reported recyclable and reused waste accounted for more than 82.93% of the Company's total waste, and was the largest waste 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. (covering Da-Tu Factory, Taichung Port Factory and Taipei office).The relevant information for the most recent two years is as follows:</p> <p style="text-align: center;">Unit: Metric ton</p> <table border="1"> <thead> <tr> <th>Item</th> <th>2023</th> <th>2022</th> </tr> </thead> <tbody> <tr> <td>Greenhouse Gas Emissions</td> <td></td> <td></td> </tr> <tr> <td>Direct Emissions (Scope 1)</td> <td>2,397.94</td> <td>3,304.51</td> </tr> <tr> <td>Indirect Emissions (Scope 2)</td> <td>2,588.44</td> <td>2,861.48</td> </tr> <tr> <td>Water consumption</td> <td>37,795</td> <td>47,641</td> </tr> <tr> <td>Total weight of waste</td> <td>659.68</td> <td>841.49</td> </tr> <tr> <td>Hazardous waste</td> <td>0.24</td> <td>0.42</td> </tr> <tr> <td>Non-hazardous waste</td> <td>659.44</td> <td>841.07</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, and from 2023 onwards, Taichung Port Factory completely replaced the old factory, and the total water consumption in 2023 was reduced by 20.65% compared to 2022.</p>	Item	2023	2022	Greenhouse Gas Emissions			Direct Emissions (Scope 1)	2,397.94	3,304.51	Indirect Emissions (Scope 2)	2,588.44	2,861.48	Water consumption	37,795	47,641	Total weight of waste	659.68	841.49	Hazardous waste	0.24	0.42	Non-hazardous waste	659.44	841.07	None
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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?	✓		<p>The Company supports and follows the internationally recognized human rights standards such as the United Nations' "International Bill of Human Rights" and the ILO's "Declaration on Fundamental Principles and Rights at Work", and has approved the "Formosa Oilseed Processing Co., Ltd. Human Rights Policy", the specific management plan of 2023 human rights policy is summarized as follows:</p> <table border="1"> <thead> <tr> <th>Human rights policy</th> <th>Specific management plan</th> </tr> </thead> <tbody> <tr> <td>Prohibition of forced labor and child labor</td> <td>Clearly ask laborers for their willingness to work when they are recruited, and accurately check their identification documents.</td> </tr> <tr> <td>Establish a safe, hygienic and healthy work environment.</td> <td> <ol style="list-style-type: none"> 1. Provide annual health checkups that are more favorable than the regulations, and a total of 237 people received health checkups in 2023. 2. Arrange occupational doctors on-site at the factory quarterly to protect the employees' health. 3. Implement the vacation system and set out the working hours and extended working hours in the Work Rules to protect labor rights and interests. 4. Each year, according to the actual needs of each unit, arrange for personnel to participate in initial and refresher training for occupational safety and health, first aid, forklift and boiler certificates, etc. In 2023, the total number of trainees was 35, and the total training hours were 366. </td> </tr> <tr> <td>Promote labor-management harmony</td> <td>Actively complying with relevant labor laws and regulations, and utilizing a variety of channels to listen to the employees' opinions, a total of four labor-management meetings were held in 2023.</td> </tr> </tbody> </table>	Human rights policy	Specific management plan	Prohibition of forced labor and child labor	Clearly ask laborers for their willingness to work when they are recruited, and accurately check their identification documents.	Establish a safe, hygienic and healthy work environment.	<ol style="list-style-type: none"> 1. Provide annual health checkups that are more favorable than the regulations, and a total of 237 people received health checkups in 2023. 2. Arrange occupational doctors on-site at the factory quarterly to protect the employees' health. 3. Implement the vacation system and set out the working hours and extended working hours in the Work Rules to protect labor rights and interests. 4. Each year, according to the actual needs of each unit, arrange for personnel to participate in initial and refresher training for occupational safety and health, first aid, forklift and boiler certificates, etc. In 2023, the total number of trainees was 35, and the total training hours were 366. 	Promote labor-management harmony	Actively complying with relevant labor laws and regulations, and utilizing a variety of channels to listen to the employees' opinions, a total of four labor-management meetings were held in 2023.	None
Human rights policy	Specific management plan											
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Establish a safe, hygienic and healthy work environment.	<ol style="list-style-type: none"> 1. Provide annual health checkups that are more favorable than the regulations, and a total of 237 people received health checkups in 2023. 2. Arrange occupational doctors on-site at the factory quarterly to protect the employees' health. 3. Implement the vacation system and set out the working hours and extended working hours in the Work Rules to protect labor rights and interests. 4. Each year, according to the actual needs of each unit, arrange for personnel to participate in initial and refresher training for occupational safety and health, first aid, forklift and boiler certificates, etc. In 2023, the total number of trainees was 35, and the total training hours were 366. 											
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Assessed areas	Operational status (Note1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX listed companies and reasons
	Y	N	Summary	
(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"> 1. 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. 2. 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. 3. 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"> 1. The Company regularly organizes labor safety education training and fire drills, and provides annual physical health inspections to protect the health of employees. 2. 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. 3. In accordance with the implementation method of labor work environment monitoring, the Company announces the monitoring results in obvious places. 4. Zero occupational accidents and zero fires in 2023. 	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 complete training and development for our employees, we have constructed an "Education and Training System Diagram" for talent cultivation and development. We emphasize organizational development and individual work requirements, and review and progressively launch all necessary training courses to enhance individual knowledge and skills required for career development.	None
(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?	✓		<ol style="list-style-type: none"> 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

Assessed areas	Operational status (Note1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX listed companies and reasons
	Y	N	Summary	
(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?	✓		In order to select qualified suppliers to meet the Company's procurement requirements and to stabilize the supply quality, we select good suppliers through the following raw material procurement management and supplier evaluation mechanism. When selecting new suppliers, the Company requires suppliers to sign the "Code of Sustainable Conduct for Suppliers" in order to obtain cooperation qualifications, and encourages suppliers to fulfill their commitments to CSR and comply with relevant laws and regulations on occupational safety and health, labor rights, and environmental protection. If any breach or violation occurs, we may terminate or cancel the agreement at any time.	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?	✓		We have published the 2023 Sustainability Report. The report was prepared with reference to the universal standards, sector standards, and material topics standards issued by the Global Reporting Initiatives (GRI), as well as the "Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies" to prepare the previous year's sustainability report, which covered relevant environmental, social and corporate governance risk assessments. And an independent third-party auditor (Deloitte & Touche) conducted a limited assurance engagement in accordance with ISAEs 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 Policy, Wastewater and Waste Discharge, Greenhouse Gas Emission Verification	Full understanding the environmental regulations and requirements of relevant government office, the Company manages and operates activities according to the environmental protection standards. We conduct air pollution inspection and water pollution inspection for feed factory, oatmeal factory, oil and grease factory, and Taichung Port Factory every year. We have completed the 2022 greenhouse gas emission verification, to ensure accurate emission data and to facilitate the development of control policies.
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, GHP, HALAL 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	We continue to promote corporate ethical management policies and employee training, organize ethical integrity and insider trading prevention awareness sessions, strengthen employees' moral and code of ethical conduct, and organize at least one cybersecurity education training session each year to enhance employees' cybersecurity awareness.
	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	Control raw material costs and trends through weekly raw material purchasing meetings. We evaluated suppliers on-site, they are classified as qualified suppliers and after passing the evaluation. We use environmental and social standards to select new suppliers, and new suppliers are required to sign the "Code of Sustainable Conduct for Suppliers" during evaluation to ensure they understand the Company's requirements for sustainable development and make commitments.

VIII. Implementation of Climate-Related Information

Item	Item Implementation status
1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	The Board of Directors is the highest governance body for the Company's climate issues and is responsible for oversight and decision-making; and the Sustainability Committee reports to the Board of Directors the work progress on climate risks and opportunities.
2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	In 2023, We have identified three climate risk factors. We responded to the climate risk by diversifying our suppliers to disperse the risk of goods supply and to maintain stable product quality. We also replaced old and energy-consuming equipment to stabilize the production quality and to improve the safety of the operation environment in the factory.

Item	Item Implementation status
3. Describe the financial impact of extreme weather events and transformative actions.	Extreme weather affects crop harvests, as well as fluctuating supply prices, which result in increased operating costs or shortages of raw materials affecting production, resulting in penalties for delinquency, and the impact from the trends in environmental protection laws and regulations and amendments to energy resources standards, which will result in increased costs of energy use in the future, causing a decrease in profitability.
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	We identify climate risks and opportunities based on the industry characteristics, the degree of potential impact, and the possibilities of such impacts. Through the Sustainable Development Committee, we compile the major climate risks and opportunities and respond measures for risk management, and review and track these risks.
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	We have not yet used scenario analysis to assess resilience to climate change risk, and will consider introducing a relevant mechanism in the future.
6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	We adopt diversified suppliers to disperse the supply risk and increase the safety stock of raw materials. In order to respond to the trends in environmental protection laws and regulations and amendments to energy resources standards, we regularly review the relevant operating equipment in our factories and purchase energy-saving equipments or electrical appliances. In 2023 there were no incidents of shortage of raw materials and materials, nor were there any accidents caused by old equipment.
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	We have not yet used internal carbon pricing, and will consider introducing a relevant mechanism in the future.
8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	Please refer to Chapter 5 of the Company's Sustainability Report regarding climate action.
9. Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan.	Parent company Formosa Oilseed Processing Co., Ltd. has completed the 2022 greenhouse gas inventory verification.

(1) Greenhouse Gas Inventory Information

Scope of assurance		2022 Emission volume (metric tons CO ₂ e)	Intensity (metric tons CO ₂ e / NT\$ million)
Parent Company (including Head Factory, Taichung Port Factory, Taipei Office)	Scope 1 Direct greenhouse gas emissions	3,776.4184	0.33
	Scope 2 Indirect greenhouse gas emissions	7,956.4921	0.70
Assurance Institution		SGS Taiwan Ltd.	
Assurance standards		According to ISO 14064-3:2006 to complete the verification and meet the requirements of ISO 14064-1:2018 standard, as a reasonable assurance of the verification statement.	
Assurance opinion		Unqualified opinion.	

(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
(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?	✓		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 18, 2024. The Company implements the integrity management policy, and the relevant implementation status in 2023: 1. The ISO implementation committee, food safety team (oils and greases) and food safety team (feed and livestock) of the company not only followed the latest ISO international standards to implement the ISO9001 quality management system and ISO22000 food safety management system in 2023, but also had food hygiene and safety management system certificate (oils and greases), halal assurance system, Roundtable on Sustainable Palm Oil (RSPO), TQF Certification and TQF (clean), etc., and conducted internal audits and management review meetings of ISO and the above certificates once a year. We also passed two unscheduled audits by TQF in 2023. Through the implementation of the above verification systems, we ensure our products and services are in compliance with the international	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 formulate policies to prevent conflicts of interest, provide appropriate channels for presentation, and implement them?	✓		standards, so the public can have confidence in the safety, reliability, and quality of our products, and to comply with the management philosophy of ethical management. 2. 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 2023, a total of 206 participants in 8 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. 3. The 2022 " Sustainability Report" was issued in June 2023. 4. Audit implementation status: There were no reports received by the Company's whistle-blowing channels in 2023. 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
(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. 8 training sessions on corporate ethics and prevention of insider trading and personal data protection were held on July 13, July 14, July 17, July 20, July 21, July 25, August 9 and August 21, 2023, with a total of 240 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

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. 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 : 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 13, 2024

Based on the results of our self-assessment, the Company's internal control system for 2023 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, 2023 (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 13, 2024 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 :

许远群

Signature



General Manager:

张志滨

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 2023 general shareholders' meeting:

(1) Approval of the 2022 annual business report, parent company only financial statements and consolidated financial statements

(2) Approval of the 2022 surplus distribution proposal

Implementation status: At the 2023 shareholders' meeting, the Company resolved to distribute cash dividends of NT\$1.50 per share and stock dividends of NT\$0.50 per share. The cash dividend payment date was October 2, 2023.

(3) Approved the issuance of new shares by capitalization of the 2022 earnings.

Implementation status: Approved stock dividend distribution filing by the Securities and Futures Bureau on July 10, 2023; approved the change of registration by the Ministry of Economic Affairs on September 23, 2023.

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

Implementation status: Approved the change of registration by the Ministry of Economic Affairs on July 26, 2023 and disclosed on the Company's website.

(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.

2. Critical resolutions of the board of directors :

Meeting Date	Critical resolutions
2023.01.12	<ol style="list-style-type: none"> 1. Bonus payment to former Vice Chairman Lin Yueh-Tin. (Withdraw) 2. The company's 2022 year-end bonus distribution plan for managers (Withdraw)
2023.03.15	<ol style="list-style-type: none"> 1. Approved the Company's 2022 business report. 2. Approved the Company's 2022 parent company only financial statements.. 3. Approved the Company and its subsidiaries's 2022 consolidated financial statements. 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 2022 "Internal Control System Effectiveness Assessment" and "Internal Control System Declaration". 7. Approved the Company's application to five financial institutions including Chang Hwa Commercial Bank for the renewal of financing lines. 8. Approved the amendment to some articles of "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 to some articles of the Company's "Audit Committee Charter ". 11. Approved the amendment to some articles of the Company's "Remuneration Committee Charter". 12. Approved the amendment to some articles of the Company's "Corporate Governance Best Practice Principles".
2023.04.07	<ol style="list-style-type: none"> 1. Approved the 2022 earnings distribution proposal. 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 amendments to some articles of the Company's "Rules of Procedure of the Shareholders' Meeting". 5. Approved matters related to the convening the 2023 Annual Shareholders' Meeting. 6. Approved the change of CPA for the Company's financial reports. 7. Approved the election of Vice Chairman.
2023.05.12	<ol style="list-style-type: none"> 1. Approved the Company and its subsidiaries's consolidated financial statements for Q1 2023. 2. Approved the Remuneration to the current Directors concurrently serving as Chairman and General Manager and Vice Chairman. 3. Approved the appointment of directors of the subsidiary of the Company, Top Food industry Corporation, and the nomination of supervisors. 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 the financing lines on expiry. 6. Approved the establishment of the "Procedures for the Preparation of Sustainability Report and Validated Audit Process".

Meeting Date	Critical resolutions
2023.08.10	<ol style="list-style-type: none"> 1. Approved the Company and its subsidiaries's consolidated financial statements for Q2 2023 2. Approved to set the ex-dividend date for distribution of 2023 cash dividends and the ex-rights date for issuance of new shares by capitalization of the earnings, and other related matters. 3. Approved the company application to four financial institutions including Taiwan Cooperative Bills Finance Corporation for the renewal of the financing line on expiry. 4. Approved the Company's endorsement and guarantee for its subsidiary, Top Food industry Corporation. 5. Approved the amendment of some articles of the Company's "Independence evaluation of CPAs for Financial Reports ".
2023.09.27	<ol style="list-style-type: none"> 1. Approved the proposal for the distribution of the remuneration amount of the directors of the company for 2022 2. Approved the Company's 2022 manager employee compensation amount distribution plan.
2023.11.09	<ol style="list-style-type: none"> 1. Approved the Company and its subsidiaries's consolidated financial statements for Q3 2023. 2. Approved the Company's 2024 audit plan. 3. Approved the Company's application to seven financial institutions including Taiwan Cooperative Bank for the renewal of the financing lines on expiry. 4. Approved the establishment of the Company's "Human Rights Policy". 5. Approved the appointment of Chang Chih-Pin as the company's general manager.
2024.01.18	<ol style="list-style-type: none"> 1. Approved the independence and suitability evaluation of the CPA. 2. Approved the amendments to some articles of the Company's "Internal Control System - Shareholders' Equity". 3. Approved the lifting of the restriction of non-compete for managers. 4. Approved the company's 2023 year-end bonus distribution plan for managers.
2024.03.13	<ol style="list-style-type: none"> 1. Approved the Company's 2023 business report. 2. Approved the Company's parent company only financial statements for 2023. 3. Approved the Company and its subsidiaries's consolidated financial statements for 2023. 4. Approved the 2023 earnings distribution proposal. 5. Approved the amount and payment method of 2023 profit-sharing compensation for employee and remuneration for directors. 6. Approved the Company's "Internal Control System Effectiveness Assessment" and "Internal Control System Declaration" for 2023. 7. Approved the Company's 2024 business plan. 8. Approved the appointment of CPA for the Company's financial reports. 9. Approved the Company's application to six financial institutions including Chang Hwa Commercial Bank for the renewal of financing lines. 10. Approved the amendments to some articles of the Company's "Whistleblowing System". 11. Approved matters related to the convening of the 2024 Annual Shareholders' Meeting.

Meeting Date	Critical resolutions
2024.05.13	<ol style="list-style-type: none"> 1. Approved the Company and its subsidiaries's consolidated financial statements for Q1 2024. 2. Approved the Company's application to six financial institutions including Land Bank of Taiwan for the renewal of financing lines. 3. Approved the appointment of directors and supervisors of the subsidiary of the Company, JUNG SHIANG INTERNATIONAL CO., LTD. 4. Approved the amendment to some articles of the Company's "Corporate Governance Best Practices Principles". 5. Approved the establishment of the "Procedures for the Preparation of Sustainability Report and Validated Audit Process". 6. Approved the 2024 salary adjustment plan for the Chairman, Vice Chairman, and Managers

(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
2023.03.15	Proposal of the Company's application to six financial institutions including Chang Hwa Commercial Bank for the renewal of financing lines.	<ol style="list-style-type: none"> 1. Director of Shin Fong Trading Co., Ltd. (Representative Cheng Chao-Heng), Director of Tai Sheng Ocean Development Co., Ltd. (Representative Cheng Yi-Chia), Director of Shin Tai Industry Co., Ltd. (Representative Wu Chin-Chuan), Director of An He Investment Holdings Co., Ltd. (Representative Wu Hsing-Cheng) raised objection. 2. 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.	<ol style="list-style-type: none"> 1. Independent Directors Wang Shang-Ren, Lu Hsin-Hwa and Lien Ren-Lung hold qualified opinion. 2. The proposal was approved by a majority of the directors present.
2023.05.12	Proposal of remuneration to the current Directors concurrently serving as Chairman and General Manager and Vice Chairman.	<ol style="list-style-type: none"> 1. Independent Directors Wang Shang-Ren approved the remuneration to directors concurrently serving as chairman and general manager, but qualified his opinion on the remuneration to directors concurrently serving as vice-chairman. 2. The proposal was approved by a majority of the directors present.

Meeting Date	Content of motion	Resolution of the Board of Directors
2023.09.27	Proposal of the company's 2022 manager employee compensation amount distribution plan.	1. Director of Tai Sheng Ocean Development Co., Ltd. (Representative Cheng Yi-Chia), Director of Shin Tai Industry Co., Ltd. (Representative Yeh Tzu-Ling), Director of Shin Fong Trading Co., Ltd. (Representative Cheng Chao-Heng) raised objection. 2. 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 22, 2024

Title	Name	Recruitment date	Dismissal date	Reasons for resignation or dismissal
Accounting supervisor	Lin Fang-Ru	2015.12.30	2023.05.25	Retired
General manager	Shu Yi- Cheun	2016.08.05	2023.11.09	No longer concurrently serving as GM

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. Information on Accountant Fees:

Units: NT\$ thousands

Accounting Firm Name	Accountant's Name	Audit Period	Audit fees	Non-audit fees	Total	Note
Deloitte United Accounting Firm	Hsieh Chien-Hsin Chang Keng-Hsi.	2023.01.01- 2023.12.31	2,780	-	2,780	None
Deloitte United Accounting Firm	Kang Yu-Yeh	2023.01.01- 2023.12.31	-	160	160	Note 1
Deloitte United Accounting Firm	Wu Shih-Tsung	2023.01.01- 2023.12.31	-	400	400	Note 2

Note 1: NTD 160,000 for transfer pricing research analysis.

Note 2: NTD 400,000 for the sustainability report.

- 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.
- 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	2023		The current year as of May 22	
		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	108,870	—	—	—
	Representative : Shu Yi-Cheun	77,993	—	—	—
Vice Chairman	An-He Investment and Holding Co., Ltd.	10,750	—	—	—
	Representative : Lin Yueh-Tin (Note 4)	—	—	—	—
	Representative : Wu Hsing-Cheng (Note 4)	50,488	—	—	—
Director	Tai Sheng Ocean Development Co., Ltd.	139,930	—	—	—
	Representative : Cheng Yi-Chia	—	—	—	—
Director	Morn Sun Feed Mill Corp.	258,494	—	—	—
	Representative: Wu Ching-Teh	334	—	—	—
Director (Note 5)	Shin Tai Industry Co., Ltd.	1,783,446	1,200,000	—	—
	Representative : Wu Chin-Chuan (Note 4)	1,000	—	—	—
	Representative : Yeh Tzu-Ling (Note 4)	3,100	—	—	—
Director	Shin Fong Trading Co., Ltd.	971,943	(4,483,000)	—	—
	Representative: Cheng Chao- Heng	—	—	—	—
Independent Director	Lu Hsin-Hwa	—	—	—	—
Independent Director	Wang Shang-Ren	—	—	—	—
Independent Director	Lien Ren-Lung	—	—	—	—
General Manager	Shu Yi-Cheun (Note 4)	77,993	—	—	—

Job Title (Note 1)	Name	2023		The current year as of May 22	
		Increase (decrease) number of equities held	Increase (decrease) number of pledged equities	Increase (decrease) number of equities held	Increase (decrease) number of pledged equities
General Manager	Chang Chih-Pin	—	—	—	—
Major Shareholder	Kuan Yiao-Lan	855,194	(2,000,000)	—	—
Major Shareholder	Sheu Jong-Ming	465,255	—	—	—

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 a transfer of shareholding or a pledge of shareholding is a related party, additionally complete the table "Information on Transfers of Shareholding" and "Information on Pledges of Shareholding".

Note 3: The Board of Directors approved the appointment of An He Investment Holding Co., Ltd. (Representative: Wu Hsing Cheng) as the Vice Chairman on April 7, 2023.

Note 4: (1) Reassigned representative of An-He Investment and Holding Co., Ltd.: Lin Yueh-Tin was dismissed on March 15, 2023 and Wu Hsing-Cheng was reassigned to the present.

(2) Reassigned representative of Shin Tai Industry Co., Ltd.: Wu Chin-Chuan was dismissed on April 12, 2023; and Yeh Tzu-Ling was reassigned on May 5, 2023 to the present.

(3) On November 9, 2023, the Board of Directors approved that Chairman Shu Yi-Cheun no longer concurrently served as the general manager and the former vice general manager, Chang Chih-Pin assumed the position of General Manager.

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. The Relationship Between Top Ten Shareholders

April 28, 2024

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.	26,070,385	11.35	—	—	—	—	Shin Fong Trading Co., Ltd.	The same person as the chairman	—
Representative: Wu Chin-Chuen	8,806,354	3.82	3,190,797	1.39	—	—	Anda Investment Company Ltd.	Father and son as The company chairman	
Qunshengfa Company Ltd	22,379,700	9.75	—	—	—	—	Kuan Yiao-Lan	Mother and son as The company chairman	—
Representative: Shu Yi-Cheun	1,637,858	0.71	11,624	0.01	—	—	Sheu Jong-Ming	Father and son as The company chairman	
Chen Shin Investment Company Ltd.,	21,885,841	9.53	—	—	—	—	—	—	—
Representative: Huang Yun-Hui	348,718	0.15	11,332	—	—	—	—	—	
Anda Investment Company Ltd.,	21,747,803	9.47	—	—	—	—	Shin Tai Industry Co.,Ltd.	Father and son as The company chairman	—
Representative: Wu Hsing-Cheng	1,060,253	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	17,959,081	7.82	9,770,358	4.25	—	—	Sheu Jong-Ming	Spouse	—
Shin Fong Trading Co., Ltd	16,924,810	7.37	—	—	—	—	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	8,806,354	3.82	3,190,797	1.39	—	—	Anda Investment Company Ltd.,	Father and son as The company chairman	—
Sheu Jong-Ming	9,770,358	4.25	17,959,081	7.82	—	—	Kua Yiao-Lan	Spouse	
Wu Chin-Chuen	8,806,354	3.83	3,190,797	1.39	—	—	Qunshengfa Company Ltd	Father and son as The company chairman	—
							Shin Tai Industry Co.,Ltd	Chairman of the company	
							Shin Fong Trading Co., Ltd	Chairman of the company	
Anding Investment Co., Ltd.	8,428,160	3.67	—	—	—	—	—	—	—
Representative: Chin Hui-Ru	2,396,950	1.04	—	—	—	—	—	—	
Lung Ming Investment Ltd.	8,317,050	3.62	—	—	—	—	—	—	—
Representative: Chen Chao- Long	—	—	—	—	—	—	—	—	

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

April 28, 2024 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

FOPCO

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	2011.7.21Financial 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

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
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
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
2023.09	10	300,000,000	3,000,000,000	229,638,204	2,296,382,040	Earnings transferred to capital increase of NTD109,352,000	None	Effectively registered by SFB on 2023.7.10.

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	229,638,204	70,361,796	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

April 28, 2024

Shareholder structure	Government agency	Financial institution	Other legal persons	Personal	Foreign institutions and outsiders	Total
Quantity						
Number of people	—	—	58	17,821	44	17,923
Number of shares held	—	—	165,024,107	63,266,097	1,348,000	229,638,204
Shareholding ratio	—	—	71.86%	27.55%	0.59%	100%

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

April 28, 2024

Holding grade	Number of shareholders	Number of shares held	Shareholding ratio (%)
1 to 999	16,293	848,901	0.37
1,000 to 5,000	1,336	2,436,426	1.06
5,001 to 10,000	116	755,064	0.33
10,001 to 15,000	58	684,684	0.30
15,001 to 20,000	11	184,336	0.08
20,001 to 30,000	24	562,747	0.25
30,001 to 40,000	6	212,160	0.09
40,001 to 50,000	3	138,201	0.06
50,001 to 100,000	18	1,171,800	0.51
100,001 to 200,000	10	1,357,006	0.59
200,001 to 400,000	13	3,953,648	1.72
400,001 to 600,000	3	1,469,469	0.64
600,001 to 800,000	1	667,291	0.29
800,001 to 1,000,000	2	1,771,419	0.77
1,000,001 and above	29	213,425,052	92.94
Total	17,923	229,638,204	100.00

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

(IV) List of major shareholders

April 28, 2024

Major Shareholders' Name	Share	Number of shares held (shares)	Shareholding ratio (%)
Shin Tai Industry Co.,Ltd		26,070,385	11.35
Qunshengfa co., ltd.		22,379,700	9.75
Chengxin Investment Co., Ltd.		21,885,841	9.53
Anda Investment Co., Ltd.		21,747,803	9.47
Kuan Yiao-Lan		17,959,081	7.82
Shin Fong Trading Co., Ltd		16,924,810	7.37
Sheu Jong-Ming		9,770,358	4.25
Wu Chin- Chuan		8,806,354	3.83
Anding Investment Co., Ltd.		8,428,160	3.67
Lung Ming Investment Ltd.		8,317,050	3.62

(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	2022	2023	The current year as of March 31, 2024 (Note 8)
		Market price per share (Note1)	Highest	63.8	62.8
	Lowest	47	52.4	52	
	Average	54.19	56.38	54.61	
Net worth per share (Note2)	Before distribution	15.88	15.29	15.63	
	After distribution	14.38	—	—	
Earnings per share (Note3)	Weighted average number of shares (thousand shares)	Before adjustment	218,703	229,638	229,638
		After adjustment	229,638	—	—
	Earnings per share (Note 3)	Before adjustment	1.69	1.60	0.31
		After adjustment	1.61	—	—
Divided per share	Cash dividend		1.5	1.4(note9)	—
	Stock Dividend	Retained earnings	0.5	—	—
		Capital reserve	—	—	—
	Accumulated unpaid dividends (Note 4)		—	—	—
Investment remuneration Analysis	P/E ratio (Note 5)		32.07	35.24	176.16
	P/L ratio (Note 6)		36.13	40.27	—
	Cash dividend yield (Note 7)		2.77%	2.48%	—

*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: It was proposed to distribute cash dividend of NT\$1.4 per share for 2023 at the 2024 shareholders' meeting.

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

1. Dividend distribution policy of the Company shall be in principle maintaining a sound long-term financial structure and growth and expansion of future operation of the Company, as well as considerations to shareholders' equity. The Company shall set aside no less than 50 percent of the distributable earnings of the current year as the shareholders' bonus. Share dividends for shareholders may be distributed in cash or shares, of which the proportion of cash dividend may not be lower than 20 percent of the total dividend distribution (distributable earnings of current year is the earnings after making up losses, then minuses legal reserve account, special reserve account, dividends on preferred stock, and excluding undistributed earnings previous year and legal reversal of special reserve) for the current year every year.
Where the cash dividend distributable per share is less than NTD 0.1 will not be dispatched.
2. The proposed dividend distribution at the shareholders meeting:
It was proposed to distribute cash dividend of NT\$1.4 per share for 2023 at the 2024 shareholders' meeting.

(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 2023 is NTD 8,816,039; the estimated amount of remuneration payable to directors is NTD 8,816,039. The preceding remuneration for employees and directors and supervisors is calculated based on the 2023 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	8,816,039
Employee stock compensation	None
Directors' remuneration	8,816,039

There is no difference between the remuneration approved by the board of directors and the estimated amount in the 2023 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 NT\$9,428,787 as cash compensation to employees and NT\$9,428,787 as remuneration to directors for 2022. There was no discrepancy between the actual distribution amount 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 2023 sales volume, oil products accounted for 46.58%, feed, raw material products for 29.34%, and flour products for 24.08%.

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) Developed “Yikang” cooking oil specifically for use in the food and beverage channel to strengthen the brand visibility of barrel-oils and increase its market share.
- (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) Stabilize the quality of the Bread Flour Yuzhuàn and high value-added products, monitor ATTR (F6) used, and adjust the formula of semi-finished products and products with high water-absorbent characteristics, in order to develop more competitive and high-priced flour products.
- (4) In response to the price changes of American wheat and Australian wheat, we strategically adjust the proportion of formula to maintain stable quality and cost control. In addition, we have added a new market application evaluation for ASW/ANW in Australia.

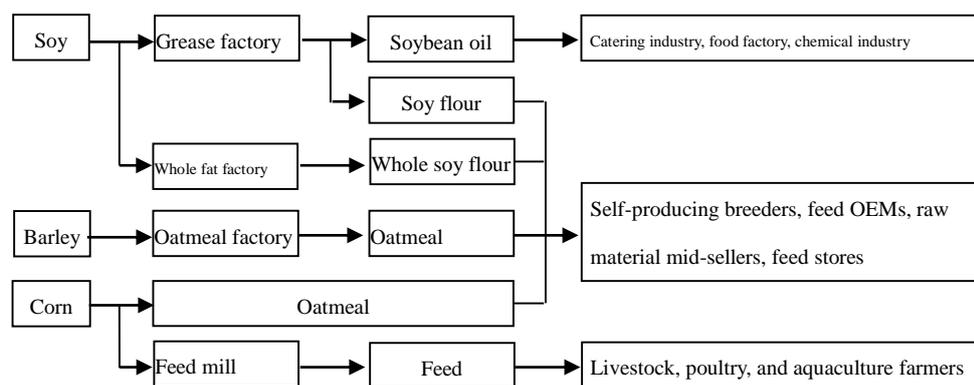
(II) Industry overview

1. Raw Material Business 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 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.
- 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. Oil Business 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. Domestic market demand is also affected by inflation, coupled with the poor state of the travel market, the private consumption power has obviously decreased, the industry should adjust the amount of domestic raw materials imported timely, to avoid the excess supply over demand situation, and cause excessive vicious competition.

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

- a. Due to the uncertainty of China's economy and the decline in demand, international grain prices have been significantly revised downward. Therefore, it is necessary to immediately grasp the international information, the price of each country's grain and the suppliers' inventory position, to more intensively liaise and communicate with suppliers, to maintain a good cooperative relationship, and to establish a strict security inventory, to reduce the holding position, and to minimize the risk of holding high-priced raw materials.
- 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

- a. Food safety issues are of great concern, and governmental laws and regulations are becoming more and more stringent on food regulations, including imported raw material document audits, product labeling, and the latest laws and regulations on the implementation of the limits of glycidyl esters in edible fats and oils, which greatly affect the refining process of oil and grease factories, and the need to immediately respond to changes in the process conditions.
- b. In response to food safety laws and regulations, rising consumer awareness, and mastering the best quality of service and customer satisfaction, we provide complete raw material source assurance, traceability management, and quality specifications in compliance with quality standards to differentiate ourselves from small and medium-sized enterprises.

3. Feed Business 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.

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

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.

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- 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.

(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.

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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) Strengthening the promotion of existing product channels, developing new customers, increasing sales volume and sales value, developing and promoting new products, and cooperating with relevant food and beverage channels and OEM to enhance our brand awareness and market share, increase revenue and cut down the sales and administrative expenses, reduce operating costs, and enhance 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.

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- (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 Material Business 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:

- 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 2024, it is expected to sell 10,660 metric tons of oatmeal, 740 metric tons of bran, 14,000 metric tons of compound feed products, 70,000 metric tons of corn, 10,600 metric tons of soybeans, 17,500 metric tons of full-fat soybean meal, 28,200 metric tons of soybean meal, and 68,464 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 market for oatmeal products is shrinking, and it is not easy to expand its operating scale.

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. Oil Business 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.

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- 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 2024, it is expected to sell 54,073 metric tons of soybean oil, 42,311 metric tons of palm oil, 113,983 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) We have built a new vegetable oil refinery with new equipment, a new brand name and our own dedicated terminal for loading and unloading. In addition to improving the quality of raw materials, our sales unit is further expanding into the market and increasing 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.

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- (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.
- (4) Higher labor costs and increased free enterprise have resulted in a severe shortage of logistics and truck drivers and a high mobility rate, making the shipment of products to consumers a major challenge in the future.
- c. Countermeasures:
- (1) 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.
- (2) Toward the goal of enterprise alliance, instead of cooperating with downstream customers for delivery, to cooperate with relevant companies with logistics fleets, or jointly develop customers, in order to achieve the integrated effect for each other.
3. Feed Business 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 2024, it is estimated that the sales volume of feed is 73,134 metric tons and livestock products are 1,200 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.

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- 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 2024, it is expected to sell 182,091 metric tons of flour for various purposes and 64,239 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.

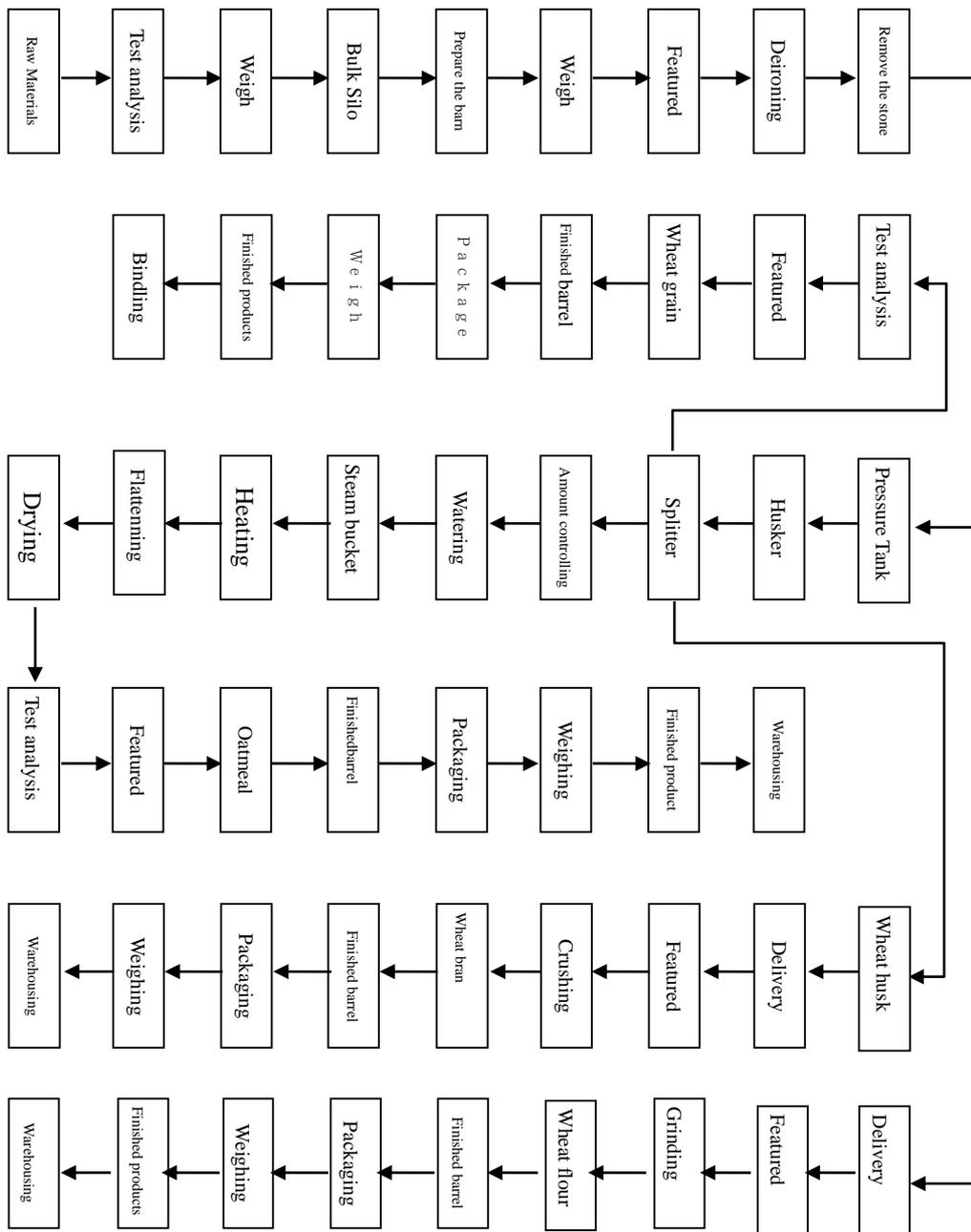
c. Countermeasures

- (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.

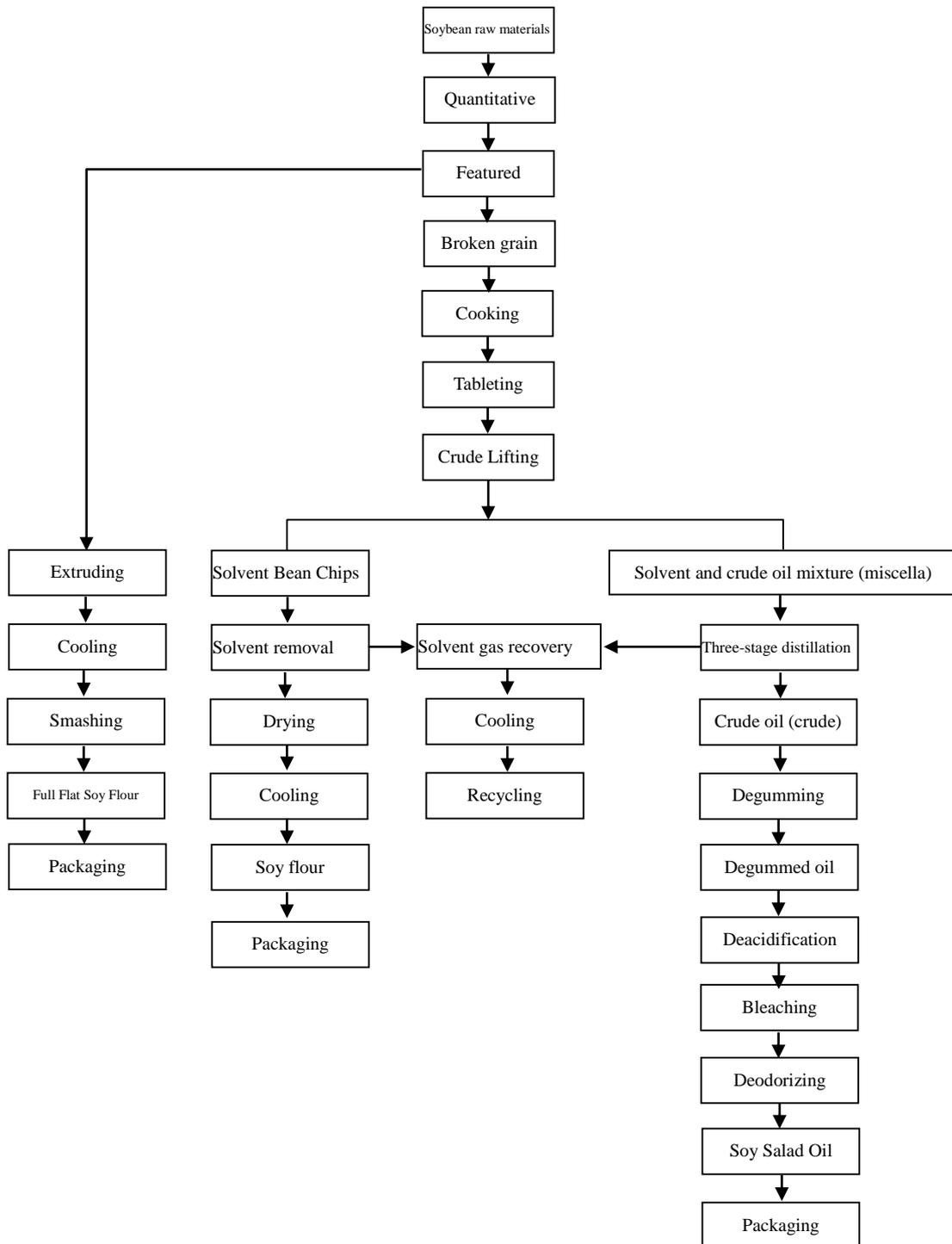
(II) Important use and production process of main products

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

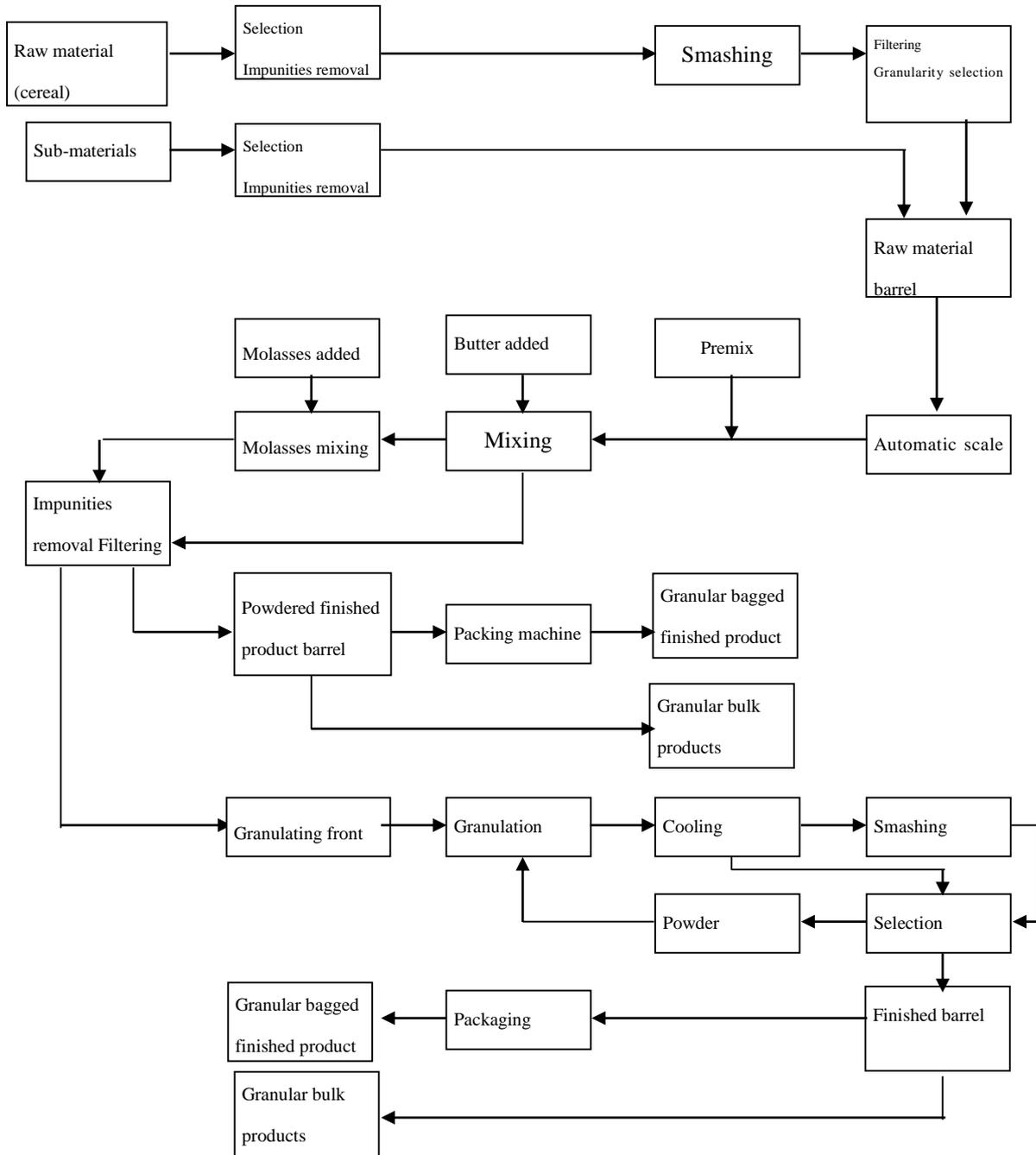
(1) Flow chart of oatmeal manufacturing:



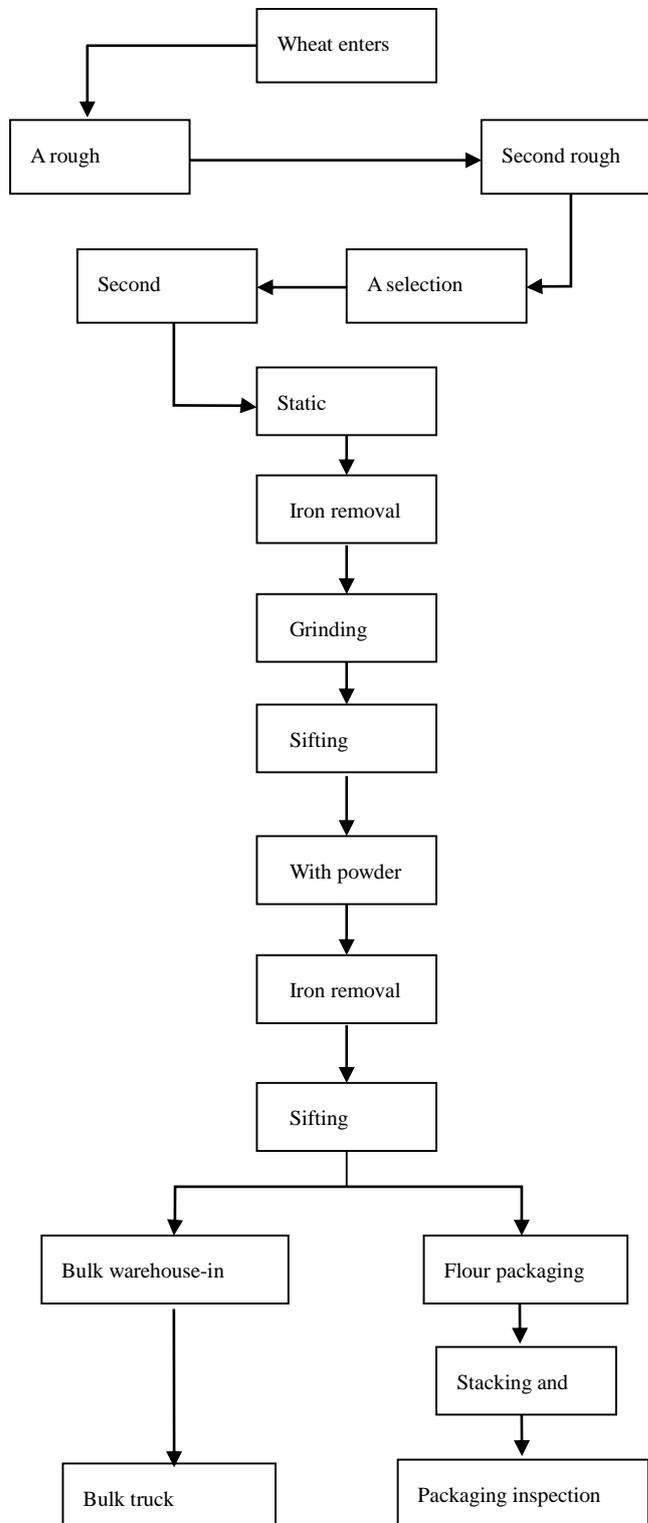
(2) Oil manufacturing flow chart:



(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 suppliers and customers for the most recent 2 years (accounting for more than 10%)

1. Information on Major Suppliers:

Unit : NT\$ thousand

Item	2022				2023				The first quarter of 2024 (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	CHS INC.	1,931,978	13.82	Non-related person	CARGILL	3,848,754	31.04	Non-related person	Archer Daniels Midland Company	429,502	14.69	Non-related person
2	TONWAL L CORP.	1,437,509	10.29	Non-related person	CHS INC	1,968,747	15.88	Non-related person	CHS INC.	382,811	13.10	Non-related person
3	-	-	-	-	-	-	-	-	Yung Pui	332,620	11.38	Non-related person
	Others	10,605,379	75.89	-	Others	6,583,245	53.09	-	Others	1,778,136	60.83	-
	Purchase Net	13,974,866	100	-	Purchase Net	12,400,746	100	-	Purchase Net	2,923,068	100	-

Note 1: List all suppliers accounting for 10 percent or more of the Company's total procurement amount in the 2 most recent fiscal years and the amounts bought from each and the percentage of total procurement accounted for by each. If the company is prohibited by contract from revealing the name of a supplier, or a trading counterparty is an individual person who is not a related party, it may use a code in place of the actual name.

Note 2: If, up to the date of publication of the annual report for a TWSE or TPEx listed or Emerging Stock company, there is any financial data audited and attested or reviewed by a CPA for the most recent period, it shall also be disclosed. The financial data for the first quarter of 2024 has been reviewed by the CPA.

2. Information on Major Customers:

Unit: NT\$ thousand

Item	2022				2023				The first quarter of 2024 (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	2,599,087	17.02	Affiliate enterprise	Central Union Oil	2,609,906	17.95	Affiliate enterprise	Central Union Oil	710,608	21.25	Affiliate enterprise
	Others	12,675,274	82.98	-	Others	11,933,903	82.05	-	Others	2,633,290	78.75	-
	Net sales	15,274,361	100	-	Net sales	14,543,809	100	-	Net sales	3,343,898	100	-

Note 1: List all customers accounting for 10 percent or more of the Company's total sales amount in the 2 most recent fiscal years and the amounts sold to each and the percentage of total sales accounted for by each. If the company is prohibited by contract from revealing the name of a customer, or a trading counterparty is an individual person who is not a related party, it may use a code in place of the actual name.

Note 2: If, up to the date of publication of the annual report for a TWSE or TPEX listed or Emerging Stock company, there is any financial data audited and attested or reviewed by a CPA for the most recent period, it shall also be disclosed. The financial data for the first quarter of 2024 has been reviewed by the CPA.

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.	2022			2023		
	Production capacity	Yield	Output value	Production Capacity	Yield	Output value
Oil department	354,000	230,797	5,831,885	354,000	230,364	5,269,376
Feed department	198,000	119,877	1,902,919	198,000	113,886	1,762,327
Flour department	240,000	236,976	3,490,838	240,000	254,633	3,443,833
Other department	1,305	435	48,648	1,305	905	65,755
Total	793,305	588,085	11,274,290	793,305	599,788	10,541,291

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.	2022				2023			
	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
Oil department	235,458	6,932,453	13,792	662,540	232,888	5,946,014	21,485	828,209
Feed department	278,450	4,076,847	21,905	196,087	285,087	3,956,147	28,740	224,786
Flour department	187,875	3,157,141	11,390	168,415	208,714	3,399,669	6,778	103,268
Other department	996	80,878	—	—	895	85,716	—	—
Total	702,779	14,247,319	47,087	1,027,042	727,584	13,387,546	57,003	1,156,263

III. Information of employees in the most recent two years

March 31, 2024

Year		2022	2023	The current year as of March 31, 2024
Consolidated number of employees	Managerial staff	113	122	119
	Administration staff	156	153	153
	Production staff	146	146	146
	Total	415	421	418
Average age		45.26	45.90	45.50
Average years of service		10.33	10.99	10.66
Educational qualification distribution ratio (%)	PhD	0.72	0.71	0.72
	Master's degree	11.33	12.35	12.20
	Junior college	54.46	54.63	54.78
	High school	26.02	25.89	26.08
	Below high school	7.47	6.41	6.22

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. Despite the increased concentration in wastewater, the total wastewater discharge was relatively lower, the total wastewater discharge from the wastewater factory in 2023 was 49.59% lower compared to 2022.

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 20.65% reduction in total water consumption by the Company in 2023 compared to 2022.

Taichung Port factory 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	58	58	423	178,295
Management competency training	48	48	306	162,685
Professional license training	65	65	714	178,594
Total	171	171	1,443	519,574

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.

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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

(I) Safety and Hygienic 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. 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.

4. 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.

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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.
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
 4. Perform vulnerability scanning on the network environment at least once a year.

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5. Perform website penetration testing at least once a year.
 6. Social engineering drills at least once a year.
 - (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.

(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	2024.4~2026.4	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	2024.2~2026.2	Credit contract	None
Mid-term loan	FOPCO	Taiwan Shin Kong Commercial Bank Co., Ltd.	2023.9~2026.9	Credit contract	None
Mid-term loan	FOPCO	Mega International Commercial Bank Co., Ltd.	2024.1~2027.1	Credit contract	None
Long term loan	TOP FOOD INDUSTRY CORPORATION	Taiwan Cooperative Bank	2023.12~2025.12	Secured Loan	None
Mid-term loan	TOP FOOD INDUSTRY CORPORATION	Hua Nan Commercial Bank	2023.10~2024.10	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

Contract nature	Company name	Parties	Date of contract	Main content	Restrictions
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
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

Six. Overview of Financial

FOPCO

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		2019	2020	2021	2022	2023	Current year as of March 31, 2024 Financial information (Note 1)
Item							
Non-current assets		4,542,984	4,158,219	5,263,532	5,482,615	4,881,487	4,381,627
Property, plant and equipment		2,677,568	3,019,144	3,235,510	3,286,771	3,182,932	3,149,259
Intangible assets		—	—	—	993	1,467	3,478
Other assets		520,465	516,031	610,126	670,784	654,636	665,945
Total assets		7,741,017	7,693,394	9,109,168	9,441,163	8,720,522	8,200,309
Current liability	Prior distribution	2,522,456	2,887,157	3,942,989	3,805,893	3,140,725	2,646,160
	Posterior distribution	2,806,770	3,193,341	4,292,914	4,133,948	—	—
Non-current liabilities		1,570,132	1,073,096	1,293,735	1,782,896	1,646,844	1,534,005
Total liability	Prior distribution	4,092,588	3,960,253	5,236,724	5,588,789	4,787,569	4,180,165
	Posterior distribution	4,376,902	4,266,437	5,586,649	5,916,844	—	—
Equity attributable to owners of parent		3,206,985	3,297,723	3,440,786	3,472,875	3,512,131	3,589,766
Capital stock		2,187,030	2,187,030	2,187,030	2,187,030	2,296,382	2,296,382
Capital reserves		121,015	121,015	121,705	122,122	123,145	123,662
Retained earnings	Prior distribution	994,144	1,088,113	1,235,500	1,264,556	1,195,822	1,267,137
	Posterior distribution	709,830	781,929	885,575	936,501	—	—
Other equities		(95,204)	(98,435)	(103,449)	(100,833)	(103,218)	97,415
Treasury shares		—	—	—	—	—	—
Non-controlling interest		441,444	435,418	431,658	379,499	420,822	430,378
Total equity	Prior distribution	3,648,429	3,733,141	3,872,444	3,852,374	3,932,953	4,020,144
	Posterior distribution	3,364,115	3,426,957	3,522,519	3,524,319	—	—

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	2019	2020	2021	2022	2023	Current year as of March 31, 2024 Financial information (Note 1)
Operating revenues	10,646,506	10,213,493	13,103,954	15,274,361	14,543,809	3,343,898
Trading profit	1,049,941	1,112,449	1,157,068	1,000,542	1,103,773	238,032
Operating income (loss)	445,828	508,157	530,837	360,804	463,084	87,150
Non-operating income and expenses	47,347	55,015	65,708	60,923	26,997	9,773
Net income before tax	493,175	563,172	596,545	421,727	490,081	96,923
Continuing operations profit of the period	395,480	417,787	486,847	347,147	409,202	80,871
Discontinuing operations loss	—	—	—	—	—	—
Profit of the period	395,480	417,787	486,847	347,147	409,202	80,871
Total other comprehensive income, net of tax	(48,770)	(705)	(4,555)	12,603	(1,591)	5,803
Total other comprehensive income	346,710	417,082	482,292	359,750	407,611	86,674
Net profit attributable to owners of the parent company	339,004	375,757	453,112	368,994	367,879	71,315
Net profit attributable to non- controlling interests	56,476	42,030	33,735	(21,847)	41,323	9,556
The total comprehensive profit and loss attributable to the owners of the parent company	290,234	375,052	448,557	381,597	366,288	77,118
Total comprehensive profit and loss attributable to non- controlling interests	56,476	42,030	33,735	(21,847)	41,323	9,556
EPS	1.48	1.64	1.97	1.61	1.60	0.31

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

Note 2: Earnings per share was retroactively adjusted for stock dividends in the previous year.

(III) Condensed balance sheet

Unit: NT\$ thousand

Item	Year					Current year as of March 31, 2024 Financial Information	
	2019	2020	2021	2022	2023		
Non-current assets	2,405,285	2,523,179	3,618,461	3,617,935	3,171,791	Not applicable	
Property, plant and equipment	1,462,716	1,836,912	2,045,329	2,131,828	2,088,269		
Intangible assets	—	—	—	993	1,467		
Other assets	1,770,622	1,394,992	1,337,847	1,299,753	1,375,384		
Total assets	5,638,623	5,755,083	7,001,637	7,050,509	6,636,911		
Current liability	Prior distribution	1,409,171	1,789,786	2,793,158	2,407,821		2,062,009
	Posterior distribution	1,693,485	2,095,970	3,143,083	—		—
Non-current liabilities	1,022,467	667,574	767,693	1,169,813	1,062,771		
Total liability	Prior distribution	2,431,638	2,457,360	3,560,851	3,577,634		3,124,780
	Posterior distribution	2,715,952	2,763,544	3,910,776	—		—
Equity attributable to owners of parent	3,206,985	3,297,723	3,440,786	3,472,875	3,512,131		
Capital stock	2,187,030	2,187,030	2,187,030	2,187,030	2,296,382		
Capital reserves	121,015	121,015	121,705	122,122	123,145		
Retained earnings	Prior distribution	994,144	1,088,113	1,235,500	1,264,556		1,195,822
	Posterior distribution	709,830	781,929	885,575	-		-
Other equities	(95,204)	(98,435)	(103,449)	(100,833)	(103,218)		
Treasury shares	—	—	—	—	—		
Non-controlling interest	—	—	—	—	—		
Total equity	Prior distribution	3,206,985	3,297,723	3,440,786	3,472,875		3,512,131
	Posterior distribution	2,922,671	2,991,539	3,090,861	3,144,820		—

(IV) Condensed comprehensive income statement

Unit: NT\$ thousand

Year	2019	2020	2021	2022	2023	Current year as of March 31, 2024 Financial Information
Operating revenues	7,468,099	7,013,101	9,550,336	11,449,824	10,783,653	Not applicable
Trading profit	571,020	698,084	786,280	797,104	697,675	
Operating income (loss)	238,477	351,173	401,062	394,192	306,359	
Non-operating income and expenses	153,459	89,998	137,835	58,391	116,810	
Net income before tax	391,936	441,171	538,897	452,583	423,169	
Continuing operations profit of the period	339,004	375,757	453,112	368,994	367,879	
Discontinuing operations loss	—	—	—	—	—	
Profit of the period	339,004	375,757	453,112	368,994	367,879	
Total other comprehensive income, net of tax	(48,770)	(705)	(4,555)	12,603	(1,591)	
Total other comprehensive income	290,234	375,052	448,557	381,597	366,288	
Net profit attributable to owners of the parent company	339,004	375,757	453,112	368,994	367,879	
Net profit attributable to non-controlling interests	—	—	—	—	—	
The total comprehensive profit and loss attributable to the owners of the parent company	290,234	375,052	448,557	381,597	366,288	
Total comprehensive profit and loss attributable to non- controlling interests	—	—	—	—	—	
EPS	1.48	1.64	1.97	1.61	1.60	

Note 1: Earnings per share was retroactively adjusted for stock dividends in the previous year.

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

Year	Firm name	Name of visa accountant	Audit option
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
2023	Deloitte Union Accounting Firm	Hsieh Chien-Hsin, Chang Keng-Hsi	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, 2024 (Note 1)	
	2019	2020	2021	2022	2023		
Financial structure (%)	Liabilities to assets ratio	52.87	51.48	57.49	59.20	54.90	50.98
	The ratio of long-term funds to real estate, plant and equipment	194.90	159.19	159.67	171.45	175.30	176.36
Solvency %	Current ratio	180.10	144.02	133.49	144.06	155.43	165.58
	Quick ratio	123.26	99.22	80.17	82.44	88.59	102.79
	Times interest earned	15.10	20.63	24.54	8.68	7.56	6.57
Operating capacity	Receivables turnover (time(s))	7.50	7.41	7.87	7.61	7.48	7.43
	Average collection days	49	49	46	48	48.79	49.12
	Inventory turnover(time(s))	8.56	8.02	8.22	7.12	6.41	6.87
	Accounts Payable Turnover Ratio (time(s))	39.13	41.81	37.02	37.44	38.88	46.50
	Average inventory turnover days	43	45	44	51	56.94	53.10
	Property, plant and equipment turnover (time(s))	4.49	3.59	4.19	4.68	4.50	4.22
	Total asset turnover (time(s))	1.50	1.32	1.56	1.65	1.60	1.58
Profitability	Return on assets (%)	5.98	5.71	6.04	4.22	5.16	4.48
	Return on equity (%)	10.91	11.32	12.80	8.99	10.51	8.13
	Pre-tax net profit to paid-in capital ratio (%)	22.55	25.75	27.28	19.28	21.34	16.88
	Net income to sales (%)	3.71	4.09	3.72	2.27	2.81	2.42
	EPS (dollar)	1.48	1.64	1.97	1.61	1.60	1.24
Cash flow	Cash flow ratio (%)	16.32	18.09	(15.2)	(0.01)	32.51	15.33
	Cash flow adequacy ratio (%)	89.36	76.23	28.69	25.18	30.70	40.14
	Cash flow reinvestment ratio (%)	2.45	3.80	(13.70)	(4.89)	9.50	5.54
Leverage	Operating leverage	3.36	3.06	3.06	(4.14)	3.49	4.09
	Financial leverage	1.09	1.06	1.05	1.18	1.19	1.25

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):

- Return on assets: Mainly due to the decrease in profit.
- Net profit margin: Mainly due to capitalization of earnings, increase in capital stock, and decrease in profit for the year.
- Cash flow ratio, cash flow adequacy ratio, and cash reinvestment ratio: Mainly due to the decrease in net cash outflow from operating activities.
- Operating leverage: Mainly due to the decrease in operating income.

Note 1: The financial information for 2019 to 2023 has been audited and attested by CPAs.

Note 2: If, up to the date of publication of the annual report for a TWSE or TPEX listed or Emerging Stock company, there is any financial data audited and attested or reviewed by a CPA for the most recent period, it shall also be disclosed.

Note 3: Please refer to the following formulas for the calculation of the financial ratios in the Table (2) below, Note 3.

Note 4: Earnings per share was retroactively adjusted for stock dividends in the previous year.

(2) parent company only financial analysis-International Financial Reporting Standards

Analysis item (Note 3)		Year (Note 1)					The current year as of March 31, 2024(Note 2)
		2019	2020	2021	2022	2023	
Financial structure (%)	Liabilities to assets ratio	43.12	42.70	50.86	50.74	47.08	Not applicable
	The ratio of long-term funds to real estate, plant and equipment	289.15	215.87	205.76	217.78	219.08	
Solvency %	Current ratio	170.69	140.98	129.55	150.26	153.82	
	Quick ratio	109.71	98.32	79.64	87.35	90.03	
	Times interest earned	22.18	34.88	50.23	15.50	10.26	
Operating capacity	Receivables turnover (time(s))	8.59	8.27	8.86	9.98	8.10	
	Average collection days	42	44	41	37	45	
	Inventory turnover (time(s))	10.73	10.24	10.09	8.39	7.66	
	Accounts Payable Turnover Ratio (time(s))	28.65	26.17	26.80	25.10	26.80	
	Average inventory turnover days	34	36	36	44	48	
	Property, plant and equipment turnover (time(s))	6.44	4.25	4.92	5.48	5.11	
	Total asset turnover (time(s))	1.45	1.23	1.50	1.63	1.58	
Profitability	Return on assets (%)	6.88	6.78	7.24	5.61	5.91	
	Return on equity (%)	10.64	11.55	13.45	10.67	10.53	
	Pre-tax net profit to paid-in capital ratio (%)	17.92	20.17	24.64	20.69	18.43	
	Net income to sales (%)	4.54	5.36	4.74	3.22	3.41	
	EPS (dollar) (Note 4)	1.48	1.64	1.97	1.61	1.60	
Cash flow	Cash flow ratio (%)	15.26	27.54	(6.17)	(10.77)	30.84	
	Allowable cash flow ratio (%)	49.26	55.51	31.21	22.42	24.23	
	Cash reinvestment ratio (%)	(0.73)	4.45	(9.64)	(10.41)	5.83	
Leverage	Operating leverage	3.38	2.70	2.58	2.73	3.27	
	Financial leverage	1.08	1.04	1.03	1.09	1.18	
<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 increase in interest expense. 2. Average collection days: Mainly due to the increase in the collection days of accounts receivable. 3. Cash flow ratio: Mainly due to the increase in net cash flow from operating activities and decrease in current liabilities. 4. Cash reinvestment ratio: Mainly due to the increase in net cash flows from operating activities. 							

Note 1: The financial information for 2019 to 2023 has been audited and attested by by CPAs.

Note 2: If, up to the date of publication of the annual report for a TWSE or TPEX listed or Emerging Stock company, there is any financial data audited and attested or reviewed by a CPA for the most recent period, it shall also be disclosed.

Note 3: The following formulas for the calculation of the financial ratios shall be listed below this table in the annual report:

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.
5. Earnings per share was retroactively adjusted for stock dividends in the previous year.

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

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

The Board of Directors has prepared the business report, financial statements, and earning distribution statement for 2023 of the company, among which the financial statements have been audited and certified by CPA Hsieh, Chien-Hsin and Chang, Keng-Hsi, Deloitte Taiwan. The aforementioned business report, financial statements, and earning distribution statement have been reviewed by our Audit Committee and found to be in compliance. In accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, the required report is prepared and submitted for your review.

Regards

The Company's 2024 shareholders meeting

FORMOSA OILSEED PROCESSING CO., LTD.

Convener of the Audit Committee: Lu Hsin-Hwa



March 13, 2024

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

Independent Auditors' Report

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

Opinion

The consolidated balance sheets for December 31, 2023 and 2022 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 to consolidated financial statements (including summaries for significant accounting policies) from January 1 to December 31, 2023 and 2022, 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, 2023 and 2022, and its consolidated financial performance and consolidated cash flow from January 1 to December 31, 2023 and 2022.

The Basis of Opinion

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

Key Audit Matters (KAMs)

Key Audit Matters (KAMs) refers to the most important matters that, to the Accountant's professional judgment, finds in Formosa Group's 2023 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 2023 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, 2023, the amount for the Formosa Group's in-transit inventory and raw material is NTD 1,712,701 thousands (refer to note 9), which accounts for 20% of total assets, and 84% of net inventory value for the consolidated financial statement for December 31, 2023. 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 2023 and 2022, and the Accountant had issued unqualified opinion audit report as on record for reference.

Responsibilities of Management and Those Charged with Governance for the Consolidated 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.

Auditors' responsibilities for the audit of the 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.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and 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.

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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 2023 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.

Hsieh, Chien-Hsin

Independent Accountants

Chang, Keng-Hsi

Deloitte & Touche
Taipei, Taiwan
Republic of China
March 13, 2024

Formosa Oilseed Processing Co., Ltd. & Subsidiary Companies
Consolidated Balance Sheets
December 31, 2023 and 2022

Unit: NTD thousands

Code	Assets	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (notes 4 & 6)	\$ 945,308	11	\$ 1,022,951	11
1150	Notes receivable (notes 4, 8 & 23)	411,706	5	423,729	4
1160	Notes receivable – related parties (notes 4, 23 & 30)	-	-	87	-
1170	Accounts receivable (notes 4, 8 & 23)	1,063,893	12	1,299,430	14
1180	Accounts receivable – related parties (notes 4, 23 & 30)	331,571	4	358,128	4
1200	Other receivables (notes 4 & 8)	18,561	-	21,062	-
1210	Other receivables – related parties (notes 4 & 30)	-	-	40	-
1220	Current tax assets (notes 4 & 25)	11,283	-	12,231	-
130X	Inventory (notes 4, 5 & 9)	2,027,098	23	2,180,620	23
1410	Prepayments (note 10)	72,051	1	164,337	2
1479	Other current assets	16	-	-	-
11XX	Total current assets	<u>4,881,487</u>	<u>56</u>	<u>5,482,615</u>	<u>58</u>
	Non-current assets				
1535	Financial assets measured at amortized cost – non-current (notes 4, 7 & 31)	35,000	-	39,500	1
1550	Investments by equity method (notes 4 & 12)	316,021	4	305,839	3
1600	Property, plant, and equipment (notes 4, 13 & 31)	3,182,932	37	3,286,771	35
1755	ROU assets (notes 4 & 14)	242,314	3	254,517	3
1780	Intangible assets (notes 4 & 15)	1,467	-	993	-
1830	Biological assets (notes 4 & 16)	11,729	-	8,771	-
1840	Deferred tax assets (notes 4 & 25)	27,182	-	35,693	-
1990	Other non-current assets (note 4, 17)	22,390	-	26,464	-
15XX	Total non-current assets	<u>3,839,035</u>	<u>44</u>	<u>3,958,548</u>	<u>42</u>
1XXX	Total assets	<u>\$ 8,720,522</u>	<u>100</u>	<u>\$ 9,441,163</u>	<u>100</u>
	Liabilities and Equity				
	Current liabilities				
2100	Short-term loans (note 18)	\$ 2,390,528	27	\$ 2,938,026	31
2110	Short-term notes and bills payables (note 18)	49,976	1	109,936	1
2150	Notes payable (note 19)	7,038	-	7,240	-
2160	Notes payable – related parties (note 30)	22	-	33	-
2170	Accounts payable (note 19)	218,492	3	346,167	4
2180	Accounts payable – related parties (note 30)	51,369	1	7,256	-
2219	Other payables (note 20)	207,568	2	160,903	2
2220	Other payables – related parties (note 30)	333	-	321	-
2230	Current tax liabilities (notes 4 & 25)	35,003	-	57,569	-
2280	Lease liabilities – current (notes 4, 14 & 30)	13,029	-	12,846	-
2320	Long-term loans due within one year (notes 4, 18 & 31)	161,818	2	161,818	2
2399	Other current liabilities (note 23)	5,549	-	3,778	-
21XX	Total current liabilities	<u>3,140,725</u>	<u>36</u>	<u>3,805,893</u>	<u>40</u>
	Non-current liabilities				
2540	Long-term loans (notes 4, 18 & 31)	1,304,545	15	1,429,364	15
2570	Deferred tax liabilities (notes 4 & 25)	95,560	1	95,560	1
2580	Lease liabilities – non-current (notes 4, 14 & 30)	237,095	3	247,437	3
2640	Net defined benefit liabilities (notes 4 & 21)	7,567	-	8,685	-
2645	Margin deposit	2,077	-	1,850	-
25XX	Total non-current liabilities	<u>1,646,844</u>	<u>19</u>	<u>1,782,896</u>	<u>19</u>
2XXX	Total liabilities	<u>4,787,569</u>	<u>55</u>	<u>5,588,789</u>	<u>59</u>
	Equity Attributed to the Owner(s) of the Parent Company				
3110	Ordinary share	2,296,382	26	2,187,030	23
3200	Capital reserves	123,145	1	122,122	1
	Retained earnings				
3310	Statutory retained earnings	341,559	4	303,661	4
3320	Special retained earnings	200,454	2	200,454	2
3350	Undistributed earnings	653,809	8	760,441	8
3300	Total retained earnings	<u>1,195,822</u>	<u>14</u>	<u>1,264,556</u>	<u>14</u>
3400	Other equity interest	(103,218)	(1)	(100,833)	(1)
31XX	Total equity for owner of parent company	<u>3,512,131</u>	<u>40</u>	<u>3,472,875</u>	<u>37</u>
36XX	Non-controlling interest	420,822	5	379,499	4
3XXX	Total equity	<u>3,932,953</u>	<u>45</u>	<u>3,852,374</u>	<u>41</u>
	Total liabilities and equity	<u>\$ 8,720,522</u>	<u>100</u>	<u>\$ 9,441,163</u>	<u>100</u>

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

Formosa Oilseed Processing Co., Ltd. & Subsidiary Companies

Consolidated Statements of Comprehensive Income

January 1 to December 31, 2023 and 2022

Unit: NTD thousands;
EPS in NTD

Code		2023		2022	
		Amount	%	Amount	%
	Operating revenue (notes 4, 23 & 30)				
4110	Sales income	\$ 14,590,543	100	\$ 15,328,557	100
4170	Subtract: sales returns and allowances	<u>51,365</u>	-	<u>57,009</u>	-
4100	Net operating income	14,539,178	100	15,271,548	100
4660	Processing income	1,947	-	1,993	-
4610	Other operating revenue	<u>2,684</u>	-	<u>820</u>	-
4000	Total operating revenue	<u>14,543,809</u>	<u>100</u>	<u>15,274,361</u>	<u>100</u>
	Operating cost				
5110	Cost of sales (notes 9 & 30)	13,482,211	93	14,304,078	94
5660	Processing costs	<u>1,001</u>	-	<u>1,018</u>	-
5000	Total operating cost	<u>13,483,212</u>	<u>93</u>	<u>14,305,096</u>	<u>94</u>
5850	Gains on initial recognition of agricultural products (note 16)	<u>42,794</u>	-	<u>31,452</u>	-
5900	Gross profit	1,103,391	7	1,000,717	6
5910	Realized (unrealized) sales profit with affiliated enterprises	<u>382</u>	-	(<u>175</u>)	-
5950	Realized gross profit	<u>1,103,773</u>	<u>7</u>	<u>1,000,542</u>	<u>6</u>
	Operating expenses (note 30)				
6100	Promotion expenses	400,927	3	420,922	3
6200	Management expenses	197,873	1	180,446	1
6300	Research and development expenses	41,894	-	38,584	-
6450	Expected credit losses (reversal gains) (note 8)	<u>3</u>	-	(<u>1,031</u>)	-
6000	Total operating expenses	<u>640,697</u>	<u>4</u>	<u>638,921</u>	<u>4</u>
6510	Other net revenue and expenses (note 24)	<u>\$ 8</u>	-	(<u>\$ 817</u>)	-
6900	Operating profit	<u>463,084</u>	<u>3</u>	<u>360,804</u>	<u>2</u>
	Non-operating income and expenses				
7060	Gains on affiliated enterprises, accounted for using equity method	53,548	-	57,233	1
7100	Interest income	6,917	-	3,697	-

(next page)

(Continued)

Code		2023		2022	
		Amount	%	Amount	%
7230	Foreign currency exchange net profit (note 24)	34,386	-	51,446	-
7110	Rent income (note 30)	1,414	-	1,222	-
7190	Other income	5,741	-	3,853	-
7510	Interest expense (notes 24 & 30)	(74,753)	-	(54,903)	-
7590	Miscellaneous expense	(256)	-	(1,625)	-
7000	Total non-operating income and expenses	<u>26,997</u>	<u>-</u>	<u>60,923</u>	<u>1</u>
7900	Profit before tax	490,081	3	421,727	3
7950	Income tax fees (notes 4 & 25)	<u>80,879</u>	<u>-</u>	<u>74,580</u>	<u>1</u>
8200	Net profit	<u>409,202</u>	<u>3</u>	<u>347,147</u>	<u>2</u>
	Other comprehensive income				
8310	Items not reclassified under profit and loss				
8311	Remeasurements of defined benefit plan (note 4 & 21)	542	-	9,477	-
8320	Other comprehensive income of affiliated enterprises, accounted for using equity method	<u>252</u>	<u>-</u>	<u>510</u>	<u>-</u>
		<u>794</u>	<u>-</u>	<u>9,987</u>	<u>-</u>
8360	Items that may be reclassified under profit and loss afterwards				
8361	Exchange difference after conversion of foreign operations' financial statements	(\$ 2,385)	-	\$ 2,616	-
8300	Total other (net) comprehensive income	(<u>1,591</u>)	<u>-</u>	<u>12,603</u>	<u>-</u>
8500	Total comprehensive income	<u>\$ 407,611</u>	<u>3</u>	<u>\$ 359,750</u>	<u>2</u>
	Net profit belongs to:				
8610	Owner(s) of parent company	\$ 367,879	3	\$ 368,994	2
8620	Non-controlling interest	<u>41,323</u>	<u>-</u>	(<u>21,847</u>)	<u>-</u>
8600		<u>\$ 409,202</u>	<u>3</u>	<u>\$ 347,147</u>	<u>2</u>
	Total comprehensive income belongs to:				
8710	Owner(s) of parent company	\$ 366,288	3	\$ 381,597	2
8720	Non-controlling interest	<u>41,323</u>	<u>-</u>	(<u>21,847</u>)	<u>-</u>
8700		<u>\$ 407,611</u>	<u>3</u>	<u>\$ 359,750</u>	<u>2</u>
	EPS (note 26)				
9710	Basic	<u>\$ 1.60</u>		<u>\$ 1.61</u>	
9810	Diluted	<u>\$ 1.60</u>		<u>\$ 1.61</u>	

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

Formosa Oilseed Processing Co., Ltd. & Subsidiary Companies
Consolidated Statements of Changes in Equity
January 1 to December 31, 2023 and 2022

Unit: NTD thousands;
EPS in NTD

C o d e	Equity that Belongs to Owner of Parent Company							Other Equity Exchange difference converted in foreign operating institutions' financial statements	Total	Non-controlling interest (note 22)	Total Equity
	Common Share Capital (note 22)		Capital Reserve (note 22)	Preserved Earnings (note 22)							
	No. of Shares (1000)	Amount		Statutory Earnings Reserve	Special Earnings Reserve	Undistributed Earnings					
A1	Jan 1, 2022 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
	Appropriation and distribution of earnings for 2022										
B1	Statutory earnings reserve	-	-	-	37,898	-	(37,898)	-	-	-	-
B5	Shareholder's cash dividend – NTD 1.50 per share	-	-	-	-	-	(328,055)	-	(328,055)	-	(328,055)
B9	Shareholder's stock dividend – NTD 0.50 per share	10,935	109,352	-	-	-	(109,352)	-	-	-	-
		10,935	109,352	-	37,898	-	(475,305)	-	(328,055)	-	(328,055)
C17	Shareholder's overdue unclaimed dividends	-	-	1,023	-	-	-	-	1,023	-	1,023
D1	2023 net profit	-	-	-	-	-	367,879	-	367,879	41,323	409,202
D3	2023 other comprehensive income	-	-	-	-	-	794	(2,385)	(1,591)	-	(1,591)
D5	2023 total comprehensive income	-	-	-	-	-	368,673	(2,385)	366,288	41,323	407,611
Z1	Dec 31, 2023 balance	229,638	\$ 2,296,382	\$ 123,145	\$ 341,559	\$ 200,454	\$ 653,809	(\$ 103,218)	\$ 3,512,131	\$ 420,822	\$ 3,932,953

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

Formosa Oilseed Processing Co., Ltd. & Subsidiary Companies

Consolidated Statements of Cash Flows

January 1 to December 31, 2023 and 2022

Unit: NTD thousands

Code		2023	2022
	Cash Flow for Operating Activities		
A10000	Net profit before tax	\$ 490,081	\$ 421,727
A20010	Income and expenses items		
A20100	Depreciation expense	190,676	174,986
A20200	Amortization expense	2,769	2,811
A20300	Expected credit losses (reversal gains)	3	(1,031)
A20900	Interest expense	74,753	54,903
A21200	Interest income	(6,917)	(3,697)
A22300	Gains on affiliated enterprises accounted for using equity method	(53,548)	(57,233)
A29900	Gains on originally recognized agricultural products	(42,794)	(31,452)
A22500	Disposal of gains on property, plant and equipment	(1)	(515)
A22700	Gains on lease modification	(7)	-
A22900	Disposal of loss on biological assets	-	1,332
A23700	Inventory falling price loss	-	7,445
A23900	Unrealized (realized) sales profits with affiliated enterprises	(382)	175
A24100	Unrealized gains on exchange	(2,093)	-
A30000	Net variables of operating assets and liabilities		
A31130	Notes receivable	12,023	8,638
A31140	Notes receivable – related parties	87	107
A31150	Accounts receivable	235,594	(162,182)
A31160	Accounts receivable – related parties	26,557	4,331
A31180	Other receivables	3,482	1,803
A31190	Other receivables– related parties	40	(40)
A31200	Inventory	196,316	(319,861)
A31230	Prepayments	89,867	98,554
A31240	Other current assets	(16)	1
A32130	Notes payable	(202)	(1,390)
A32140	Notes payable – related parties	(11)	(44)
A32150	Accounts payable	(127,675)	(2,889)
A32160	Accounts payable – related parties	44,125	(20,070)
A32180	Other payables	50,865	(13,149)
A32210	Receipts in advance	1,605	(4,599)
A32230	Other current liabilities	166	(10)
A32240	Net defined benefit liabilities	(576)	(390)
A33000	Cash generated from operations	1,184,787	158,261

(next page)

(Continued)

Code		2023	2022
A33100	Interest income	\$ 5,822	\$ 2,361
A33300	Interest expense	(75,329)	(53,454)
A33500	Income tax expense	(94,192)	(107,705)
AAAA	Net cash inflow (outflow) from operating activities	<u>1,021,088</u>	<u>(537)</u>
Investment activities cash flow			
B00040	Financial assets obtained at amortized cost	-	(5,000)
B00050	Disposal of financial assets at amortized cost	4,500	97,830
B02700	Obtained property, plant and equipment (note 27)	(70,785)	(202,423)
B02800	Disposal of property, plant and equipment proceeds	9	812
B04500	Purchasing of intangible assets	(824)	(1,028)
B09900	Purchasing of biological assets (note 27)	(11,260)	(23,855)
B04600	Disposal of biological assets proceeds	-	93
B03700	Decrease (increase) in refundable deposits	6,023	(6,243)
B06700	Decrease (increase) in other non-current assets	(491)	866
B07500	Interest income	485	2,105
B07600	Obtained dividend from affiliated enterprises	<u>44,000</u>	<u>36,000</u>
BBBB	Net cash in(out)flow from investment activities	<u>(28,343)</u>	<u>(100,843)</u>
Financing activities cash flow			
C00100	Increase (decrease) in short-term loans	(547,498)	255,792
C00500	Decrease in short-term notes payable	(60,000)	(340,000)
C01600	Long-term loan	582,000	1,794,000
C01700	Repayment of long-term loan	(706,819)	(1,304,818)
C03000	Increase (decrease) in margin deposit	227	60
C04020	Repayment of lease liability capital	(11,141)	(11,745)
C04500	Distribution of cash dividend	(328,055)	(349,925)
C05700	Shareholder's overdue unclaimed dividends	1,023	417
C09900	Non-controlling interest dividend expense	<u>-</u>	<u>(30,312)</u>
CCCC	Net cash in (out) flow of financing activities	<u>(1,070,263)</u>	<u>13,469</u>
D000	Impact from exchange rate changes	<u>(125)</u>	<u>2,544</u>
EEEE	Net decrease of cash and cash equivalents	(77,643)	(85,367)
E00100	BOY balance for cash and cash equivalents	<u>1,022,951</u>	<u>1,108,318</u>
E00200	Year-end balance for cash and cash equivalents	<u>\$ 945,308</u>	<u>\$ 1,022,951</u>

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

Formosa Oilseed Processing Co., Ltd. and Subsidiary Companies
Notes to Consolidated Financial Statements
January 1 to December 31, 2023 and 2022
(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 entities 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 (salad 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 OIL PROCESSING (PANAMA) S.A. (FORMOSA PANAMA), which is 100% held by the parent company, 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 use right 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. CHONG HSIANG INTERNATIONAL CO., LTD. (former Yuanhe Catering Company, hereinafter "CHONG HSIANG INTERNATIONAL") was established in October, 2011 upon approval, and originally engaged in catering business. Due to continuous deficit in operation, the business suspended in 2014. In consideration of operation and developing strategies, the transformation to sales of oil products has been resolved in 2018, and it is renamed as CHONG HSIANG INTERNATIONAL CO., LTD..

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 13, 2024.

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 IFRS accounting standards) 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>
Amendments to IAS 1, “Disclosure of Accounting Policies”	Jan 1, 2023
Amendments to IAS 8, “Definition of Accounting Estimates”	Jan 1, 2023
Amendments to IAS 12, “Deferred Tax related to Assets and Liabilities arising from a Single	Jan 1, 2023
Amendments to IAS 12 “International Tax Reform — Pillar Two Model Rules”	Jan 1, 2023

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

- (2) The Application of the IFRS accounting standards as Approved by the FSC for 2024

<u>Newly Announced / Amended / Amendments & IFRIC</u>	<u>Effective Date for Announcement of IASB (note 1)</u>
Amendments to IFRS 16, “Lease Liability in a Sale and Leaseback”	Jan 1, 2024 (note 2)
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
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	Jan 1, 2024 (note 3)

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

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

Note 3: Part of the disclosure regulations is exempt at first-time adoption of the modification.

As of the approval date of the consolidated financial statements, the Consolidated Company evaluates that the application of aforementioned amended standards and interpretations will not have significant impact on the Consolidated Company’s financial position and financial performance.

- (3) IFRS accounting standards 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 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 21 “Lack of Exchangeability”	Jan 1, 2025 (note 2)

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 amendments apply to annual reporting periods beginning on or after 1 January 2025. The consolidated company shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings. When the consolidated company uses a presentation currency other than its functional currency, the consolidated company shall recognize any effect of initially applying the amendments as an adjustment to the exchange differences in the conversion of the financial statements of foreign operations under equity at the first-adoption date.

As of the approval date of the financial statements, the Consolidated Company continues to evaluate the impact of the amendments to the other standards and interpretations on the financial status and financial performance; the relevant impact will be disclosed upon completion of the assessment.

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 IFRS accounting standards 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:

(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, schedule 4 and 5.

(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.

At derecognition of intangible assets, the differences between the net proceeds from the disposals and the carrying amount of the assets shall be recognized in profit or loss.

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

The Consolidated Company evaluates whether there are any traces showing possible impairments in property, plant, and equipment, ROU assets, and intangible 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, financial assets at amortized cost, notes receivables, accounts receivables, other receivables, and guaranteed deposits paid), 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. Receipts in advance from sales of goods shall be recognized as contract liabilities before goods are delivered to places designated by customers or the conditions of delivery have been fulfilled.

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. Processing income

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

3. Other operating revenue

Other operating revenue arises from services, including unloading and weighing, and warehousing, etc. The amounts of

income are collected by fixed unit prices based on number of tons handled. Relevant income is recognized when rendering services.

(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.

3. Current and deferred income tax

Current and deferred income tax are recognized in profit or loss. However, current and deferred income tax related to items recognized in other comprehensive income or directly recognized in equity, shall be recognized in other comprehensive income or directly in equity, accordingly.

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.

When the Company develops significant accounting estimate values, it takes into consideration of the impact of inflation and volatility of

market interest rates on significant estimations about cash flow forecasts, growth rate, discount rate, and profitability, etc., and the management will continue to review the estimation and the basic assumptions.

The information on primary assumptions and estimation uncertainty is as follows:

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, 2023</u>	<u>December 31, 2022</u>
Cash on hand & petty cash	\$ 250	\$ 272
Bank checks & demand deposit	907,608	1,014,863
Cash equivalents		
Bank time deposit	<u>37,450</u>	<u>7,816</u>
	<u>\$ 945,308</u>	<u>\$ 1,022,951</u>

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Bank demand deposit	0.01% ~ 1.57%	0.01% ~ 1.05%
Bank time deposit	1.90% ~ 2.10%	1.04% ~ 1.90%

VII. Financial Assets Measured at Amortized Cost

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Non-current</u>		
Limited asset – bank deposit	<u>\$ 35,000</u>	<u>\$ 39,500</u>

Limited assets – bank deposit is to provide collateral to the bank for loans and the issuance of letters of credit. As of December 31, 2023 and 2022, the interest rate for limited assets were 0.58% and 0.41% respectively. Please refer to note 31.

VIII. Notes Receivable, Accounts Receivable, and Other Receivables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Notes receivable</u>		
Total carrying amount at amortized cost	<u>\$ 411,706</u>	<u>\$ 423,729</u>
<u>Accounts receivable</u>		
Total carrying amount at amortized cost	\$ 1,070,643	\$ 1,306,315
Subtract: allowance loss	<u>6,750</u>	<u>6,885</u>
	<u>\$ 1,063,893</u>	<u>\$ 1,299,430</u>
<u>Other receivables</u>		
Export rebate receivable	\$ 7,148	\$ 10,515
Import price difference receivable	6,836	7,730
Interest receivable	1,049	67
Others	<u>3,528</u>	<u>2,750</u>
	<u>\$ 18,561</u>	<u>\$ 21,062</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 recognizes the loss allowance for notes receivables at an amount equal to the lifetime expected credit loss. The lifetime expected credit loss is calculated by provision matrix and evaluated based on past default experience and current financial position of customers, and the economic situation of the industry, and GDP forecast and the industry outlook. As the Consolidated Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the customer groups are not further differentiated, and the expected credit loss rate is determined only by the overdue days of notes receivables.

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, 2023

	<u>Not overdue</u>
Expected credit loss rate	0%
Total carrying amount	\$ 411,706
Allowance loss (expected credit loss during duration)	<u>-</u>
Amortized cost	<u>\$ 411,706</u>

December 31, 2022

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

The Consolidated Company recognizes the loss allowance for accounts receivables at an amount equal to the lifetime expected credit loss. The lifetime expected credit loss is calculated by provision matrix and evaluated based on past default experience and current financial position of customers, and the economic situation of the industry, and GDP forecast and the industry outlook. As the Consolidated Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the customer groups are not further differentiated, and the expected credit loss rate is determined only by the overdue days of accounts receivables.

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, 2023

	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%	0.34%-5.89%	0%	0%	-	-	100%	100%	
Total carrying amount	\$ 947,578	\$ 114,644	\$ 1,306	\$ 550	\$ -	\$ -	\$ 24	\$ 6,541	\$ 1,070,643
Loss allowance (expected credit loss during duration)	(<u>55</u>)	(<u>130</u>)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	(<u>24</u>)	(<u>6,541</u>)	(<u>6,750</u>)
Amortized cost	<u>\$ 947,523</u>	<u>\$ 114,514</u>	<u>\$ 1,306</u>	<u>\$ 550</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,063,893</u>

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)	(<u>68</u>)	(<u>123</u>)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	(<u>36</u>)	(<u>6,658</u>)	(<u>6,885</u>)
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>

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

	2023	2022
BOY balance	\$ 6,885	\$ 11,039
Add: current year impairment loss	3	-
Subtract: current year reversal impairment loss	-	(1,031)
Subtract: current year actual write off	(<u>138</u>)	(<u>3,123</u>)
Year-end balance	<u>\$ 6,750</u>	<u>\$ 6,885</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, 2023	December 31, 2022
Inventory in transit	\$ 1,142,131	\$ 926,533
Raw materials	570,570	846,423
Finished goods	227,896	260,364
Work in progress	72,886	129,500
Materials	9,496	11,492
Products	<u>4,119</u>	<u>6,308</u>
	<u>\$ 2,027,098</u>	<u>\$ 2,180,620</u>

Operating costs related to inventory for the year 2023 was NTD 13,481,504 thousand, of which NTD 5,853 thousand included was inventory gain. Operating costs related to inventory for the year 2022 was NTD 14,303,746 thousand, of which NTD 1,151 thousand included was

inventory loss and NTD 7,445 thousand was loss on inventory price decline.

X. Prepayments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Excess business tax paid	\$ 39,608	\$ 132,284
Prepayments to suppliers	9,989	11,442
Prepayments for customs fees	8,729	7,634
Other prepayments	<u>13,725</u>	<u>12,977</u>
	<u>\$ 72,051</u>	<u>\$ 164,337</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:

Name of Investing Company	Name of Subsidiary Companies	Business Nature	Percentage of Equity Held	
			December 31, 2023	December 31, 2022
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.	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

Name of Subsidiary Company	Main Place of Business Operation	Percentage of non-controlling interest and voting rights held	
		December 31, 2023	December 31, 2022
Top Food	Taichung City	37%	37%

Name of Subsidiary Company	Profit or Loss Distributed to Non-Controlling Interest		Non-Controlling Interest	
	2023	2022	December 31, 2023	December 31, 2022
Top Food	<u>\$ 38,105</u>	<u>(\$ 10,703)</u>	<u>\$399,469</u>	<u>\$361,365</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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current assets	\$ 1,585,546	\$ 1,742,305
Non-current assets	1,185,801	1,264,702
Current liabilities	(1,113,383)	(1,426,473)
Non-current liabilities	(<u>573,690</u>)	(<u>599,687</u>)
Equity	<u>\$ 1,084,274</u>	<u>\$ 980,847</u>
Equity belonging to:		
Parent company business owner	\$ 684,805	\$ 619,482
Non-controlling interest	<u>399,469</u>	<u>361,365</u>
	<u>\$ 1,084,274</u>	<u>\$ 980,847</u>
	<u>2023</u>	<u>2022</u>
Operating income	<u>\$ 3,862,696</u>	<u>\$ 3,660,735</u>
Current year net profit (loss)	<u>\$ 103,427</u>	(<u>\$ 29,051</u>)
Net profit (loss) belonging to:		
Parent company business owner	\$ 65,322	(\$ 18,348)
Non-controlling interest	<u>38,105</u>	(<u>10,703</u>)
	<u>\$ 103,427</u>	(<u>\$ 29,051</u>)
Cash flow		
Operating activities	\$ 362,333	(\$ 154,273)
Investment activities	(25,440)	(59,038)
Financing activities	(<u>390,525</u>)	<u>265,918</u>
Net cash inflow (outflow)	(<u>\$ 53,632</u>)	<u>\$ 52,607</u>
Dividend paid for non-controlling equity	<u>\$ -</u>	<u>\$ 30,312</u>

XII. Investments by Using Equity Method

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Invested affiliated enterprises</u>		
Significant affiliated enterprises		
Central Union Oil Corp.		
(Central Union Oil)	<u>\$ 316,021</u>	<u>\$ 305,839</u>

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

<u>Name of Company</u>	<u>December 31, 2023</u>	<u>December 31, 2022</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 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' IFRS accounting standards financial statements, and had already reflected the adjustments made when using the equity method.

Central Union Oil Corp.

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current assets	\$ 1,165,861	\$ 1,129,306
Non-current assets	1,405,033	1,432,624
Current liabilities	(1,504,769)	(1,461,584)
Non-current liabilities	(<u>116,551</u>)	(<u>180,172</u>)
Equity	<u>\$ 949,574</u>	<u>\$ 920,174</u>
The Consolidated Company's shareholding ratio	33.33%	33.33%
The Consolidated Company's equity	\$ 316,524	\$ 306,724
Unrealized gains (losses) on downstream transactions	(<u>503</u>)	(<u>885</u>)
Carrying amount for investments	<u>\$ 316,021</u>	<u>\$ 305,839</u>

	<u>2023</u>	<u>2022</u>
Operating income	<u>\$ 11,335,270</u>	<u>\$ 11,360,367</u>
Current year's net profit	\$ 160,645	\$ 171,699
Other comprehensive income	<u>755</u>	<u>1,531</u>
Total comprehensive income	<u>\$ 161,400</u>	<u>\$ 173,230</u>
Dividend obtained from Central Union Oil Corp.	<u>\$ 44,000</u>	<u>\$ 36,000</u>

XIII. Property, Plant, and Equipment

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Land	\$ 715,940	\$ 715,940
Buildings	1,274,717	1,313,288
Machinery equipment	1,081,066	1,056,974
Transport equipment	\$ 26,258	\$ 27,737
Experimental equipment	12,178	6,483
Other equipment	55,930	62,446
Unfinished projects	<u>16,843</u>	<u>103,903</u>
	<u>\$ 3,182,932</u>	<u>\$ 3,286,771</u>

	Land	Buildings	Machinery equipment	Transport equipment	Experimental equipment	Other equipment	Unfinished projects	Total
Cost								
Jan 1, 2023 balance	\$ 715,940	\$ 1,752,181	\$ 2,224,245	\$ 55,900	\$ 12,222	\$ 292,354	\$ 103,903	\$ 5,156,745
Addition	-	2,093	16,586	2,136	6,916	5,809	31,811	65,351
Disposal	-	-	-	(480)	-	(3,171)	-	(3,651)
Reclassification	-	-	118,390	-	-	481	(118,871)	-
Net exchange difference	-	-	-	(26)	-	(5)	-	(31)
Dec 31, 2023 balance	<u>715,940</u>	<u>1,754,274</u>	<u>2,359,221</u>	<u>57,530</u>	<u>19,138</u>	<u>295,468</u>	<u>16,843</u>	<u>5,218,414</u>
Accumulated depreciation and impairment								
Jan 1, 2023 balance	-	(438,893)	(1,167,271)	(28,163)	(5,739)	(229,908)	-	(1,869,974)
Disposal	-	-	-	479	-	3,164	-	3,643
Depreciation expense	-	(40,664)	(110,884)	(3,614)	(1,221)	(12,799)	-	(169,182)
Net exchange difference	-	-	-	26	-	5	-	31
Dec 31, 2023 balance	<u>-</u>	<u>(479,557)</u>	<u>(1,278,155)</u>	<u>(31,272)</u>	<u>(6,960)</u>	<u>(239,538)</u>	<u>-</u>	<u>(2,035,482)</u>
Dec 31, 2023 net value	<u>\$ 715,940</u>	<u>\$ 1,274,717</u>	<u>\$ 1,081,066</u>	<u>\$ 26,258</u>	<u>\$ 12,178</u>	<u>\$ 55,930</u>	<u>\$ 16,843</u>	<u>\$ 3,182,932</u>
Cost								
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>
Accumulated depreciation and impairment								
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>

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 2023 and 2022. 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, 2023</u>	<u>December 31, 2022</u>
ROU assets carrying amount		
Land	\$ 224,631	\$ 231,189
Buildings	571	1,028
Transport equipment	<u>17,112</u>	<u>22,300</u>
	<u>\$ 242,314</u>	<u>\$ 254,517</u>

	<u>2023</u>	<u>2022</u>
Increase of ROU assets	<u>\$ 1,267</u>	<u>\$ 18,422</u>
Depreciation expense for ROU assets		
Land	\$ 6,558	\$ 6,722
Buildings	457	456
Transport equipment	<u>6,177</u>	<u>6,171</u>
	<u>\$ 13,192</u>	<u>\$ 13,349</u>

(2) Lease liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Lease liabilities carrying amount		
Current	<u>\$ 13,029</u>	<u>\$ 12,846</u>
Non-current	<u>\$ 237,095</u>	<u>\$ 247,437</u>

Discount rate range for lease liabilities is as follow:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Land	1.08% ~ 1.40%	1.08% ~ 1.40%
Buildings	1.38%	1.38%
Transport equipment	1.08% ~ 1.82%	1.08% ~ 1.57%

(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 contract period (including renewal of contract). 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 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 to 50 years.

The parent company rents buildings for being used as plant, and the lease period is 9 years.

The parent company rents part of the transportation equipment for being used as business cars, and the lease period is 1.5~5 years.

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. When the lease period is terminated, Top Food does not have the right of preferential refusal towards the leased land.

(4) Other Leasing Information

	<u>2023</u>	<u>2022</u>
Short-term leasing fees	\$ <u>1,569</u>	\$ <u>794</u>
Low value assets leasing fees	\$ <u>557</u>	\$ <u>919</u>
Total leasing cash (outflow)	(\$ <u>16,417</u>)	(\$ <u>16,573</u>)

The Consolidated Company chooses to recognize the renting of business premises 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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Computer software	\$ <u>1,467</u>	\$ <u>993</u>
		<u>Computer software</u>
<u>Cost</u>		
Beginning balance as of January 1, 2023		\$ 1,028
Additions		<u>824</u>
Balance as of December 31, 2023		\$ <u>1,852</u>
<u>Amortization</u>		
Beginning balance as of January 1, 2023		\$ 35
Amortization expense		<u>350</u>
Balance as of December 31, 2023		\$ <u>385</u>
Net as of December 31, 2023		\$ <u>1,467</u>
<u>Cost</u>		
Beginning balance as of January 1, 2022		\$ -
Additions		<u>1,028</u>
Balance as of December 31, 2022		\$ <u>1,028</u>
<u>Amortization</u>		

Beginning balance as of January 1, 2022	\$ -
Amortization expense	<u>35</u>
Balance as of December 31, 2022	<u>\$ 35</u>
Net as of December 31, 2022	<u>\$ 993</u>

Amortization expense is recognized on a straight-line basis over the following useful lives:

Computer software	3 to 5 years
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XVI. Biological Assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Productive biological assets</u>		
Laying hens	<u>\$ 11,729</u>	<u>\$ 8,771</u>
		<u>Amount</u>
<u>Cost</u>		
Jan 1, 2023 balance		\$ 22,979
Addition		11,260
Disposal		(1,419)
Dec 31, 2023 balance		<u>\$ 32,820</u>
<u>Accumulated depreciation</u>		
Jan 1, 2023 balance		\$ 14,208
Depreciation expense		8,302
Disposal		(1,419)
Dec 31, 2023 balance		<u>\$ 21,091</u>
Dec 31, 2023 net value		<u>\$ 11,729</u>
		<u>Amount</u>
<u>Cost</u>		
Jan 1, 2022 balance		\$ 10,816
Addition		26,255
Disposal		(14,092)
Dec 31, 2022 balance		<u>\$ 22,979</u>
<u>Accumulated depreciation</u>		
Jan 1, 2022 balance		\$ 6,450
Depreciation expense		20,425
Disposal		(12,667)
Dec 31, 2022 balance		<u>\$ 14,208</u>
Dec 31, 2022 net value		<u>\$ 8,771</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, 2023 and 2022, the Consolidated Company respectively possessed 68 thousands and 54 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 2023 and 2022 were respectively NTD 42,794 thousands and NTD 31,452 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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Guarantee deposits paid	\$ 17,122	\$ 23,537
Prepayments for equipment	3,247	1,397
Other prepayments	<u>2,021</u>	<u>1,530</u>
	<u>\$ 22,390</u>	<u>\$ 26,464</u>

XVIII. Loans

(1) Short-term loans

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Credit loans	\$ 1,862,750	1,989,888
Letter of credit loans	<u>527,778</u>	<u>948,138</u>
	<u>\$ 2,390,528</u>	<u>\$ 2,938,026</u>

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Credit loans	1.70% ~ 2.44%	1.30% ~ 2.22%
Letter of credit loans	1.75% ~ 6.49%	1.48% ~ 6.12%

(2) Short-term notes payable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Commercial papers payable	\$ 50,000	\$ 110,000
Subtract: short-term notes discount payable	<u>24</u>	<u>64</u>
	<u>\$ 49,976</u>	<u>\$ 109,936</u>

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Unsecured loans	1.96%	1.99% ~ 2.04%

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

December 31, 2023

<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>				
Dah Chung Bills Finance Corp.	\$ 50,000	\$ 24	\$ 49,976	None

December 31, 2022

<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>				
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>	

(3) Long-term loans

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Secured loan</u> (note 31)		
E.SUN Commercial Bank	\$ 710,000	\$ 920,000
<u>Unsecured loan</u>		
Taiwan Cooperative Bank	<u>270,000</u>	<u>160,000</u>
Subtotal	980,000	1,080,000
Subtract: listed as the part that is due within one year	<u>160,000</u>	<u>160,000</u>
Long-term loan	<u>\$ 820,000</u>	<u>\$ 920,000</u>

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Floating interest rate loans	1.78% ~ 1.82%	1.51% ~ 1.57%

- (1) E.SUN Commercial Bank's secured loan: The parent company signed a credit contract with E.SUN Commercial Bank in February 2022, with a total amount of NTD 800,000 thousand. 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, 2023 and 2022, the loan balances were NTD 560,000 thousand and NTD 720,000 thousand, respectively. 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, 2023 and 2022, the loan balance was NTD 150,000 thousand and NTD 200,000 thousand, respectively. 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. According to the contract, the amount is for revolving use before maturity. The contract was extended in February 2023 and the settlement of the amount employed this time reached the 24th month since March 2023, the draw date of the loan principal. As of December 31, 2023 and 2022, the loan balance was respectively NTD 270,000 thousand and NTD 160,000 thousand.

2. The statement for subsidiary company – Top Food Industry Corporation's long-term loan is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Secured loan</u> (note 31)		
Yuanta Bank	\$ -	\$ 395,000
Taiwan Cooperative Bank	350,000	-
<u>Unsecured loan</u>		
Hua Nan Commercial Bank, Ltd.	<u>130,000</u>	<u>108,000</u>
Subtotal	<u>\$ 480,000</u>	<u>\$ 503,000</u>

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Floating interest rate loans	1.84% ~ 1.86%	1.55% ~ 1.65%

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 thousand 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, the loan balance was NTD 395,000 thousand. 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. The aforementioned loan has been repaid in December, 2023.
- (2) Taiwan Cooperative Bank secured loan: Top Food signed a credit contract with the total amount of NTD 350,000 thousand with Taiwan Cooperative Bank in December 2023. Two years after the commencement date of the credit line contract, the loan principal automatically repays the amount used at maturity. As of December 31, 2023, the loan balance was NTD 350,000 thousand. Top Food also provided the plants in Qingshui District, Taichung, and limited bank deposits, etc. as collaterals for this line of credit.
- (3) Hua Nan Commercial Bank, Ltd.’s unsecured comprehensive loan: Top Food drew NTD 58,000 thousand and NTD 50,000 thousand in November and December, 2022, respectively. 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, 2022, the loan balance was NTD 108,000 thousand. The loan mentioned above was settled in November, 2023. Top Food respectively drew another NTD 130,000 thousand in November, 2023. 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, 2023, the loan balance was NTD 130,000 thousand.
3. The statement for subsidiary company – Fu You An Kang Co., Ltd.’s long term loans is below:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Secured loans</u> (note 31)		
Agricultural Bank of Taiwan	\$ 6,363	\$ 8,182
Subtract: listed as the part that is due within one year	<u>1,818</u>	<u>1,818</u>
Long-term loans	<u>\$ 4,545</u>	<u>\$ 6,364</u>

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Floating interest rate loans	2.48%	2.23%

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, 2023 and 2022, the balance of the loan was respectively NTD 6,363 thousands and NTD 8,182 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, 2023</u>	<u>December 31, 2022</u>
<u>Notes payable</u>		
Incurred by business operations	<u>\$ 7,038</u>	<u>\$ 7,240</u>
<u>Accounts payable</u>		
Incurred by business operations	<u>\$ 218,492</u>	<u>\$ 346,167</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, 2023</u>	<u>December 31, 2022</u>
Salaries and bonuses payable	\$ 104,602	\$ 92,614
Payables for construction	27,504	-
Import and export expenses payable	15,166	9,949
Freight payable	15,033	15,101
Labor and health insurance payable	4,566	4,356
Interest payable	2,323	2,939
Others	<u>38,374</u>	<u>35,944</u>
	<u>\$ 207,568</u>	<u>\$ 160,903</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, 2023</u>	<u>December 31, 2022</u>
PV for defined benefit obligation	\$ 68,776	\$ 75,566
Planned assets fair value	(<u>61,209</u>)	(<u>66,881</u>)
Allocation insufficiency	<u>7,567</u>	<u>8,685</u>
Net defined benefit liabilities	<u>\$ 7,567</u>	<u>\$ 8,685</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, 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>

(next page)

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	<u>PV for defined benefit obligation</u>	<u>Planned assets fair value</u>	<u>Net defined benefit liabilities</u>
Remeasurements			
Gains on planned assets	-	(5,096)	(5,096)
Actuarial loss			
– 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>
January 1, 2023	<u>\$ 75,566</u>	<u>(\$ 66,881)</u>	<u>\$ 8,685</u>
Service cost			
Current service cost	323	-	323
Interest expenses (income)	850	(758)	92
Recognized as profit or loss	1,173	(758)	415
Remeasurements			
Gains on planned assets	-	(632)	(632)
Actuarial gains			
– Changes in financial assumptions	(519)	-	(519)
– Experience adjustment	609	-	609
Recognized as other comprehensive income	(90)	(632)	(542)
Allocated by employer	-	(991)	(991)
Payment of benefits	(8,053)	8,053	-
December 31, 2023	<u>\$ 68,776</u>	<u>(\$ 61,209)</u>	<u>\$ 7,567</u>

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

	<u>2023</u>	<u>2022</u>
Operating costs	\$ 55	\$ 84
Promotion expense	111	198
Management expense	249	401
	<u>\$ 415</u>	<u>\$ 683</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, 2023</u>	<u>December 31, 2022</u>
Discount rate	1.250%	1.125%
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, 2023</u>	<u>December 31, 2022</u>
Discount rate		
0.25% increase	(\$ <u>1,018</u>)	(\$ <u>1,179</u>)
0.25% decrease	<u>\$ 1,045</u>	<u>\$ 1,212</u>
Salary's expected increase rate		
0.25% increase	<u>\$ 1,014</u>	<u>\$ 1,175</u>
0.25% decrease	(\$ <u>993</u>)	(\$ <u>1,149</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, 2023</u>	<u>December 31, 2022</u>
Amount expected to be allocated within 1 year	<u>\$ 936</u>	<u>\$ 1,019</u>
Defined benefit obligation's average maturity period	6.0 years	6.3 years

XXII. Equity

(1) Share Capital

Common Stock

	<u>December 31, 2023</u>	<u>December 31, 2022</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>229,638</u>	<u>218,703</u>
Issued share capital	<u>\$ 2,296,382</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.

The parent company has resolved by the shareholders meeting to issue new shares amounting to NTD 109,352 thousand by capitalization of retained earnings on June 29, 2023. The number of new shares distributed by the capital increase is 10,935 thousand, with par value of NTD 10. Financial Supervisory Commission has approved on July 10, 2023, and the board of directors of the parent company has set the base date for the capitalization of retained earnings to be September 3, 2023.

(2) Capital Reserves

	<u>December 31, 2023</u>	<u>December 31, 2022</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>2,130</u>	<u>1,107</u>
	<u>\$ 123,145</u>	<u>\$ 122,122</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 legal reserve after tax payments and the compensation for losses. The rest will be listed as or reversed to special reserve 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 20% 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.

Legal reserve should be allocated until its balance reaches the company's actual received total share capital. Legal reserve can be used to compensate losses. When the company has no loss, except for the part that the legal 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 29, 2023 and June 23, 2022, and respectively decided the approval of 2022 and 2021 earnings distribution proposal as follow:

	Earnings Distribution		Dividend per Share (NTD)	
	2022	2021	2022	2021
Pre-estimated legal reserve	\$ 37,898	\$ 45,357		
Shareholders' cash dividend	328,055	349,925	\$ 1.50	\$ 1.60
Shareholders' stock dividend	109,352	-	0.50	-

The board of directors of the parent company proposed the earnings distribution for the year ended December 31, 2023 on March 13, 2024 as follows:

	Earnings Distribution	Dividend per share (NTD)
Legal reserve	\$ 36,867	
Cash dividend	321,494	\$ 1.40

The earnings distribution for the year ended December 31, 2023 is expected to be resolved by the regular shareholders meeting on May 22, 2024.

(4) Special reserve

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

(5) Non-controlling interest

	<u>2023</u>	<u>2022</u>
BOY balance	\$ 379,499	\$ 431,658
Share of current year's net profit (loss) belonging to non-controlling interest	41,323	(21,847)
Expense for non-controlling interest dividend	<u>-</u>	<u>(30,312)</u>
Year-end balance	<u>\$ 420,822</u>	<u>\$ 379,499</u>

XXIII. Income

	<u>2023</u>	<u>2022</u>
Customer contract income		
Goods sales income	\$ 14,539,178	\$ 15,271,548
Processing income	1,947	1,993
Other operating revenue	<u>2,684</u>	<u>820</u>
	<u>\$ 14,543,809</u>	<u>\$ 15,274,361</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. Other operating revenue

The Consolidated Company's other operating revenue arises from services, including unloading and weighing, and warehousing, etc. The amounts of income are collected by fixed unit prices based on number of tons handled. Relevant income is recognized when rendering services.

(2) Contract balance

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Notes receivable	\$ 411,706	\$ 423,729	\$ 432,367
Notes receivable – related parties	-	87	194
Accounts receivable	1,063,893	1,299,430	1,136,075
Accounts receivable – related parties	<u>331,571</u>	<u>358,128</u>	<u>362,459</u>
	<u>\$ 1,807,170</u>	<u>\$ 2,081,374</u>	<u>\$ 1,931,095</u>
Contractual liabilities (listed in other current liabilities)			
Selling of goods	<u>\$ 2,746</u>	<u>\$ 1,141</u>	<u>\$ 5,740</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:

	<u>2023</u>	<u>2022</u>
Selling of goods	<u>\$ 1,141</u>	<u>\$ 5,740</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, 2023</u>	<u>December 31, 2022</u>
Selling of products		
— Executed in 2023	\$ -	\$ 1,141
— Executed in 2024	<u>2,746</u>	<u>-</u>
	<u>\$ 2,746</u>	<u>\$ 1,141</u>

XXIV. Net Profit

- (1) Depreciation and amortization

	<u>2023</u>	<u>2022</u>
Property, plant and equipment	\$ 169,182	\$ 141,212
ROU assets	13,192	13,349
Biological assets	<u>8,302</u>	<u>20,425</u>
Total depreciation expense	<u>\$ 190,676</u>	<u>\$ 174,986</u>
Depreciation expense summarized according to its functions		
Operating cost	\$ 164,345	\$ 151,484
Operating expense	<u>26,331</u>	<u>23,502</u>
	<u>\$ 190,676</u>	<u>\$ 174,986</u>
Amortization expense summarized according to its functions		
Operating cost	\$ -	\$ 7
Operating expense	<u>2,769</u>	<u>2,804</u>
	<u>\$ 2,769</u>	<u>\$ 2,811</u>

(2) Employees' benefit expenses

	<u>2023</u>	<u>2022</u>
Post-employment benefits		
Defined contribution plans	\$ 12,726	\$ 12,275
Defined benefit plans (note 21)	<u>415</u>	<u>683</u>
	13,141	12,958
Salary expenses	293,505	282,261
Labor and health insurance expenses	28,258	26,907
Directors' remunerations	12,933	11,261
Other employee benefits	<u>15,913</u>	<u>15,733</u>
	<u>\$ 363,750</u>	<u>\$ 349,120</u>
Summarized according to its functions		
Operating costs	\$ 121,166	\$ 115,625
Operating expenses	<u>242,584</u>	<u>233,495</u>
	<u>\$ 363,750</u>	<u>\$ 349,120</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 2023 and 2022 were decided by the board of directors on March 13, 2024 and March 15, 2023 respectively as follow:

Estimated percentage

	<u>2023</u>	<u>2022</u>
Employees' remunerations	2%	2%
Directors' remunerations	2%	2%

Amount

	<u>2023</u>	<u>2022</u>
	<u>Cash</u>	<u>Cash</u>
Employees' remunerations	\$ 8,816	\$ 9,429
Directors' remunerations	8,816	9,429

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 2022 and 2021 and the consolidated financial statements' recognized amount for 2022 and 2021.

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.

(4) Other Earnings and Impairment Loss Net Value

	2023	2022
Gain on lease modification	\$ 7	\$ -
Gain on disposal of property, plant and equipment	1	515
Loss on disposal of biological assets	-	(1,332)
	<u>\$ 8</u>	<u>(\$ 817)</u>

(5) Currency Exchange Profit (Loss)

	2023	2022
Total currency exchange profit	\$ 44,051	\$ 68,742
Total currency exchange loss	(9,665)	(17,296)
Net profit	<u>\$ 34,386</u>	<u>\$ 51,446</u>

(6) Interest Expense

	2023	2022
Bank loan interest	\$ 71,603	\$ 51,788
Lease liability interest	3,150	3,115
	<u>\$ 74,753</u>	<u>\$ 54,903</u>

Related information on interest capitalization is as follow:

	2023	2022
Interest capitalization amount	\$ -	\$ 3,597
Interest capitalization rate		1.19%-1.21%

XXV. Income Tax

(1) Income tax recognized as profit or loss

The main items of the income tax is as follow:

	2023	2022
Current income tax		
Generated in the current year	\$ 76,503	\$ 97,784
Adjustments made in the previous years	(3,929)	(1,416)
Deferred income tax		
Generated in the current year	8,305	(21,788)
Income tax expense recognized as profit or loss	<u>\$ 80,879</u>	<u>\$ 74,580</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:

	2023	2022
Net profit before tax	<u>\$ 490,081</u>	<u>\$ 421,727</u>
Income tax expense calculated based on statutory tax rate for net profit before tax	\$ 98,016	\$ 84,345
Tax-free income	(10,710)	(11,447)
Non-deductible impairment loss in taxes	67	47
Unrecognized deductible temporary difference	(828)	(1,602)
Unrecognized loss carryforwards	-	4,559
Loss carryforwards	(1,307)	-
Different tax rates effects on subsidiary companies operated in other jurisdictions	(142)	94
Current income tax expense in the previous years adjusted in the current period	(4,217)	(1,416)
Income tax expense recognized as profit or loss	<u>\$ 80,879</u>	<u>\$ 74,580</u>

(2) Current income tax assets and liabilities

	December 31, 2023	December 31, 2022
Current income tax assets		
Tax refund receivable	<u>\$ 11,283</u>	<u>\$ 12,231</u>
Current income tax liabilities		
Income tax payable	<u>\$ 35,003</u>	<u>\$ 57,569</u>

(3) Deferred income tax assets and liabilities

Changes in deferred income tax assets and liabilities are as follow:

2023

	BOY Balance	Recognized as Profit or Loss	Exchange Difference	Year-End Balance
<u>Deferred Income Tax Assets</u>				
<u>Temporary difference</u>				
Deferred income	\$ 12,674	(\$ 44)	(\$ 206)	\$ 12,424
Loss on investment accounted for using equity method	9,991	548	-	10,539
Loss on inventory price decline	2,289	(602)	-	1,687
Pension expense overrun	1,917	(116)	-	1,801
Allowance loss overrun	297	(7)	-	290
Finance and taxation differences in costs for property, plant and equipment	212	(44)	-	168
Unrealized foreign currency exchange loss	70	78	-	148
Others	195	(70)	-	125
Loss carryforwards	<u>8,048</u>	<u>(8,048)</u>	<u>-</u>	<u>-</u>
	<u>\$ 35,693</u>	<u>(\$ 8,305)</u>	<u>(\$ 206)</u>	<u>\$ 27,182</u>

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(Continued)

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

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>

<u>Deferred Income Tax Liabilities</u>				
<u>Temporary difference</u>				
Land value increment tax	\$ 95,560	\$ -	\$ -	\$ 95,560
Others	-	612	-	612
	<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, 2023</u>	<u>December 31, 2022</u>
<u>Loss carryforwards</u>		
Due in Year 2024	\$ 1,447	\$ 6,355
Due in Year 2025	767	767
Due in Year 2026	9	9
Due in Year 2027	23	23
Due in Year 2032	16,256	22,794
	<u>\$ 18,502</u>	<u>\$ 29,948</u>

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

As of December 31, 2023, the information related to loss carryforwards is as follows:

<u>Un-deducted Tax Credits</u>	<u>Expiry Year</u>
\$ 289	2024
153	2025
2	2026
5	2027
<u>3,251</u>	2032
<u>\$ 3,700</u>	

(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 2021 were authorized by tax collecting institutions.

XXVI. Earnings per Share (EPS)

When calculating earnings per share, the effect of stock dividend distribution has been adjusted retrospectively. The base date of the stock dividend distribution is on September 3, 2023. Due to the retrospective adjustment, the basic and diluted earnings per share have changed as follows:

	Before retrospective adjustment	After retrospective adjustment
Basic earnings per share	<u>\$ 1.69</u>	<u>\$ 1.61</u>
Diluted earnings per share	<u>\$ 1.69</u>	<u>\$ 1.61</u>

Unit: NTD per share

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>2023</u>	<u>2022</u>
Net profit used for the calculation of basic and diluted EPS	<u>\$ 367,879</u>	<u>\$ 368,994</u>

Number of Shares

	<u>2023</u>	<u>2022</u>
Number of shares of common share’s weighted average used for the calculation of basic EPS	229,638	229,638
Impacts of potential common share with dilutive effect:		
Employees’ remuneration	<u>194</u>	<u>207</u>
Number of shares of common share’s weighted average used for the calculation of diluted EPS	<u>229,832</u>	<u>229,845</u>

Unit: 1000 shares

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 2023 and 2022 are as follow:

	2023	2022
Partial cash paid to purchase property, plant and equipment		
Obtainment of property, plant, and equipment	\$ 65,351	\$ 192,770
Net change in prepayment of equipment	1,850	1,292
Net change in equipment payable	<u>3,584</u>	<u>8,361</u>
Cash paid	<u>\$ 70,785</u>	<u>\$ 202,423</u>
Partial cash paid to purchase biological assets		
Purchase of biological assets	\$ 11,260	\$ 26,255
Net change in prepayments	<u>-</u>	<u>(2,400)</u>
Cash paid	<u>\$ 11,260</u>	<u>\$ 23,855</u>

(2) Changes in liabilities owing to financing activities

2023

	BOY balance	Cash flow	Non-cash changes			Year-end balance
			New lease liabilities	Reduced lease liabilities	Amortized interest expense	
Short-term loans	\$ 2,938,026	(\$ 547,498)	\$ -	\$ -	\$ -	\$ 2,390,528
Short-term notes payable	109,936	(60,000)	-	-	40	49,976
Long-term loans and long-term loans due within one year	1,591,182	(124,819)	-	-	-	1,466,363
Margin deposit	1,850	227	-	-	-	2,077
Lease liability	<u>260,283</u>	<u>(11,141)</u>	<u>1,267</u>	<u>(285)</u>	<u>-</u>	<u>250,124</u>
	<u>\$ 4,901,277</u>	<u>(\$ 743,231)</u>	<u>\$ 1,267</u>	<u>(\$ 285)</u>	<u>\$ 40</u>	<u>\$ 4,159,068</u>

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>

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Measured at amortized cost (note 1)	\$ 2,823,161	\$ 3,188,464
<u>Financial liabilities</u>		
Measured at amortized cost (note 2)	4,289,164	5,070,300

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 other receivables – related parties, and guaranteed deposits paid, 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, long-term loans (including parts due within one year), and guaranteed deposits received, 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.

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	
	2023	2022
Decrease in net profit before tax	\$ 9,855	\$ 19,714

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

(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, 2023	December 31, 2022
Interest rate risk with fair value		
– Financial assets	\$ 78,250	\$ 37,657
– Financial liabilities	2,162,850	2,360,107
Interest rate risk with cash flow		
– Financial assets	901,808	1,024,522
– Financial liabilities	1,994,141	2,539,320

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 2023 decreased/increased by NTD 2,731 thousand. This is mainly caused by risk exposures to variable interest rate bank demand deposits and loans.

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 decreased/increased by NTD 3,787 thousand. This is mainly caused by risk exposures to variable interest rate bank demand deposits and loans.

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, except for CENTRAL UNION OIL CORP., which is the associate of the Company.

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, 2023 and 2022, the Consolidated Company's undrawn bank financing limit was respectively NTD 4,886,472 thousands and NTD 4,344,284 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, 2023

	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	\$ 117,416	\$ 163,305	\$ 101,576	\$ -	\$ -
Lease liability	1,260	3,782	11,718	45,766	248,735
Floating interest rate instrument	66,110	83,993	566,486	1,323,713	-
Fixed interest rate instrument	840,562	514,847	564,165	-	-
	<u>\$ 1,025,348</u>	<u>\$ 765,927</u>	<u>\$ 1,243,945</u>	<u>\$ 1,369,479</u>	<u>\$ 248,735</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>\$ 16,760</u>	<u>\$ 45,766</u>	<u>\$ 39,290</u>	<u>\$ 37,670</u>	<u>\$ 37,670</u>	<u>\$ 134,105</u>

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	722,395	413,215	975,435	-	-
	<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	\$ 15,845	\$ 50,938	\$ 40,010	\$ 37,670	\$ 37,670	\$ 142,427

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

Name of Related Parties	Relationship with the Consolidated Company
<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. Xu, Ming Fa	The parent company's judicial director Fu You An Kang Co., Ltd.'s majority shareholder
Tai Sheng Ocean Development Co., Ltd.	Its chairman is the judicial director's representative of the parent company
Tong Ann Chemicals Co., Ltd.	Its chairman is the judicial director's representative of the parent company

(2) Operating income

Items	Classification/Name of Related Parties	2023	2022
Sales income	Affiliated enterprises		
	Central Union Oil Corp.	\$ 2,609,783	\$ 2,599,092
	Other related parties	131,906	144,916
		\$ 2,741,689	\$ 2,744,008
Other operating revenue	Affiliated enterprises	\$ 51	\$ 80

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 transaction conditions for other related parties were conducted on normal commercial terms.

Other operating revenue arises from the parent company providing unloading and weighing services for affiliated enterprises, with fees charged based on a fixed unit price per processed ton.

(3) Purchases

Classification/Name of Related Parties	2023	2022
Affiliated enterprises	\$ 268,413	\$ 159,178
Other related parties	-	287
	<u>\$ 268,413</u>	<u>\$ 159,465</u>

The Consolidated Company's purchasing transaction with related parties was defined on a separate basis.

(4) Processing expense

Classification/Name of Related Parties	2023	2022
Affiliated enterprises		
Central Union Oil Corp.	\$ 235,232	\$ 235,453

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.

(5) Lease Agreement

Classification/Name of Related Parties	December 31, 2023	December 31, 2022
<u>Lease liability</u>		
Other related parties		
Xu, Ming Fa	\$ 4,965	\$ 5,611

Classification/Name of Related Parties	2023	2022
<u>Interest expense</u>		
Other related parties		
Xu, Ming Fa	\$ 73	\$ 82

Subsidiary company Fu You An Kang Co., Ltd. rented place of operation from other related parties, 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:

Classification/Name of Related Parties	2023	2022
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, 2023	December 31, 2022
Other related parties Cheng Xin Investment Co., Ltd.	\$ <u>72</u>	\$ <u>108</u>

(7) Accounts Receivable from Related Parties

Items	Classification/ Name of Related Parties	December 31, 2023	December 31, 2022
Notes receivable – related parties	Other related parties	\$ <u>-</u>	\$ <u>87</u>
Accounts receivable – related parties	Affiliated enterprise Central Union Oil Corp.	\$ 316,562	\$ 343,114
	Other related parties	<u>15,009</u>	<u>15,014</u>
		<u>\$ 331,571</u>	<u>\$ 358,128</u>
Other receivables – related parties	Affiliated enterprise	\$ <u>-</u>	\$ <u>40</u>

The Consolidated Company did not receive pledge from related parties for outstanding accounts receivable. The accounts receivable from related parties for 2023 and 2022 were not listed as allowance loss.

(8) Accounts payable from related parties

Items	Classification/ Name of Related Parties	December 31, 2023	December 31, 2022
Notes payable – related parties	Other related parties	\$ <u>22</u>	\$ <u>33</u>
Accounts payable – related parties	Affiliated enterprise Central Union Oil Corp.	\$ <u>51,369</u>	\$ <u>7,256</u>
Other payables – related parties	Other related parties	\$ <u>333</u>	\$ <u>321</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	2023	2022
Shipping fee	Other related parties	\$ <u>340</u>	\$ <u>575</u>
Service fee	Other related parties	\$ <u>4,250</u>	\$ <u>2,448</u>
Other expense	Affiliated enterprises	\$ 1,652	\$ 1,274
	Other related parties	<u>-</u>	<u>41</u>
		<u>\$ 1,652</u>	<u>\$ 1,315</u>
Entertainment expenses	Affiliated enterprises	\$ <u>2</u>	\$ <u>-</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 2023 and 2022 are as follow:

	2023	2022
Short-term employees benefit	\$ 18,920	\$ 15,559
Post-employment benefit	<u>414</u>	<u>360</u>
	<u>\$ 19,334</u>	<u>\$ 15,919</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:

	December 31, 2023	December 31, 2022
Property, plant and equipment	\$ 1,178,821	\$ 1,504,376
Limited deposit – bank deposit	<u>35,000</u>	<u>39,500</u>
	<u>\$ 1,213,821</u>	<u>\$ 1,543,876</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

- As of December 31, 2023 and 2022, the amount of the Consolidated Company's issuance of unused letters of credit due to the purchasing of raw materials was respectively NTD 1,057,898 thousands and NTD 1,147,334 thousands.

- Unrecognized contractual commitments are as follow:

	December 31, 2023	December 31, 2022
Purchase of property, plant, and equipment	\$ <u>63,981</u>	\$ <u>83,791</u>

(2) Contingencies

The parent company purchased 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 due to adulterating. 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 thousand and delay interests. This case was appealed by Chang Chi Foodstuff, and was sent back by the Supreme Court for retrial. The Intellectual Property Court changed the verdict resulting in the parent company losing the case in the first retrial in 2017. The case was appealed by the parent company, and was sent back by the Supreme Court for retrial. The Intellectual Property Court adjudged that Chang Chi Foodstuff shall compensate the parent company NTD 30,000 thousand and delay interests in the second retrial. This case was appealed by Chang Chi Foodstuff, and the original judge was revoked and sent back by the Supreme Court for retrial. The Intellectual Property Court adjudged that the parent company lost the case in the third retrial. This case was appealed by the parent company, and the original judge was revoked and sent back by the Supreme Court to the Intellectual Property and Commercial Court. As of the date the board of directors approved this consolidated financial report, the lawsuit mentioned above was still under review by the court.

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, 2023

	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>Carrying Amount</u>
Foreign currency assets			
<u>Monetary items</u>			
USD	\$ 1,633	30.705 (USD:NTD)	\$ 50,141
Foreign currency liabilities			
<u>Monetary items</u>			
USD	8,052	30.705 (USD:NTD)	247,237

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
Foreign currency assets			
<u>Monetary items</u>			
USD	\$ 1,507	30.71 (USD:NTD)	\$ 46,280
Foreign currency liabilities			
<u>Monetary items</u>			
USD	14,346	30.71 (USD:NTD)	440,566

Unrealized foreign currency exchange profit (loss) with significant impact is as follow:

	2023		2022	
Foreign Currency	Exchange Rate	Unrealized Net Exchange Profit (Loss)	Exchange Rate	Unrealized Net Exchange Profit (Loss)
USD	30.705 (USD:NTD)	<u>\$ 32</u>	30.71 (USD:NTD)	<u>\$ 38,902</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.
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-subsidiary 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	
	2023	2022	2023	2022
Oil department	\$ 6,774,223	\$ 7,594,994	\$ 121,586	\$ 224,834
Feeds department	4,180,933	4,272,933	191,706	163,498
Flour department	3,502,937	3,325,556	145,827	(26,566)
Other departments	85,716	80,878	9,450	1,266
Total continuing operations	<u>\$14,543,809</u>	<u>\$15,274,361</u>	468,569	363,032
Gains on affiliated enterprises recognized by using the equity method			53,548	57,233
Interest income			6,917	3,697
Net profit for foreign currency exchange			34,386	51,446
Rent income			1,414	1,222
Interest expense			(74,753)	(54,903)
Net profit before tax for continuing operations			<u>\$ 490,081</u>	<u>\$ 421,727</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, 2023	December 31, 2022
<u>Continuing operations departments</u>		
Oil department	\$ 3,584,313	\$ 3,813,644
Feeds department	1,033,238	1,197,379
Flour department	2,711,230	2,929,447
Other departments	<u>681,471</u>	<u>674,283</u>
Total department assets	8,010,252	8,614,753
Unamortized assets	<u>710,270</u>	<u>826,410</u>
Total consolidated assets	<u>\$ 8,720,522</u>	<u>\$ 9,441,163</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, financial assets at amortized cost, guaranteed deposits paid, other prepayments, 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	
	2023	2022	December 31, 2023	December 31, 2022
R.O.C.	\$ 14,384,391	\$ 14,861,923	\$ 3,811,837	\$ 3,922,839
Mainland China	<u>159,418</u>	<u>412,438</u>	<u>16</u>	<u>16</u>
	<u>\$ 14,543,809</u>	<u>\$ 15,274,361</u>	<u>\$ 3,811,853</u>	<u>\$ 3,922,855</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 2,609,783 thousands and NTD 2,599,092 thousands for 2023 and 2022, which accounted for 18% and 17% 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, 2023

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)	\$ 3,512,131	\$ 3,280,000	\$ 3,072,000	\$ 1,061,425	\$ -	87	\$ 4,214,557	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.

Note 4: maximum endorsement and guarantee balance for the current period and final endorsement and guarantee balance are amounts approved by the board of directors.

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, 2023

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	\$ 2,609,750	24	45-60 days	Deduct of sales expense that should be borne by Central Union Oil Corp. according to market price	—	\$ 316,562	26	
			Purchases and processing expenses	502,793	5	45-60 days	—	—	(51,045)	15	
Formosa Oilseed Processing Co., Ltd.	Top Food	Subsidiary company	Purchases	359,754	4	30-60 days	—	—	(58,100)	18	(note)
Top Food	Formosa Oilseed Processing Co., Ltd.	Parent company	Sales	359,754	9	30-60 days	—	—	58,100	9	(note)
Formosa Oilseed Processing Co., Ltd.	Chong Hsiang International	Subsidiary company	Sales	871,018	8	45-60 days	—	—	148,886	12	(note)
Chong Hsiang International	Formosa Oilseed Processing Co., Ltd.	Parent company	Purchases	871,018	100	45-60 days	—	—	(148,886)	100	(note)
Formosa Oilseed Processing Co., Ltd.	Morn Sun Ltd.	Other related parties	Sales	128,452	1	30-45 days	—	—	14,974	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, 2023

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	\$ 316,562	8 (times)	\$ -	-	\$ 316,562	\$ -
Formosa Oilseed Processing	Chong Hsiang International	Subsidiary company	148,886 (note)	5 (times)	\$ -	-	148,886	-

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, 2023

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	\$ 683,134	\$ 103,427	\$ 65,267 (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	143,921	(2,740)	(2,740) (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	22,105	6,567	3,349 (note 3)	Subsidiary company
	CHONG HSIANG INTERNATIONAL	TAICHUNG CITY	Wholesale trading of oil products	50,000	50,000	5,000	100	43,220	4,909	4,909 (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	316,021	160,645	53,548	Affiliated enterprise

Note 1: calculated based on the accountant's auditing of the financial statement in the same period.

Note 2: recognized investment gains of NTD 65,322 thousand and deducted the unrealized benefits of countercurrent transactions of NTD 55 thousand.

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, 2023

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 and note 6)	Shareholding Ratio of Parent Company's Direct or Indirect Investment	Investment Profit (Loss) Recognized in the Current Year (note 3 and note 6)	Year-End Investment Carrying Amount (note 3 and note 6)	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)	\$ 259,361	\$ -	\$ -	\$ 259,361	(\$ 2,759)	100%	(\$ 2,759)	\$ 139,770	\$ 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	\$ 2,359,772

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 thousand (NTD 158,449 thousand) and USD 17,975 thousand (NTD 571,099 thousand) in Mainland China. In addition, on April 21, 2021, the Investment Committee approved the deduction of USD11,349 thousand (NTD 317,767 thousand) 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 thousand (NTD 152,420 thousand) 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.

Note 6: all had been written off when preparing the consolidated financial statement.

Formosa Oilseed Processing Co., Ltd. and Subsidiary Companies
Business Relations and Important Transactional Situations between Parent-Subsidiary Companies
January 1 to December 31, 2023

Schedule 6

Unit: NTD thousands

Code (note 1)	Name of Trader	Target of Transaction	Relationship with Trader (note 2)	Transactional Situations			Percentage of consolidated total revenue or total assets % (note 3)
				Item	Amount	Transactional Conditions	
0	Formosa Oilseed Processing Co., Ltd.	Top Food	1	Affiliated enterprise payables	\$ 58,100	Month-end close 45 days wire transfer	1
				Affiliated enterprise receivables	348	Month-end close 45 days wire transfer	-
				Purchases	359,754	Month-end close 45 days wire transfer	2
				Other income	6,079	Month-end close 45 days wire transfer	-
				Entertainment	5	Month-end close 45 days wire transfer	-
0	Formosa Oilseed Processing Co., Ltd.	Chong Hsiang International	1	Affiliated enterprise receivables	148,886	Month-end close 45 days wire transfer	2
				Sales income	871,018	Month-end close 45 days wire transfer	10
				Rent income	36	Month-end close 60 days wire transfer	-
				Other income	13	Month-end close 45 days wire transfer	-
0	Formosa Oilseed Processing Co., Ltd.	Fu You An Kang	1	Affiliated enterprise receivables	3,552	Month-end close 80 days wire transfer	-
				Sales income	26,942	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, 2023

Schedule 7

Name of Major Shareholders	Shares	
	Number of Shares Held	Shareholding Percentage
Shin Tai Industry Co., Ltd.	26,070,385	11.35%
Qun Sheng Fa Co., Ltd.	22,379,700	9.74%
Cheng Xin Investment Co., Ltd.	21,885,841	9.53%
An Da Investment Co., Ltd.	21,747,803	9.47%
Guan, Yao Zhan	17,959,081	7.82%
Shin Fong Trading Co., Ltd.	16,923,301	7.36%

Note: 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

Independent Auditors' Report

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

Opinion

FOPCO's parent company only balance sheets for December 31, 2023 and 2022, and parent company only statements of comprehensive income from January 1 to December 31, 2023 and 2022, parent company only statements of changes in equity, parent company only statements of cash flows, and notes to parent company only 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 parent company only financial statements refers to the Guidelines for the Preparation of Financial Reports for Issuer of Securities. It is sufficient to appropriately express FOPCO's parent company only financial situation for December 31, 2023 and 2022, and its parent company only financial performance and parent company only cash flow from January 1 to December 31, 2023 and 2022.

The Basis of Opinion

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

Key Audit Matters

Key Audit Matters (KAMs) refers to the most important matters that, to the Accountant's professional judgment, found in FOPCO's 2023 parent company only financial statements audits. Such matters have been addressed to during the general forming process of the opinion for parent company only financial statements audit. The Accountant did not express separate opinions regarding such matters.

KAMs regarding FOPCO's 2023 parent company only 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 parent company only financial statements.

As of December 31, 2023, the amount for FOPCO's in-transit inventory and raw material is NTD 1,090,949 thousands (refer to note 8), which accounts for 16% of total assets, and 87% of net inventory value for the parent company only financial statements for December 31, 2023. 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.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

The management level's responsibilities are to prepare appropriately expressed parent company only 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 parent company only financial statements, so as to confirm that there is no misstatement due to fraud or errors in the parent company only financial statements.

When preparing parent company only 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.

Auditors' responsibilities for the audit of the parent company only financial statements

The purpose for the Accountant's auditing of parent company only financial statements is to obtain reasonable assurance about whether or not there are any significant misstatements due to fraud or errors in the parent company only 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 parent company only financial statements' users, it is considered significant.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and evaluate the risk of significant misstatements caused by fraud or error in parent company only 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 parent company only financial statements' users to pay attention to the parent company only 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 parent company only financial statements (including related notes), as well as whether the parent company only financial statements appropriately expressed related transactions and matters.

6. Obtain sufficient and appropriate audit evidence about the financial information formed within FOPCO, so as to express opinion about parent company only 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 2023 parent company only 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.

Independent Accountants

Hsieh, Chien-Hsin

Chang, Keng-Hsi

Deloitte & Touche
Taipei, Taiwan
Republic of China
March 13, 2024

Formosa Oilseed Processing Co., Ltd.
Parent Company Only Balance Sheets
December 31, 2023 and 2022

Unit: NTD thousands

Code	Asset	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
	Current Assets				
1100	Cash (notes 4 & 6)	\$ 620,202	10	\$ 644,773	9
1150	Notes receivable (notes 4, 7, and 20)	186,639	3	222,984	3
1160	Notes receivable – related parties (notes 4, 20, & 27)	5,159	-	4,650	-
1170	Accounts receivable (notes 4, 7, and 20)	546,316	8	676,106	10
1180	Accounts receivable – related parties (notes 4, 20, & 27)	483,974	7	535,611	8
1200	Other receivables (notes 4 & 7)	13,737	-	18,514	-
1210	Other receivables – related parties (notes 4 & 27)	348	-	706	-
130X	Inventory (notes 4, 5, & 8)	1,260,973	19	1,373,247	19
1410	Prepayments (note 9)	54,427	1	141,344	2
1470	Other current assets	16	-	-	-
11XX	Total current assets	<u>3,171,791</u>	<u>48</u>	<u>3,617,935</u>	<u>51</u>
	Non-current assets				
1550	Investments by equity method (notes 4 & 10)	1,208,401	18	1,129,631	16
1600	Property, plant, and equipment (notes 4, 11 & 28)	2,088,269	32	2,131,828	31
1755	ROU assets (notes 4 & 12)	142,196	2	148,817	2
1780	Intangible assets (notes 4 & 13)	1,467	-	993	-
1840	Deferred tax assets (notes 4 & 22)	13,746	-	14,080	-
1990	Other non-current assets (note 14)	11,041	-	7,225	-
15XX	Total non-current assets	<u>3,465,120</u>	<u>52</u>	<u>3,432,574</u>	<u>49</u>
1XXX	Total assets	<u>\$ 6,636,911</u>	<u>100</u>	<u>\$ 7,050,509</u>	<u>100</u>
	Liabilities and Equity				
	Current liabilities				
2100	Short-term loans (note 15)	\$ 1,448,103	22	\$ 1,681,662	24
2150	Notes payable (note 16)	4,634	-	4,842	-
2170	Accounts payable (note 16)	188,320	3	321,652	5
2180	Accounts payable – related parties (note 27)	109,145	2	82,344	1
2219	Other payables (note 17)	125,222	2	104,866	1
2230	Current tax liabilities (notes 4 & 22)	16,089	-	43,178	1
2280	Lease liabilities – current (notes 4 & 12)	8,965	-	7,925	-
2320	Long-term loans due within one year (notes 4, 15 & 28)	160,000	2	160,000	2
2399	Other current liabilities (note 20)	1,531	-	1,352	-
21XX	Total current liabilities	<u>2,062,009</u>	<u>31</u>	<u>2,407,821</u>	<u>34</u>
	Non-current liabilities				
2540	Long-term loans (note 4, 15 & 28)	820,000	12	920,000	13
2580	Lease liabilities – non-current (notes 4 & 12)	137,568	2	143,718	2
2640	Net defined benefit liabilities (notes 4 & 18)	7,566	-	8,685	-
2645	Margin deposit	2,077	-	1,850	-
2570	Deferred tax liabilities (notes 4 & 22)	95,560	2	95,560	2
25XX	Total non-current liabilities	<u>1,062,771</u>	<u>16</u>	<u>1,169,813</u>	<u>17</u>
2XXX	Total liabilities	<u>3,124,780</u>	<u>47</u>	<u>3,577,634</u>	<u>51</u>
	Equity				
3110	Ordinary share	2,296,382	35	2,187,030	31
3200	Capital reserves	123,145	2	122,122	2
	Retained earnings				
3310	Statutory retained earnings	341,559	5	303,661	4
3320	Special retained earnings	200,454	3	200,454	3
3350	Undistributed earnings	653,809	10	760,441	11
3300	Total retained earnings	<u>1,195,822</u>	<u>18</u>	<u>1,264,556</u>	<u>18</u>
3400	Other equity interest	(103,218)	(2)	(100,833)	(2)
3XXX	Total equity	<u>3,512,131</u>	<u>53</u>	<u>3,472,875</u>	<u>49</u>
	Total liabilities and equity	<u>\$ 6,636,911</u>	<u>100</u>	<u>\$ 7,050,509</u>	<u>100</u>

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

Formosa Oilseed Processing Co., Ltd.
Parent Company Only Statements of Comprehensive Income
January 1 to December 31, 2023 and 2022

Unit: NTD thousands;
EPS in NTD

Code		2023		2022	
		Amount	%	Amount	%
	Operating revenue (notes 4, 20 & 27)				
4110	Sales income	\$ 10,790,592	100	\$ 11,461,761	100
4170	Subtract: sales returns and allowances	<u>9,623</u>	-	<u>12,757</u>	-
4100	Net operating income	10,780,969	100	11,449,004	100
4800	Other operating revenue	<u>2,684</u>	-	<u>820</u>	-
4000	Total operating revenue	<u>10,783,653</u>	<u>100</u>	<u>11,449,824</u>	<u>100</u>
5110	Cost of sales (notes 8 & 27)	<u>10,086,329</u>	<u>93</u>	<u>10,652,494</u>	<u>93</u>
5900	Gross profit	697,324	7	797,330	7
5910	Realized (unrealized) profit with subsidiary companies and affiliated enterprises	<u>351</u>	-	(<u>226</u>)	-
5950	Realized gross profit	<u>697,675</u>	<u>7</u>	<u>797,104</u>	<u>7</u>
	Operating expenses (note 27)				
6100	Promotion expenses	246,281	3	270,275	3
6200	Management expenses	126,930	1	119,009	1
6300	Development expenses	17,104	-	14,009	-
6450	Expected loss of credit impairment (note 7)	<u>1,220</u>	-	<u>317</u>	-
6000	Total operating expenses	<u>391,535</u>	<u>4</u>	<u>403,610</u>	<u>4</u>
6510	Other net revenue and expenses (note 21)	<u>219</u>	-	<u>698</u>	-
6900	Net operating profit	<u>306,359</u>	<u>3</u>	<u>394,192</u>	<u>3</u>
	Non-operating income and expenses				
7070	Gains on subsidiary companies and affiliated enterprises, accounted for using equity method (note 4)	124,333	1	37,843	-
7630	Foreign currency exchange net profit (note 21)	25,115	-	41,760	1

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(Continued)					
Code		2023		2022	
		Amount	%	Amount	%
7100	Interest income	\$ 3,604	-	\$ 1,409	-
7110	Rent income (note 27)	422	-	314	-
7190	Other income (notes 27)	9,269	-	9,893	-
7510	Interest expense (note 21)	(45,677)	-	(31,204)	-
7520	Miscellaneous expense	(256)	-	(1,624)	-
7000	Total non-operating income and expenses	<u>116,810</u>	<u>1</u>	<u>58,391</u>	<u>1</u>
7900	Profit before tax	423,169	4	452,583	4
7950	Income tax fees (notes 4 & 22)	<u>55,290</u>	<u>1</u>	<u>83,589</u>	<u>1</u>
8200	Net profit	<u>367,879</u>	<u>3</u>	<u>368,994</u>	<u>3</u>
	Other comprehensive income				
8310	Items not reclassified under profit and loss:				
8311	Remeasurements of defined benefit plan (notes 4 & 18)	542	-	9,477	-
8330	Share of affiliated enterprises' other comprehensive income, accounted for using equity methods (note 4)	<u>252</u>	<u>-</u>	<u>510</u>	<u>-</u>
		<u>794</u>	<u>-</u>	<u>9,987</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)	(2,385)	-	2,616	-
8300	Total other (net) comprehensive income	(1,591)	-	12,603	-
8500	Total comprehensive income	<u>\$ 366,288</u>	<u>3</u>	<u>\$ 381,597</u>	<u>3</u>
	EPS (note 23)				
9710	Basic	<u>\$ 1.60</u>		<u>\$ 1.61</u>	
9810	Diluted	<u>\$ 1.60</u>		<u>\$ 1.61</u>	

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

Formosa Oilseed Processing Co., Ltd.
Parent Company Only Statements of Changes in Equity
January 1 to December 31, 2023 and 2022

Unit: NTD thousands;
EPS in NTD

Code		Ordinary Shares (note 19)		Capital Surplus (note 19)	Retained Earnings (note 19)			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, 2022 Balance	218,703	\$ 2,187,030	\$ 121,705	\$ 258,304	\$ 200,454	\$ 776,742	(\$ 103,449)	\$3,440,786
	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)
		-	-	-	45,357	-	(395,282)	-	(349,925)
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	-	-	-	-	-	378,981	2,616	381,597
Z1	December 31, 2022 Balance	218,703	2,187,030	122,122	303,661	200,454	760,441	(100,833)	3,472,875
	2022 Earnings Appropriation and Disposition								
B1	Legal reserve	-	-	-	37,898	-	(37,898)	-	-
B5	Shareholders' cash dividend – NTD 1.50 per share	-	-	-	-	-	(328,055)	-	(328,055)
B9	Shareholders' stock dividend – NTD 0.50 per share	10,935	109,352	-	-	-	(109,352)	-	-
		10,935	109,352	-	37,898	-	(475,305)	-	(328,055)
C17	Shareholder's overdue unclaimed dividends	-	-	1,023	-	-	-	-	1,023
D1	2023 net profit	-	-	-	-	-	367,879	-	367,879
D3	2023 other comprehensive income	-	-	-	-	-	794	(2,385)	(1,591)
D5	2023 total comprehensive income	-	-	-	-	-	368,673	(2,385)	366,288
Z1	December 31, 2023 balance	229,638	\$ 2,296,382	\$ 123,145	\$ 341,559	\$ 200,454	\$ 653,809	(\$ 103,218)	\$ 3,512,131

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

Formosa Oilseed Processing Co., Ltd.
Parent Company Only Statements of Cash Flows
January 1 to December 31, 2023 and 2022

Unit: NTD thousands

Code		2023	2022
	Cash flows for operating activities		
A10000	Profit before tax	\$ 423,169	\$ 452,583
A20010	Profit and loss items		
A20100	Depreciation expense	79,814	59,638
A20200	Amortization expense	350	42
A20300	Expected loss of credit impairment	1,220	317
A20900	Interest expense	45,677	31,204
A21200	Interest income	(3,604)	(1,409)
A22300	Gain on subsidiary companies and affiliated enterprises accounted for using equity method	(124,333)	(37,843)
A22500	Gain on disposal of property, plant, and equipment	(219)	(698)
A23700	Inventory falling price loss	-	6,864
A23900	Realized (unrealized) sales profit with subsidiary companies and affiliated enterprises	(351)	226
A24100	Unrealized loss on exchange	123	-
A30000	Net change in operating assets and liabilities		
A31130	Notes receivable	36,345	(7,920)
A31140	Notes receivable – related parties	(509)	(1,746)
A31150	Accounts receivable	128,516	(95,937)
A31160	Accounts receivable – related parties	51,637	(33,781)
A31180	Other receivables	4,777	1,756
A31190	Other receivables – related parties	358	150,261
A31200	Inventory	112,274	(212,570)
A31230	Prepayments	88,204	85,186
A31240	Other current assets	(16)	-
A32130	Notes payable	(208)	(194)
A32150	Accounts payable	(133,332)	(3,752)
A32160	Accounts payable – related parties	26,801	(9,635)
A32180	Other payables	24,115	(782)
A32230	Other current liabilities	179	(3,590)
A32240	Net defined benefit liabilities	(577)	(390)
A33000	Cash from operating activities	760,410	377,830
A33100	Interest income	3,129	934

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Code		2023	2022
A33300	Interest expenses	(\$ 45,572)	(\$ 31,002)
A33500	Tax expenses	(82,045)	(88,400)
AAAA	Net cash inflow from operating activities	<u>635,922</u>	<u>259,362</u>
	Investment cash flows		
B00050	Disposal of financial assets at amortized cost	-	96,705
B02700	Obtainment of property, plant, and equipment (note 24)	(35,245)	(148,125)
B02800	Disposal of property, plant, and equipment cost	-	762
B03700	Decrease of guarantee deposits paid	586	-
B04500	Purchasing of intangible assets	(824)	(1,028)
B06700	Decrease (increase) of other non-current assets	(2,675)	35
B07500	Interest income	475	483
B07600	Dividend gained from subsidiary companies and affiliated enterprises	<u>44,000</u>	<u>87,962</u>
BBBB	Net cash inflow from investing activities	<u>6,317</u>	<u>36,794</u>
	Financing activities cash flows		
C00100	Decrease of short-term loans	(233,559)	(121,093)
C00500	Decrease of short-term notes payable	-	(230,000)
C01600	Long-term loans	110,000	1,450,000
C01700	Repayment of long-term loans	(210,000)	(1,050,000)
C03000	Increase of margin deposit	227	60
C04020	Repayment of lease liabilities principal	(6,377)	(6,991)
C04500	Issuance of cash dividend	(328,055)	(349,925)
C05700	Shareholder's overdue unclaimed dividends	<u>1,023</u>	<u>417</u>
CCCC	Net cash outflows on financing activities	(<u>666,741</u>)	(<u>307,532</u>)
DDDD	Impact owing to fluctuation in exchange	(<u>69</u>)	(<u>142</u>)
EEEE	Net decrease in cash	(24,571)	(11,518)
E00100	BOY cash balance	<u>644,773</u>	<u>656,291</u>
E00200	Year-end cash balance	<u>\$ 620,202</u>	<u>\$ 644,773</u>

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

Formosa Oilseed Processing Co., Ltd.

Notes to Parent Company Only Financial Statements

January 1 to December 31, 2023 and 2022

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

II. Date of Approval and Procedures for Financial Report

This parent company only financial report was approved by the board of directors on March 13, 2024.

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 IFRS accounting standards) 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>
Amendments to IAS 1, "Disclosure of Accounting Policies"	Jan 1, 2023
Amendments to IAS 8, "Definition of Accounting Estimates"	Jan 1, 2023
Amendments to IAS 12, "Deferred Tax related to Assets and Liabilities arising from a Single"	Jan 1, 2023
Amendments to IAS 12 "International Tax Reform — Pillar Two Model Rules"	Jan 1, 2023

The application of the IFRS accounting standards as approved and announced effective by the FSC will not cause significant changes in the Company's accounting policies.

(2) The Application of the IFRS accounting standards as Approved by the FSC for 2024

<u>Newly Announced / Amended / Amendments & IFRIC</u>	<u>Effective Date for Announcement of IASB (note 1)</u>
Amendments to IFRS 16, “Lease Liability in a Sale and Leaseback”	Jan 1, 2024 (note 2)
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
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	Jan 1, 2024 (note 3)

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

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

Note 3: Part of the disclosure regulations is exempt at first-time adoption of the modification.

As of the approval date of the financial statements, the company evaluates that the application of aforementioned amended standards and interpretations will not have significant impact on the company’s financial position and financial performance.

(3) IFRS accounting standards 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 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 21 “Lack of Exchangeability”	Jan 1, 2025 (note 2)

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 amendments apply to annual reporting periods beginning on or after 1 January 2025. The company shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings. When the company uses a presentation currency other than its functional currency, the company shall recognize any effect of initially applying the amendments as an adjustment to the exchange differences in the conversion of the financial statements of foreign operations under equity at the first-adoption date.

The company continues to evaluate the impact of the amendments to the other standards and interpretations on the financial status and financial

performance; the relevant impact will be disclosed upon completion of the assessment.

IV. Statement for Summaries for Significant Accounting Policies

(1) Compliance Assertion

This parent company only financial statements were 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 parent company only financial statements were prepared on the basis of historical cost.

When preparing parent company only financial statements, the Company handles invested subsidiary companies and affiliated enterprises by using equity methods. In order to have this parent company only financial statements’ current year profit and loss, other comprehensive income, and equity the same as the Company’s 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 parent company only 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 parent company only 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 parent company only financial statements, 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 and work in progress. 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 parent company only 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 parent company only 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 parent company only 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 parent company only 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 straight-line 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.

At derecognition of intangible assets, the differences between the net proceeds from the disposals and the carrying amount of the assets shall be recognized in profit or loss.

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

The Company evaluates whether there are any traces showing possible impairments in property, plant, and equipment, ROU assets and intangible 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 parent company only 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 outdating of goods. The Company recognizes its income and accounts receivable at this point of time. Receipts in advance from sales of goods shall be recognized as contract liabilities before goods are delivered to places designated by customers or the conditions of delivery have been fulfilled.

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. Other operating revenue

Other operating revenue arises from services, including unloading and weighing, and warehousing, etc. The amounts of income are collected by fixed unit prices based on number of tons handled. Relevant income is recognized when rendering services.

(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 parent company only balance sheets.

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 parent company only balance sheets.

(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.

3. Current and deferred income tax

Current and deferred income tax are recognized in profit or loss. However, current and deferred income tax related to items recognized in other comprehensive income or directly recognized in equity, shall be recognized in other comprehensive income or directly in equity, accordingly.

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.

When the Company develops significant accounting estimate values, it takes into consideration of the impact of inflation and volatility of market interest rates on significant estimations about cash flow forecasts, growth rate, discount rate, and profitability, etc., and the management will continue to review the estimation and the basic assumptions.

The information on primary assumptions and estimation uncertainty is as follows:

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand & petty cash	\$ 132	\$ 148
Bank checks & demand deposit	<u>620,070</u>	<u>644,625</u>
	<u>\$ 620,202</u>	<u>\$ 644,773</u>

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Bank deposit	0.01% ~ 1.57%	0.01% ~ 1.05%

VII. Notes Receivable, Accounts Receivable, and Other Receivables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Notes Receivable</u>		
Total carrying amount measured at amortized cost	<u>\$ 186,639</u>	<u>\$ 222,984</u>
<u>Accounts Receivable</u>		
Total carrying amount measured at amortized cost	\$ 548,067	\$ 676,637
Subtract: loss allowance	<u>1,751</u>	<u>531</u>
	<u>\$ 546,316</u>	<u>\$ 676,106</u>
<u>Other Receivables</u>		
Export rebate receivable	\$ 6,852	\$ 10,415
Import price difference receivable	6,836	7,730
Others	<u>49</u>	<u>369</u>
	<u>\$ 13,737</u>	<u>\$ 18,514</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, 2023

	<u>Not overdue</u>
Expected credit loss rate	0%
Total carrying amount	\$ 186,639
Allowance loss (expected credit loss during duration)	-
Amortized cost	<u>\$ 186,639</u>

December 31, 2022

	<u>Not overdue</u>
Expected credit loss rate	0%
Total carrying amount	\$ 222,984
Allowance loss (expected credit loss during duration)	-
Amortized cost	<u>\$ 222,984</u>

(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, 2023

	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%	0.34%-5.89%	-	-	-	-	100%	100%	
Total carrying amount	\$ 539,335	\$ 7,166	\$ -	\$ -	\$ -	\$ -	\$ 24	\$ 1,542	\$ 548,067
Loss allowance (expected credit loss during duration)	(106)	(79)	-	-	-	-	(24)	(1,542)	(1,751)
Amortized cost	\$ 539,229	\$ 7,087	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 546,316

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	\$ 667,391	\$ 8,034	\$ -	\$ 681	\$ -	\$ -	\$ -	\$ -	\$ 676,106

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

	<u>2023</u>	<u>2022</u>
BOY balance	\$ 531	\$ 214
Add: current year provision impairment loss	<u>1,220</u>	<u>317</u>
Year-end balance	<u>\$ 1,751</u>	<u>\$ 531</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.

VIII. Inventory

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Inventory in-transit	\$ 920,472	\$ 710,779
Raw materials	170,477	408,546
Finished goods	135,681	172,862
Work in progress	29,157	73,868
Materials	<u>5,186</u>	<u>7,192</u>
	<u>\$ 1,260,973</u>	<u>\$ 1,373,247</u>

Operating costs related to inventory for the year 2023 was NTD 10,085,535 thousand, of which NTD 5,975 thousand included was inventory gain. Operating costs related to inventory for the year 2022 was NTD 10,652,062 thousand, of which NTD 971 thousand included was inventory loss and NTD 6,864 thousand was loss on inventory price decline.

IX. Prepayments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Excess business tax paid	\$ 39,601	\$ 126,896
Other prepayments	14,413	14,044
Prepayments to suppliers	413	404
	<u>\$ 54,427</u>	<u>\$ 141,344</u>

X. Investments by Using Equity Method

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Investments in subsidiary companies	\$ 892,380	\$ 823,792
Investments in affiliated enterprises	316,021	305,839
	<u>\$ 1,208,401</u>	<u>\$ 1,129,631</u>

(1) Investments in subsidiary companies

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
TOP FOOD	\$ 683,134	\$ 617,648
FORMOSA OIL PROCESSING (PANAMA) S.A.	143,921	149,046
CHONG HSIANG FOODS INDUSTRY CO., LTD.	43,220	38,311
FU YOU AN KANG CORP.	22,105	18,787
	<u>\$ 892,380</u>	<u>\$ 823,792</u>

<u>Name of Subsidiary Companies</u>	<u>Ownership Interests and Voting Rights Percentage</u>	
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
TOP FOOD	63%	63%
FORMOSA OIL PROCESSING (PANAMA) S.A.	100%	100%
CHONG HSIANG FOODS	100%	100%
FU YOU AN KANG CORP.	51%	51%

Share of subsidiary companies' profit or loss and other comprehensive income, accounted for using equity method for 2023 and 2022, 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, 2023</u>	<u>December 31, 2022</u>
Affiliated enterprises with significance		
CENTRAL UNION OIL CORP.	<u>\$ 316,021</u>	<u>\$ 305,839</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, 2023</u>	<u>December 31, 2022</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' IFRS accounting standards financial statements, and had already reflected the adjustments made when using the equity method.

Central Union Oil Corp.

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current assets	\$ 1,165,861	\$ 1,129,306
Non-current assets	1,405,033	1,432,624
Current liabilities	(1,504,769)	(1,461,584)
Non-current liabilities	(116,551)	(180,172)
Equity	<u>\$ 949,574</u>	<u>\$ 920,174</u>
The Company's shareholding ratio	33.33%	33.33%
The Company's equity	\$ 316,524	\$ 306,724
Unrealized gains (losses) on downstream transactions	(503)	(885)
Carrying amount for investments	<u>\$ 316,021</u>	<u>\$ 305,839</u>

	<u>2023</u>	<u>2022</u>
Operating income	<u>\$ 11,335,270</u>	<u>\$ 11,360,367</u>
Current year's net profit	\$ 160,645	\$ 171,699
Other comprehensive income	755	1,531
Total comprehensive income	<u>\$ 161,400</u>	<u>\$ 173,230</u>
Dividend obtained from Central Union Oil Corp.	<u>\$ 44,000</u>	<u>\$ 36,000</u>

XI. Property, Plant, and Equipment

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Land	\$ 715,940	\$ 715,940
Buildings	695,968	718,385
Machinery equipment	587,215	619,044
Transport equipment	6,561	6,399
Experimental equipment	12,178	6,483
Other equipment	54,465	60,047
Unfinished projects	15,942	5,530
	<u>\$ 2,088,269</u>	<u>\$ 2,131,828</u>

	<u>Land</u>	<u>Buildings</u>	<u>Machinery equipment</u>	<u>Transport equipment</u>	<u>Experimental equipment</u>	<u>Other equipment</u>	<u>Unfinished projects</u>	<u>Total</u>
<u>Cost</u>								
Jan 1, 2023 balance	\$ 715,940	\$ 937,123	\$ 956,497	\$ 23,636	\$ 12,222	\$ 273,448	\$ 5,530	\$ 2,924,396
Addition	-	-	2,989	1,760	6,916	5,809	10,893	28,367
Disposal	-	-	-	(480)	-	(3,079)	-	(3,559)
Reclassification	-	-	-	-	-	481	(481)	-
Dec 31, 2023 balance	<u>715,940</u>	<u>937,123</u>	<u>959,486</u>	<u>24,916</u>	<u>19,138</u>	<u>276,659</u>	<u>15,942</u>	<u>2,949,204</u>
<u>Accumulated Depreciation</u>								
Jan 1, 2023 balance	-	(218,738)	(337,453)	(17,237)	(5,739)	(213,401)	-	(792,568)
Disposal	-	-	-	480	-	3,079	-	3,559
Depreciation expense	-	(22,417)	(34,818)	(1,598)	(1,221)	(11,872)	-	(71,926)
Dec 31, 2023 balance	<u>-</u>	<u>(241,155)</u>	<u>(372,271)</u>	<u>(18,355)</u>	<u>(6,960)</u>	<u>(222,194)</u>	<u>-</u>	<u>(860,935)</u>
Dec 31, 2023 net amount	<u>\$ 715,940</u>	<u>\$ 695,968</u>	<u>\$ 587,215</u>	<u>\$ 6,561</u>	<u>\$ 12,178</u>	<u>\$ 54,465</u>	<u>\$ 15,942</u>	<u>\$ 2,088,269</u>
<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	-	690,723	617,532	-	3,267	37,764	(1,349,286)	-
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	-	(15,869)	(23,866)	(1,535)	(1,089)	(9,279)	-	(51,638)
Dec 31, 2022 balance	<u>-</u>	<u>(218,738)</u>	<u>(337,453)</u>	<u>(17,237)</u>	<u>(5,739)</u>	<u>(213,401)</u>	<u>-</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>

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 2023 and 2022. 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 28.

XII. Leasing Agreement

(1) ROU assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
ROU assets carrying amount		
Land	\$ 126,914	\$ 129,805
Buildings	571	1,028
Transport equipment	<u>14,711</u>	<u>17,984</u>
	<u>\$ 142,196</u>	<u>\$ 148,817</u>
	<u>2023</u>	<u>2022</u>
Increase of ROU assets	<u>\$ 1,267</u>	<u>\$ 15,705</u>
Depreciation expense for ROU assets		
Land	\$ 2,891	\$ 3,054
Buildings	457	456
Transport equipment	<u>4,540</u>	<u>4,490</u>
	<u>\$ 7,888</u>	<u>\$ 8,000</u>

(2) Lease liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Lease liabilities carrying amount		
Current	<u>\$ 8,965</u>	<u>\$ 7,925</u>
Non-current	<u>\$ 137,568</u>	<u>\$ 143,718</u>

Discount rate range for lease liabilities is as follow:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Land	1.08% ~ 1.38%	1.08% ~ 1.38%
Buildings	1.38%	1.38%
Transport equipment	1.08% ~ 1.82%	1.08% ~ 1.57%

(3) Significant Rental Activities and Clauses

The 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 Company all belong to the Company during the contract period (including renewal of contract). During the duration of the contract, the 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 Company does not

have the right of preferential refusal towards the leased land. The Company's oil and fat factory in Dadu District, Taichung will also be relocated to this development area. According to the 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 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 to 50 years.

The Company rents buildings for being used as plant, and the lease period is 9 years.

The Company rents part of the transportation equipment for being used as business cars, and the lease period is 1.5~5 years.

(4) Other Leasing Information

	2023	2022
Short-term leasing fees	\$ 391	\$ 115
Low value assets leasing fees	\$ 524	\$ 501
Total leasing cash (outflow)	(\$ 8,952)	(\$ 9,194)

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

XIII. Intangible Assets

	December 31, 2023	December 31, 2022
Computer software	\$ 1,467	\$ 993
		<u>Computer software</u>
<u>Cost</u>		
Beginning balance as of January 1, 2023		\$ 1,028
Additions		824
Balance as of December 31, 2023		<u>\$ 1,852</u>
<u>Amortization</u>		
Beginning balance as of January 1, 2023		\$ 35
Amortization expense		350
Balance as of December 31, 2023		<u>\$ 385</u>
Net as of December 31, 2023		<u>\$ 1,467</u>

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(2) The details for the Company's long-term loans are as follow:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Secured loan</u>		
E.SUN Commercial Bank	\$ 710,000	\$ 920,000
<u>Unsecured loan</u>		
Taiwan Cooperative Bank	<u>270,000</u>	<u>160,000</u>
Subtotal	980,000	1,080,000
Subtract: listed as the part that is due within one year	<u>160,000</u>	<u>160,000</u>
Long-term loan	<u>\$ 820,000</u>	<u>\$ 920,000</u>

The interest rate range for the Company's loans is as follow:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Floating interest rate loans	1.78% ~ 1.82%	1.51% ~ 1.57%

1. E.SUN Commercial Bank's secured loan: The Company signed a credit contract with E.SUN Commercial Bank in February 2022, with a total amount of NTD 800,000 thousand. 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, 2023 and 2022, the loan balances were NTD 560,000 thousand and NTD 720,000 thousand, respectively. 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 to undergo additional procedures for the principal's transfer in/out. As of December 31, 2023 and 2022, the loan balance was NTD 150,000 thousand and NTD 200,000 thousand, respectively. The 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 Company's draw date of the loan principal. According to the contract, the amount is for revolving use before maturity. The contract was extended in February 2023 and the settlement of the amount employed this time reached the 24th month since March 2023, the draw date of the loan principal. As of December 31, 2023 and 2022, the loan balance was respectively NTD 270,000 thousand and NTD 160,000 thousand.

XVI. Notes Payable and Accounts Payable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Notes payable</u>		
Incurred by business operations	<u>\$ 4,634</u>	<u>\$ 4,842</u>
<u>Accounts payable</u>		
Incurred by business operations	<u>\$ 188,320</u>	<u>\$ 321,652</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.

XVII. Other Payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Salaries and bonuses payable	\$ 73,571	\$ 75,566
Payables for construction	27,504	-
Freight payable	7,955	7,453
Import and export expenses payable	3,792	4,418
Labor and health insurance payable	2,739	2,498
Other	<u>9,661</u>	<u>14,931</u>
	<u>\$ 125,222</u>	<u>\$ 104,866</u>

XVIII. 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 parent company only balance sheets are as follow:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
PV for defined benefit obligation	\$ 68,776	\$ 75,566
Planned assets fair value	(61,210)	(66,881)
Allocation insufficiency	<u>7,566</u>	<u>8,685</u>
Net defined benefit liabilities	<u>\$ 7,566</u>	<u>\$ 8,685</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, 2022	<u>\$ 81,458</u>	(\$ 62,906)	<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>
January 1, 2023	<u>\$ 75,566</u>	(\$ <u>66,881</u>)	<u>\$ 8,685</u>
Service cost			
Current service cost	323	-	323
Interest expenses (income)	<u>850</u>	(<u>758</u>)	<u>92</u>
Recognized as profit or loss	<u>1,173</u>	(<u>758</u>)	<u>415</u>

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	PV for defined benefit obligation	Planned assets fair value	Net defined benefit liabilities
Remeasurements			
Gains on planned assets	\$ -	(\$ 632)	(\$ 632)
Actuarial loss (profit)			
— Changes in financial assumptions	(519)	-	(519)
— Experience adjustment	<u>609</u>	<u>-</u>	<u>609</u>
Recognized as other comprehensive income	<u>90</u>	<u>(632)</u>	<u>(542)</u>
Allocated by employer	<u>-</u>	<u>(992)</u>	<u>(992)</u>
Payment of benefits	<u>(8,053)</u>	<u>8,053</u>	<u>-</u>
December 31, 2023	<u>\$ 68,776</u>	<u>(\$ 61,210)</u>	<u>\$ 7,566</u>

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

	2023	2022
Operating costs	\$ 55	\$ 84
Promotion expense	111	198
Management expense	<u>249</u>	<u>401</u>
	<u>\$ 415</u>	<u>\$ 683</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:

	December 31, 2023	December 31, 2022
Discount rate	1.250%	1.125%
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, 2023</u>	<u>December 31, 2022</u>
Discount rate		
0.25% increase	(\$ <u>1,018</u>)	(\$ <u>1,179</u>)
0.25% decrease	<u>\$ 1,045</u>	<u>\$ 1,212</u>
Salary's expected increase rate		
0.25% increase	<u>\$ 1,014</u>	<u>\$ 1,175</u>
0.25% decrease	(\$ <u>993</u>)	(\$ <u>1,149</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, 2023</u>	<u>December 31, 2022</u>
Amount expected to be allocated within 1 year	<u>\$ 936</u>	<u>\$ 1,019</u>
Defined benefit obligation's average maturity period	6.0years	6.3 years

XIX. Equity

(1) Share Capital

Common Stock

	<u>December 31, 2023</u>	<u>December 31, 2022</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>229,638</u>	<u>218,703</u>
Issued share capital	<u>\$ 2,296,382</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, 2023</u>	<u>December 31, 2022</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>2,130</u>	<u>1,107</u>
	<u>\$ 123,145</u>	<u>\$ 122,122</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 legal reserve after tax payments and the compensation for losses. The rest will be listed as or reversed to special reserve 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 21-3 "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.

Legal reserve should be allocated until its balance reaches the company's actual received total share capital. Legal reserve can be used to compensate losses. When the company has no loss, except for the part that the legal 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 29, 2023 and June 23, 2022, and respectively decided the approval of 2022 and 2021 earnings distribution proposal as follow:

	Earnings Distribution		Dividend per Share (NTD)	
	2022	2021	2022	2021
Pre-estimated legal reserve	\$ 37,898	\$ 45,357		
Shareholders' cash dividend	328,055	349,925	\$ 1.50	\$ 1.60
Shareholders' stock dividend	109,352	-	0.50	-

The board of directors of the Company proposed the earnings distribution for the year ended December 31, 2023 on March 13, 2024 as follows:

	Earnings Distribution	Dividend per Share (NTD)
Legal reserve	\$ 36,867	
Cash dividend	321,494	\$ 1.40

The earnings distribution for the year ended December 31, 2023 is expected to be resolved by the regular shareholders meeting on May 22, 2024.

(4) Special reserve

Since it is the Company's first time using IFRS accounting standards and the increase in reserved earnings generated is insufficient for pre-estimation. Thus, the sole increase in reserved earnings generated by converse-using IFRS accounting standards NTD 200,454 thousands can pre-estimate special reserve.

XX. Income

	2023	2022
Customer contract income		
Goods sales income	\$10,780,969	\$11,449,004
Other operating revenue	<u>2,684</u>	<u>820</u>
	<u>\$10,783,653</u>	<u>\$11,449,824</u>

(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. Other operating revenue

The Company's other operating revenue arises from services, including unloading and weighing, and warehousing, etc. The amounts of income are collected by fixed unit prices based on number of tons handled. Relevant income is recognized when rendering services.

(2) Contract balance

	December 31, 2023	December 31, 2022	January 1, 2022
Notes receivable	\$ 186,639	\$ 222,984	\$ 215,064
Notes receivable – related parties	5,159	4,650	2,904
Accounts receivable	546,316	676,106	580,344
Accounts receivable – related parties	<u>483,974</u>	<u>535,611</u>	<u>501,830</u>
	<u>\$ 1,222,088</u>	<u>\$ 1,439,351</u>	<u>\$ 1,300,142</u>
Contractual liabilities (listed in other current liabilities)			
Selling of goods	\$ <u>4</u>	\$ <u>-</u>	\$ <u>3,440</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.

(3) Customer contracts that are not all complete yet	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Selling of products		
– Executed in 2024	\$ <u>4</u>	\$ <u>-</u>

XXI. Net Profit

(1) Depreciation and Amortization

	<u>2023</u>	<u>2022</u>
Depreciation expenses		
summarized according to its functions		
Operating costs	\$ 62,393	\$ 44,237
Operating expenses	<u>17,421</u>	<u>15,401</u>
	<u>\$ 79,814</u>	<u>\$ 59,638</u>
Amortization expenses		
summarized according to its functions		
Operating costs	\$ -	\$ 7
Operating expenses	<u>350</u>	<u>35</u>
	<u>\$ 350</u>	<u>\$ 42</u>

(2) Employees' benefit expenses

	<u>2023</u>	<u>2022</u>
Post-employment benefits		
Defined contribution plans	\$ 7,049	\$ 6,631
Defined benefit plans (note 18)	<u>415</u>	<u>683</u>
	7,464	7,314
Salary expenses	179,202	173,778
Labor and health insurance expenses	16,942	15,933
Directors' remunerations	10,508	11,171
Other employee benefits	<u>10,457</u>	<u>10,290</u>
	<u>\$ 224,573</u>	<u>\$ 218,486</u>
Summarized according to its functions		
Operating costs	\$ 68,868	\$ 64,842
Operating expenses	<u>155,705</u>	<u>153,644</u>
	<u>\$ 224,573</u>	<u>\$ 218,486</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 2023 and 2022 were decided by the board of directors on March 13, 2024 and March 15, 2023 respectively as follow:

Estimated Percentage

	2023	2022
Employees' remunerations	2%	2%
Directors' remunerations	2%	2%

Amount

	2023	2022
	Cash	Cash
Employees' remunerations	\$ 8,816	\$ 9,429
Directors' remunerations	8,816	9,429

If there are still changes in the amount after the annual parent company only 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 2022 and 2021 and the parent company only financial statements' recognized amount for 2022 and 2021.

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

	2023	2022
Disposal of gains on property, plant and equipment	<u>\$ 219</u>	<u>\$ 698</u>

The disposal of gains on property, plant and equipment in 2023 is realized deferred income recognized for NTD 219 thousand. The disposal of gains on property, plant and equipment in 2022 is the sum of the current year's disposal of profit NTD 479 thousand and realized deferred income recognized for NTD 219 thousand.

(5) Currency Exchange Profit (Loss)

	2023	2022
Total currency exchange profit	\$ 32,087	\$ 53,232
Total currency exchange loss	(6,972)	(11,472)
Net profit	<u>\$ 25,115</u>	<u>\$ 41,760</u>

(6) Interest Expense

	<u>2023</u>	<u>2022</u>
Bank loan interest	\$ 44,017	\$ 29,617
Lease liability interest	<u>1,660</u>	<u>1,587</u>
	<u>\$ 45,677</u>	<u>\$ 31,204</u>

Related information on interest capitalization is as follow:

	<u>2023</u>	<u>2022</u>
Interest capitalization amount	\$ -	\$ 3,597
Interest capitalization rate		1.19% ~ 1.21%

XXII. Income Tax

(1) Income tax recognized as profit or loss

The main items of the income tax is as follow:

	<u>2023</u>	<u>2022</u>
Current income tax		
Generated in the current year	\$ 58,885	\$ 84,969
Adjustments made in the previous years	(3,929)	340
Deferred income tax		
Generated in the current year	<u>334</u>	(<u>1,720</u>)
Income tax expense recognized as profit or loss	<u>\$ 55,290</u>	<u>\$ 83,589</u>

The reconciling of accounting income and income tax expense is as follow:

	<u>2023</u>	<u>2022</u>
Net profit before tax	<u>\$ 423,169</u>	<u>\$ 452,583</u>
Income tax expense calculated based on statutory tax rate for net profit before tax	\$ 84,634	\$ 90,516
Tax-free income	(25,415)	(7,313)
Non-deductible impairment loss in taxes	-	46
Current income tax expenses in the previous years adjusted in the current year	(<u>3,929</u>)	<u>340</u>
Income tax expense recognized as profit or loss	<u>\$ 55,290</u>	<u>\$ 83,589</u>

(2) Current income tax liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current income tax liabilities		
Income tax payable	<u>\$ 16,089</u>	<u>\$ 43,178</u>

(3) Deferred income tax assets and liabilities

Changes in deferred income tax assets and liabilities are as follow:

2023

	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	\$ 9,991	\$ 548	\$ 10,539
Pension expense overrun	1,917	(116)	1,801
Loss on inventory price decline	1,546	(670)	876
Deferred income	365	(43)	322
Other	<u>261</u>	<u>(53)</u>	<u>208</u>
	<u>\$ 14,080</u>	<u>(\$ 334)</u>	<u>\$ 13,746</u>
<u>Deferred income tax liabilities</u>			
Temporary difference			
Land value increment tax	<u>\$ 95,560</u>	<u>\$ -</u>	<u>\$ 95,560</u>

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	<u>150</u>	<u>111</u>	<u>261</u>
	<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	<u>612</u>	<u>(612)</u>	<u>-</u>
	<u>\$ 96,172</u>	<u>(\$ 612)</u>	<u>\$ 95,560</u>

(4) Income tax verification status

Regarding the Company's business income tax declaration, the declared cases as of before 2021 were authorized by tax collecting institutions.

XXIII. Earnings per Share (EPS)

When calculating earnings per share, the effect of stock dividend distribution has been adjusted retrospectively. The base date of the stock dividend distribution is on September 3, 2023. Due to the retrospective adjustment, the basic and diluted earnings per share have changed as follows:

	Before retrospective adjustment	Unit: NTD per share After retrospective adjustment
Basic earnings per share	<u>\$ 1.69</u>	<u>\$1.61</u>
Diluted earnings per share	<u>\$ 1.69</u>	<u>\$1.61</u>

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

Net profit

	2023	2022
Net profit used for the calculation of basic and diluted EPS	<u>\$ 367,879</u>	<u>\$ 368,994</u>

Number of Shares

	2023	Unit: 1000 shares 2022
Number of shares of common share's weighted average used for the calculation of basic EPS	229,638	229,638
Impacts of potential common share with dilutive effect:		
Employees' remuneration	<u>194</u>	<u>207</u>
Number of shares of common share's weighted average used for the calculation of diluted EPS	<u>229,832</u>	<u>229,845</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.

XXIV. Cash Flow Information

(1) Partial cash transaction

The partial cash transactional investments that the Company conducted in 2023 and 2022 are as follow:

	2023	2022
Partial cash paid to purchase property, plant and equipment		
Purchase of property, plant, and equipment	\$ 28,367	\$ 138,420
Net change in prepayment of equipment	3,014	128
Net change in equipment payable	3,864	9,577
Cash paid	\$ 35,245	\$ 148,125

(2) Changes in liabilities owing to financing activities
2023

	BOY balance	Cash flow	Non-cash changes			Year-end balance
			New lease liabilities	Reduced lease liabilities	Amortized interest expense	
Short-term loans	\$ 1,681,662	(\$ 233,559)	\$ -	\$ -	\$ -	\$ 1,448,103
Long-term loans and long-term loans due within one year	1,080,000	(100,000)	-	-	-	980,000
Margin deposit	1,850	227	-	-	-	2,077
Lease liability	151,643	(6,377)	1,267	-	-	146,533
	\$ 2,915,155	(\$ 339,709)	\$ 1,267	\$ -	\$ -	\$ 2,576,713

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	142,929	(6,991)	15,705	-	-	151,643
	\$ 2,857,382	\$ 41,976	\$ 15,705	\$ -	\$ 92	\$ 2,915,155

XXV. 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.

XXVI. 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, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Measured at amortized cost (note 1)	\$ 1,862,754	\$ 2,110,309
<u>Financial liabilities</u>		
Measured at amortized cost (note 2)	2,783,930	3,201,650

Note 1: the balance is financial assets that includes cash, notes receivable, notes receivable – related parties, accounts receivable, accounts receivable – related parties, other receivables, other receivables – related parties, and guaranteed deposits paid, etc., measured at amortized cost.

Note 2: the balance is financial liabilities that include short-term loans, notes payable, accounts payable, accounts payable – related parties, partial other payables, long-term loans (including parts due within one year), and guaranteed deposits received, 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 30.

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	
	2023	2022
Increase in net profit before tax	\$ 1,019	\$ 13,479

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

(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:

	December 31, 2023	December 31, 2022
Interest rate risk with fair value		
— Financial assets	\$ 40,663	\$ 29,600
— Financial liabilities	1,543,283	1,540,531
Interest rate risk with cash flow		
— Financial assets	579,407	615,025
— Financial liabilities	1,031,353	1,372,774

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 2023 decreased/increased by NTD 1,130 thousand. This is mainly caused by risk exposures to variable interest rate bank demand deposits and loans.

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 decreased/increased by NTD 1,894 thousand. This is mainly caused by risk exposures to variable interest rate bank demand deposits and loans.

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 parent company only balance sheets.

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, except for CENTRAL UNION OIL CORP., which is the associate of the Company.

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, 2023 and 2022, the Company's undrawn bank financing limit was respectively NTD 3,532,153 thousands and NTD 3,226,620 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, 2023

	On demand or less than 1 month	1-3 months	3 months-1 year	1-5 years	More than 5 years
Liabilities without interest	\$ 89,301	\$ 147,103	\$ 117,346	\$ -	\$ -
Lease liability	742	2,226	7,571	25,618	143,888
Floating interest rate instrument	1,717	7,378	217,635	830,677	-
Fixed interest rate instrument	740,207	259,398	402,615	-	-
	<u>\$ 831,967</u>	<u>\$ 416,105</u>	<u>\$ 745,167</u>	<u>\$ 856,295</u>	<u>\$ 143,888</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>\$ 10,539</u>	<u>\$ 25,618</u>	<u>\$ 18,495</u>	<u>\$ 18,495</u>	<u>\$ 18,495</u>	<u>\$ 88,403</u>

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>

XXVII. Related Parties' Transactions

(1) Related parties' names and relationships

<u>Name of Related Parties</u>	<u>Relationship with the Company</u>
Affiliated enterprises with significance	
Central Union Oil Corp.	Invested company denominated accounted for using equity method
Subsidiary companies	
TOP FOOD	The Company's subsidiary company
FU YOU AN KANG	The Company's subsidiary company
CHONG HSIANG INTERNATIONAL	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, 2023	December 31, 2022
Sales income	Affiliated enterprises		
	Central Union Oil Corp.	\$ 2,609,750	\$ 2,599,087
	Subsidiary companies	897,960	944,237
	Other related parties	<u>128,452</u>	<u>142,585</u>
		<u>\$ 3,636,162</u>	<u>\$ 3,685,909</u>
Other operating revenue	Affiliated enterprises	<u>\$ 51</u>	<u>\$ 80</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. The transaction conditions for other related parties were conducted on normal commercial terms.

Other operating revenue arises from the Company providing unloading and weighing services for affiliated enterprises, with fees charged based on a fixed unit price per processed ton.

(3) Purchases

Classification/Name of Related Parties	2023	2022
Subsidiary companies	\$ 359,754	\$ 335,179
Affiliated enterprises		
Central Union Oil Corp.	<u>267,561</u>	<u>158,749</u>
	<u>\$ 627,315</u>	<u>\$ 493,928</u>

The Company's purchasing transaction with related parties was defined on a separate basis.

(4) Processing expense

Classification/Name of Related Parties	2023	2022
Affiliated enterprises		
Central Union Oil Corp.	<u>\$ 235,232</u>	<u>\$ 235,453</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:

<u>Classification/Name of Related Parties</u>	<u>2023</u>	<u>2022</u>
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:

<u>Classification/Name of Related Parties</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Subsidiary company		
Chong Hsiang International	\$ 102	\$ 138
Other related parties		
Cheng Xin Investment	<u>72</u>	<u>108</u>
	<u>\$ 174</u>	<u>\$ 246</u>

(6) Other Income

<u>Classification/Name of Related Parties</u>	<u>2023</u>	<u>2022</u>
Subsidiary company		
Top Food	\$ 6,079	\$ 7,311
Chong Hsiang International	<u>13</u>	<u>248</u>
	<u>\$ 6,092</u>	<u>\$ 7,559</u>

(7) Accounts Receivable from Related Parties

Items	Classification/Name of Related Parties	December 31, 2023	December 31, 2022
Accounts receivable – related parties	Affiliated enterprise		
	CENTRAL UNION OIL CORP. Subsidiary Company	\$ 316,562	\$ 343,114
	CHONG HSIANG INTERNATIONAL	148,886	175,291
	Other	3,552	2,402
	Other related parties	<u>14,974</u>	<u>14,804</u>
		<u>\$ 483,974</u>	<u>\$ 535,611</u>
Notes receivable – related parties	Subsidiary company	<u>\$ 5,159</u>	<u>\$ 4,650</u>
Other receivables – related parties	Affiliated enterprise		
	CENTRAL UNION OIL CORP. Subsidiary company	\$ -	\$ 40
		<u>348</u>	<u>666</u>
		<u>\$ 348</u>	<u>\$ 706</u>

The Company did not receive pledge from related parties for outstanding accounts receivable. The accounts receivable from related parties for 2023 and 2022 were not listed as allowance loss.

(8) Accounts payable from related parties

Items	Classification/Name of Related Parties	December 31, 2023	December 31, 2022
Accounts payable – related parties	Subsidiary company		
	Top Food	\$ 58,100	\$ 75,088
	Affiliated enterprises		
	Central Union Oil Corp.	<u>51,045</u>	<u>7,256</u>
		<u>\$ 109,145</u>	<u>\$ 82,344</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, 2023	December 31, 2022
Subsidiary company		
Top Food		
Guarantee amount	<u>\$ 3,072,000</u>	<u>\$ 3,280,000</u>
Actual amount spent	<u>\$ 1,061,425</u>	<u>\$ 1,946,887</u>

The Company offered endorsement and guarantee for Top Food's financing from the bank.

(10) Other

Items	Classification of Related Parties	2023	2022
Entertainment expense	Affiliated enterprise	\$ 2	\$ -
	Subsidiary company	5	3
		\$ 7	\$ 3
Other expense	Affiliated enterprise	\$ 1,652	\$ 1,274
	Subsidiary company	310	-
		\$ 1,962	\$ 1,274

(11) Remunerations for Main Management Level

The total remunerations for directors and other main management levels for 2023 and 2022 are as follow:

	2023	2022
Short-term employees benefit	\$ 10,290	\$ 7,052
Post-employment benefit	284	243
	\$ 10,574	\$ 7,295

The directors' and other main management levels' remunerations were decided by the Remuneration Committee based on individual performance and market trends.

XXVIII. Pledged Asset

The following assets had been provided as collaterals for bank loans:

	December 31, 2023	December 31, 2022
Property, plant and equipment	\$ 690,427	\$ 693,756

XXIX. 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

1. As of December 31, 2023 and 2022, the amount of the Company's issuance of unused letters of credit due to the purchasing of raw materials was respectively NTD 861,886 thousands and NTD 999,052 thousands.

2. Unrecognized contractual commitments are as follow:

	December 31, 2023	December 31, 2022
Purchase of property, plant, and equipment	\$ 61,776	\$ 68,785

(2) Contingencies

The Company purchased 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 related litigations due to adulterating. 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 have been jointly compensated with NTD 38,307 thousand and delay interests. This case was appealed by Chang Chi Foodstuff, and was sent back by the Supreme Court for retrial. The Intellectual Property Court changed the verdict resulting in the Company losing the case in the first retrial in 2017. The case was appealed by the Company, and was sent back by the Supreme Court for retrial. The Intellectual Property Court adjudged that Chang Chi Foodstuff shall compensate the Company NTD 30,000 thousand and delay interests in the second retrial. This case was appealed by Chang Chi Foodstuff, and the original judge was revoked and sent back by the Supreme Court for retrial. The Intellectual Property Court adjudged that the Company lost the case in the third retrial. This case was appealed by the Company, and the original judge was revoked and sent back by the Supreme Court to the Intellectual Property and Commercial Court. As of the date the board of directors approved this parent company only financial report, the lawsuit mentioned above was still under review by the court.

XXX. 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:

December 31, 2023

			Unit:
			Foreign Currency thousands, NTD thousands
	Foreign Currency	Exchange Rate	Carrying Amount
<u>Foreign currency assets</u>			
<u>Monetary items</u>			
US dollars	\$ 1,004	30.705 (USD:NTD)	\$ 30,828
<u>Non-monetary items</u>			
Subsidiary companies that adopt equity method			
US dollars	4,687	30.705 (USD:NTD)	143,921
<u>Foreign currency liability</u>			
<u>Monetary items</u>			
US dollars	1,668	30.705 (USD:NTD)	51,216

December 31, 2022

	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>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
Foreign currency liability			
<u>Monetary items</u>			
US dollars	9,518	30.71 (USD:NTD)	292,298

Unrealized foreign currency exchange profit (loss) with significant impact is as follow:

	<u>2023</u>		<u>2022</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	30.705 (USD:NTD)	\$ 3	30.71 (USD:NTD)	(\$ 26,597)

XXXI. 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, 2023

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 (note 4)	Final Endorsement and Guarantee Balance (note 4)	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)	\$ 3,512,131	\$ 3,280,000	\$ 3,072,000	\$ 1,061,425	\$ -	87	\$ 4,214,557	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.

Note 4: maximum endorsement and guarantee balance for the current period and final endorsement and guarantee balance are amounts approved by the board of directors.

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, 2023

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	\$ 2,609,750	24	45-60 days	Deduct of sales expense that should be borne by Central Union Oil Corp. according to market price	—	\$ 316,562	26	
			Purchases and processing expenses	502,793	5	45~60 days	—	—	(51,045)	15	
Formosa Oilseed Processing Co., Ltd.	Top Food	Subsidiary company	Purchases	359,754	4	30-60 days	—	—	(58,100)	18	
Top Food	Formosa Oilseed Processing Co., Ltd.	Parent company	Sales	359,754	9	30-60 days	—	—	58,100	9	
Formosa Oilseed Processing Co., Ltd.	Chong Hsiang International	Subsidiary company	Sales	871,018	8	45-60 days	—	—	148,886	12	
Chong Hsiang International	Formosa Oilseed Processing Co., Ltd.	Parent company	Purchases	871,018	100	45-60 days	—	—	(148,886)	100	
Formosa Oilseed Processing Co., Ltd	Morn Sun Feed Ltd.	Other related parties	Sales	128,452	1	30-45 days	—	—	14,974	1	

Formosa Oilseed Processing Co., Ltd.

Accounts Receivable from Related Parties Reaches NTD 100 million or Actual Received Capital Is Above 20%

December 31, 2023

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	\$ 316,562	8 (times)	\$ -	-	\$ 316,562	\$ -
Formosa Oilseed Processing	Chong Hsiang International	Subsidiary company	148,886	5 (times)	-	-	148,886	-

Formosa Oilseed Processing Co., Ltd.
Name, Location, and other Related Information about Invested Company
January 1 to December 31, 2023

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	\$ 683,134	\$ 103,427	\$ 65,267 (note 2)	Subsidiary company
	FORMOSA OIL PROCESSING (PANAMA) S. A.	PANAMA CITY, REPUBLIC OF PANAMA	General investment business	242,398	242,398	7	100	143,921	(2,740)	(2,740)	Subsidiary company
	FU YOU AN KANG	CHANG HUA COUNTY	Poultry breeding and wholesaling of agricultural products	25,908	25,908	2,591	51	22,105	6,567	3,349	Subsidiary company
	CHONG HSIANG INTERNATIONAL	TAICHUNG CITY	Wholesale trading of oil products	50,000	50,000	5,000	100	43,220	4,909	4,909	Subsidiary company
	CENTRAL UNION OIL	TAICHUNG CITY	Businesses regarding exclusive selection and rendering of soy beans	203,316	203,316	20,000	33	316,021	160,645	53,548	Affiliated enterprise

Note 1: calculated based on the accountant's auditing of the financial statement in the same period.

Note 2: recognized investment gains of NTD 65,322 thousand and deducted the unrealized benefits of countercurrent transactions of NTD 55 thousand.

Formosa Oilseed Processing Co., Ltd.
Investment Information in China
January 1 to December 31, 2023

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)	\$ 259,361	\$ -	\$ -	\$ 259,361	(\$ 2,759)	100%	(\$ 2,759)	\$ 139,770	\$ 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	\$ 2,359,772

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 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 thousand (NTD 158,449 thousand) and USD 17,975 thousand (NTD 571,099 thousand) in Mainland China. In addition, on April 21, 2021, the Investment Committee approved the deduction of USD11,349 thousand (NTD 317,767 thousand) 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 thousand (NTD 152,420 thousand) 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, 2023

Schedule 6

Name of Major Shareholders	Shares	
	Number of Shares Held	Shareholding Percentage
Shin Tai Industry Co., Ltd.	26,070,385	11.35%
Qun Sheng Fa Co., Ltd.	22,379,700	9.74%
Cheng Xin Investment Co., Ltd.	21,885,841	9.53%
An Da Investment Co., Ltd.	21,747,803	9.47%
Guan, Yao Zhan	17,959,081	7.82%
Shin Fong Trading Co., Ltd.	16,923,301	7.36%

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 parent company only 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, 2023

Table 1

Unit: NTD thousands

Item	Balance
Cash on hand and petty cash	\$ 132
Bank deposit	
Check deposit	40,663
Demand deposit (note)	<u>579,407</u>
	<u>\$ 620,202</u>

Note: this includes USD 167 thousands; the exchange rate is USD 1 = NTD 30.705.

Formosa Oilseed Processing Co., Ltd.

Schedule for Notes Receivable

December 31, 2023

Table 2

Unit: NTD thousands

Name of Customer	Balance
Yan Shang Enterprise Co., Ltd.	\$ 20,307
Vedan Enterprise Corp.	18,640
Huang, Qi-Cheng	11,371
Qiu, Shi-Chong	6,213
Kinda Commodities Company	4,985
Other (note)	<u>125,123</u>
Total	<u>\$ 186,639</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, 2023

Table 3

Unit: NTD thousands

<u>Name of Customers</u>	<u>Balance</u>
Wei Lih Food Industrial Co., Ltd.	\$ 26,775
Lian Hwa Foods Corporation	26,317
You Mu Co., Ltd.	20,090
Presicarre Corporation	16,178
Hwa Yuan Foods Co.,Ltd	15,289
Other (note)	<u>443,418</u>
	548,067
Subtract: loss allowance	<u>1,751</u>
Net value	<u>\$ 546,316</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, 2023

Table 4

Unit: NTD thousands

Item	Balance	
	Costs	Market Price (note)
In-transit inventory	\$ 920,472	\$ 955,637
Raw materials	170,477	174,213
Finished goods	135,681	142,690
Work in progress	29,157	29,208
Materials	<u>5,186</u>	<u>5,186</u>
Total	<u>\$ 1,260,973</u>	<u>\$ 1,306,934</u>

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	\$ 617,648	-	\$ -	-	\$ -	\$ 65,267	\$ -	\$ -	\$ 219	51,963	63	\$ 683,134	\$ 684,805	Notes 2 & 3	
FORMOSA OIL PROCESSING (PANAMA) S.A.	7	149,046	-	-	-	-	(2,740)	(2,385)	-	-	7	100	143,921	143,921	Note 2	
FU YOU AN KANG CORP.	2,591	18,787	-	-	-	-	3,349	-	-	(31)	2,591	51	22,105	22,226	Note 2	
ZHONG XIANG INTERNATIONAL CORP.	5,000	38,311	-	-	-	-	4,909	-	-	-	5,000	100	43,220	43,220	Note 2	
CENTRAL UNION OIL CORP.	20,000	<u>305,839</u>	-	-	-	(<u>44,000</u>)	<u>53,548</u>	-	<u>252</u>	<u>382</u>	20,000	33	<u>316,021</u>	<u>316,524</u>	Notes 1 & 2	
		<u>\$ 1,129,631</u>		<u>\$ -</u>		(<u>\$ 44,000</u>)	<u>\$ 124,333</u>	(<u>\$ 2,385</u>)	<u>\$ 252</u>	<u>\$ 570</u>			<u>\$ 1,208,401</u>	<u>\$ 1,210,696</u>		

Note 1: The decrease in current year is due to the allocation of Central Union Oil's cash dividend.

Note 2: It is calculated based on the invested company's audited financial statements and the Company's shareholding ratio.

Note 3: The realized profit is the deferred revenue of disposal of property, plant and equipment.

Formosa Oilseed Processing Co., Ltd.

Schedule for Changes in ROU Assets

2023

Table 6

Unit: NTD thousands

	Land	Buildings	Transport equipment	Total
Cost				
January 1, 2023 balance	\$141,810	\$ 2,853	\$ 21,804	\$166,467
Current year addition	-	-	1,267	1,267
Current year disposal	-	-	(889)	(889)
December 31, 2023 balance	<u>141,810</u>	<u>2,853</u>	<u>22,182</u>	<u>166,845</u>
Accumulated depreciation				
January 1, 2023 balance	(12,005)	(1,825)	(3,820)	(17,650)
Depreciation expense	(2,891)	(457)	(4,540)	(7,888)
Current year disposal	-	-	889	889
December 31, 2023 balance	<u>(14,896)</u>	<u>(2,282)</u>	<u>(7,471)</u>	<u>(24,649)</u>
December 31, 2023 net amount	<u>\$126,914</u>	<u>\$ 571</u>	<u>\$ 14,711</u>	<u>\$142,196</u>

Formosa Oilseed Processing Co., Ltd.

Schedule for Short-Term Loans

December 31, 2023

Table 7

Type(s) of loan and creditors	Loan period	Year interest (%)	Balance	Amount financed	Pledge or collateral
Credit Loans					
Cathay United Bank, Taichung Branch	Oct.2023-Feb.2024	1.75	\$ 242,750	\$ 255,000	None
Hua Nan Commercial Bank, Ltd., Chuxu Branch	Dec.2023-Jan.2024	1.78	231,000	500,000	None
Agricultural Bank of Taiwan Corporation, Taichung Branch	Oct.2023-Oct.2024	1.71	200,000	300,000	None
Bank SinoPac, Fengyuan Branch	Dec.2023-Jan.2024	1.88	150,000	600,000	None
Taishin International Bank, Chienbei Branch	Dec.2023- Feb.2024	1.78	120,000	300,000	None
Taiwan Cooperative Bank, Sinjhong Branch	Oct.2023-Jun.2024	1.75	81,000	300,000	None
Chang Hwa Bank Head Office	Dec.2023-Mar.2024	1.81	78,000	350,000	None
Taiwan Cooperative Bank, Songjiang Branch	Jul.2023-Jan.2024	1.75	46,000	500,000	None
Taiwan Cooperative Bank, Songjiang Branch	Dec.2023- Dec.2024	1.75	30,000	500,000	None
Taiwan Business Bank, Shalu Branch	Aug.2023- Jun.2024	1.88	60,000	100,000	None
Shin Kong Commercial Bank, Zhonggang Branch	Oct.2023-Jan.2024	1.76	60,000	100,000	None
E.SUN Bank, Chengdong Branch	Dec.2023-Jan.2024	1.82	56,000	200,000	None
Bank of Taiwan, Taichung Harbor Branch	Dec.2023-Mar.2024	1.78	<u>42,000</u>	<u>90,000</u>	None
			<u>1,396,750</u>	<u>4,095,000</u>	
Letter of Credit Loans					
Chang Hwa Bank Head Office	Dec.2023-Feb.2024	6.44	4,396	350,000	None
Shanghai Commercial and Savings Bank, Chung Li Branch	Dec.2023-Jun.2024	6.49	16,578	150,000	None
Agricultural Bank of Taiwan Corporation, Taichung Branch	Dec.2023-Jun.2024	6.29	<u>30,379</u>	<u>300,000</u>	None
			<u>51,353</u>	<u>800,000</u>	
			<u>\$ 1,448,103</u>	<u>\$ 4,895,000</u>	

Formosa Oilseed Processing Co., Ltd.

Schedule for Notes Payable

December 31, 2023

Table 8

Unit: NTD thousands

Name of Suppliers	Balance
Guangan Transportation Co., Ltd.	\$ 711
Chang, Wei-Jun	655
Dingyou Transportation Co., Ltd.	550
Qingyi Motor Freight Co., Ltd.	465
Rijian Express Co., Ltd.	319
Da Xin Freight Co., Ltd.	264
Yung Shuen Agricultural Co., Ltd.	248
Liantong Motor Freight Co., Ltd.	236
Other (note)	<u>1,186</u>
	<u>\$ 4,634</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, 2023

Table 9

Unit: NTD thousands

<u>Name of Suppliers</u>	<u>Balance</u>
Taisun Enterprise Co., Ltd.	\$ 22,888
Fure Shing Can Printing Mfg. Co.	14,697
Fwusow Industry Co., Ltd.	11,145
Chia Fha Enterprise Co., Ltd.	7,167
Yan Shang Enterprise Co., Ltd.	6,850
Other (note)	<u>125,573</u>
	<u>\$ 188,320</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, 2023

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 October 2022; every 6 months is 1 installment. The loan will be evenly amortized in 10 installments.	1.80	\$ 160,000	\$ 400,000	\$ 560,000	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.	1.82	-	150,000	150,000	Property, plant and equipment
Taiwan Cooperative Bank	Jun. 2022 – Mar. 2025	The settlement of the amount employed this time reached the 24th month since March 2021. According to the contract, the amount can be drawn down within the credit lines before maturity. The contract was extended in February 2023 and the settlement of the amount employed this time reached the 24th month since March 2023, the draw date of the loan principal.	1.78	-	270,000	270,000	None
Total				\$ 160,000	\$ 820,000	\$ 980,000	

Formosa Oilseed Processing Co., Ltd.

Schedule for Lease Liabilities

December 31, 2023

Table 11

Unit: NTD thousands

Title	Lease Period	Discount Rate	Year-End Balance	Note
Land	11/01/2017- 09/30/2068	1.08% ~ 1.38%	\$129,268	None
Buildings	04/01/2016- 03/31/2025	1.38%	591	None
Transport equipment	01/01/2019- 05/31/2028	1.08% ~ 1.82%	16,674	None
Subtract: those listed under current			(<u>8,965</u>)	
Lease liabilities – non- current			<u>\$137,568</u>	

Formosa Oilseed Processing Co., Ltd.

Schedule for Operating Income

2023

Table 12

Unit: NTD thousands

Item	Quantity (t)	Amount
Sales income		
Soybean oil, soy flour	249,728	\$ 6,578,355
Feeds	70,747	1,136,799
Corn, oatmeal	244,980	<u>3,075,438</u>
Subtotal		10,790,592
Subtract: sales returns and sales discount		<u>9,623</u>
Net value		<u>10,780,969</u>
Service revenue		
Unloading and weighing service		<u>2,684</u>
Subtotal		<u>2,684</u>
Total operating income		<u>\$10,783,653</u>

Formosa Oilseed Processing Co., Ltd.

Schedule for Operating Costs

2023

Table 13

Unit: NTD thousands

Item	Amount
Direct raw material	
BOY raw material and in-transit inventory	\$ 1,126,517
Plus (subtract):	
Current year incoming material	8,549,111
Selling of raw material	(2,747,196)
Year-end raw material and in-transit inventory	(1,096,135)
Direct raw material consumption	5,832,297
Direct labor	35,102
Manufacturing expense	<u>412,461</u>
Manufacturing costs	6,279,860
Plus (subtract):	
BOY work in progress	73,868
Purchased work in progress	206,934
Selling of work in progress	(399,702)
Year-end work in progress	(29,157)
Finished goods costs	6,131,803
Plus (subtract):	
BOY finished goods and products	172,862
Purchased finished goods and products	771,238
Rendering fee	(979)
Year-end finished goods and products	(135,681)
Production and marketing costs	6,939,243
Costs for selling of raw material	2,747,196
Costs for selling of work in progress	399,702
Service costs	794
Customs tax refund income	(606)
Operating costs	<u>\$10,086,329</u>

Formosa Oilseed Processing Co., Ltd.
 Schedule for Operating Expenses
 2023

Table 14

Unit: NTD thousands

	Promotion expense	Management expense	Research and development expense	Expected loss of credit impairment	Total
Salary	\$ 48,359	\$ 67,353	\$ 5,704	\$ -	\$121,416
Freight	88,187	36	36	-	88,259
export expenses	45,316	-	-	-	45,316
Depreciation	6,891	7,359	3,171	-	17,421
Directors' remuneration	-	10,508	-	-	10,508
Expected loss of credit impairment	-	-	-	1,220	1,220
Other (note)	<u>57,528</u>	<u>41,674</u>	<u>8,193</u>	<u>-</u>	<u>107,395</u>
	<u>\$246,281</u>	<u>\$126,930</u>	<u>\$ 17,104</u>	<u>\$ 1,220</u>	<u>\$391,535</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
2023 and 2022

Table 15

Unit: NTD thousands

	2023			2022		
	Belonging to operating costs	Belonging to operating expenses	Total	Belonging to operating costs	Belonging to operating expenses	Total
Employee benefits expense						
Salary expense	\$ 57,786	\$ 121,416	\$ 179,202	\$ 54,726	\$ 119,052	\$ 173,778
Labor and health insurance expenses	6,365	10,577	16,942	5,501	10,432	15,933
Directors' remuneration	-	10,508	10,508	-	11,171	11,171
Pension expense	2,599	4,865	7,464	2,464	4,850	7,314
Other employee benefits expense	2,118	8,339	10,457	2,151	8,139	10,290
Depreciation expense	62,393	17,421	79,814	44,237	15,401	59,638
Amortized expense	-	350	350	7	35	42

Note 1: The Company's number of employees for 2023 and 2022 are respectively 250 and 240, 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 881 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 890 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 737 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 746 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 1% ("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	2023	2022	Difference	
			Increase (decrease) amount	Change ratio (%)
Current assets	4,881,487	5,482,615	(601,128)	(10.96)
Non-current assets	3,839,035	3,958,548	(119,513)	(3.02)
Total assets	8,720,522	9,441,163	(720,641)	(7.63)
Current liabilities	3,140,725	3,805,893	(665,168)	(17.48)
Non-current liabilities	1,646,844	1,782,896	(136,052)	(7.63)
Total liabilities	4,787,569	5,588,789	(801,220)	(14.34)
Equity	2,296,382	2,187,030	109,352	5.00
Capital reserve	123,145	122,122	1,023	0.84
Retained surplus	1,195,822	1,264,556	(68,734)	(5.44)
Other rights	(103,218)	(100,833)	(2,385)	2.37
Non-controlling interests	420,822	379,499	41,323	10.89
Total shareholders' equity	3,932,953	3,852,374	80,579	2.09
Description of major changes: none				

II. Financial Performance

(I) Review and analysis table of business results

Unit: NT\$ thousand

Item \ Year	2023	2022	Increase (decrease) amount	Change ratio (%)
Net operating income	14,543,809	15,274,361	(730,552)	(4.78)
Operating cost	13,483,212	14,305,096	(821,884)	(5.75)
Original recognition of agricultural interest	42,794	31,452	11,342	36.06
(Un)realized sales income with associates	382	(175)	557	(318.29)
Operating margin	1,103,773	1,000,542	103,231	10.32
Operating expenses	640,697	638,921	1,776	0.28
Operating income	463,084	360,804	102,280	28.35
Non-operating income and expenses	26,997	60,923	(33,926)	(55.69)
Pre-tax income	490,081	421,727	68,354	16.21
Income tax expense	80,879	74,580	6,299	8.45
Net income	409,202	347,147	62,055	17.88
Other comprehensive income (net)	(1,591)	12,603	(14,194)	(112.62)
Total comprehensive income and loss	407,611	359,750	47,861	13.30
Description of major changes:				
<ol style="list-style-type: none"> 1. The original recognition of agricultural interest: mainly due to the increase in the self-produced eggs of Fu You An Kang Co., Ltd. in 2023. 2. (Un)realized sales income with associates: Mainly due to the increase of inventory sold by Formosa Oilseed Processing Co., Ltd. to affiliates during the period. 3. Operating margin: Mainly due to the decrease in raw material import costs in 2023, resulting in a higher gross profit and an increase in operating income. 4. Non-operating income and expenses: Mainly due to the interest rate hike of financial institutions in 2023, resulting in the increase of interest expense. 5. Other comprehensive income (net): Mainly due to the decrease of exchange gain on the translation of financial statements of foreign operating entities. 				

(II) Expected sales volume in the coming year

Unit: mt

Main products	Estimated sales quantity
Grease products	237,797
Raw material products	225,614
Feed products	74,334
Flour products	246,179
Total	783,924

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
1,022,951	1,021,088	(28,343)	(1,070,263)	(125)	945,308	—	—

1. Operating activities: Net cash inflow was mainly due to lower unit prices of raw materials, resulting in a decrease in inventories and accounts receivable.
2. Investment activities: Net cash outflow was mainly due to acquired plant and equipment.
3. Financing activities: Net cash outflow was mainly due to the decrease in long 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
945,308	431,405	(454,585)	992,128	—	—

Note: Estimated annual cash outflows include net cash inflows (outflows) from investment activities and financing activities.

1. Operating activities: It is expected to have stable operating and profitability conditions and a net cash inflow from operating activities for the whole 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\$124,333 thousand in 2023, which was mainly due to the profits generated from the Company's reinvestment in Top Food Industry Corp. and 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 the recent 2 years, Taiwan's central bank raised interest rates gradually for 6 times, totaling 3.5 yards. Net interest expense (interest expense less interest income) accounted for 0.47% of net operating income in 2023, and net gain on exchange accounted for 0.24% of net operating income, indicating interest rate and exchange rate changes did not have a significant impact on the Company. Since the Company is in the food manufacturing industry, it is less effected 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 3,072,000,000, accounting for 87% of the net value of the financial statements. The company's endorsement guarantee limit for a single enterprise is NTD 3,512,131,000.

- (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.

- (8) Expected benefits, possible risks and corresponding measures of the expansion of the plant: None.

- (9) Risks faced by purchase or sales concentration and corresponding measures: None.

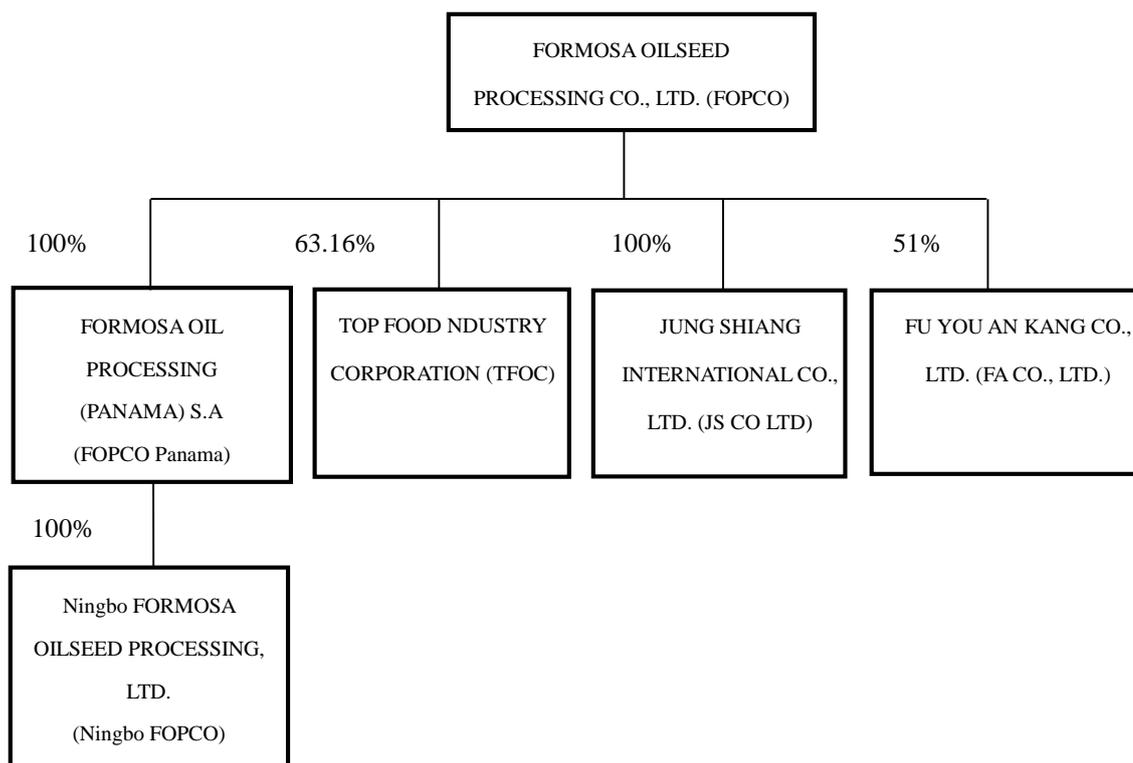
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- (10) Directors, supervisors, or major shareholders holding more than 10% of the shares, the impact or risk of a large number of transfers or replacement of equity on the company, and corresponding measures: None.
- (11) The impact, risks and corresponding measures of the change in operating rights on the company: None.
- (12) Litigation or non-litigation events:
The Company purchased 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 related litigations due to adulterating. 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 have been jointly compensated with NTD 38,307 thousand and delay interests. This case was appealed by Chang Chi Foodstuff, and was sent back by the Supreme Court for retrial. The Intellectual Property Court changed the verdict resulting in the Company losing the case in the first retrial in 2017. The case was appealed by the Company, and was sent back by the Supreme Court for retrial. The Intellectual Property Court adjudged that Chang Chi Foodstuff shall compensate the Company NTD 30,000 thousand and delay interests in the second retrial. This case was appealed by Chang Chi Foodstuff, and the original judge was revoked and sent back by the Supreme Court for retrial. The Intellectual Property Court adjudged that the Company lost the case in the third retrial. This case was appealed by the Company, and the original judge was revoked and sent back by the Supreme Court to the Intellectual Property and Commercial Court. As of the publication date of the annual report, the lawsuit mentioned above was still under review by the court.
- (13) Other important risks and corresponding measures: None.

VII. Other Important Matters: None.

Eight. Other Items Deserving Special

I. Information Related to the Company's Affiliates: Consolidated Business Report of Affiliated Enterprises (2023)

(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
2023

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\$ 2,296,382,000	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
April 28, 2024

Unit : NT\$ thousand ; Share ; %

Company Name	Job Title	Name or Representative	Shares Holding	
			Shares	Shareholding Ratio
FORMOSA OILSEED PROCESSING CO., LTD.	Chairman	Jin Sheng Investment Ltd. legal representative : Shu Yi-Cheun	2,286,289	1.00
	Vice Chairman	An-He Investment and Holding Co., Ltd. legal representative: Wu Hsing-Cheng	225,000	0.10
	Director	Tai Sheng Ocean Development Co., Ltd. legal representative: Cheng Yi-Chia	2,938,549	1.28
	Director	Shin Fong Trading Co., Ltd. legal representative: Cheng Chao- Heng	16,924,810	7.37
	Director	Morn Sun Feed Mill Corp. legal representative: Wu Ching-Teh	5,428,383	2.36
	Director	Shin Tai Industry Co., Ltd. legal representative: Yeh Tzu-Ling	26,070,385	11.35
	Independent director	Lu Hsin-Hwa	-	-
	Independent director	Wang Shang-Ren	-	-
	Independent director	Lien Ren-Lung	-	-
	General manager	Chang Chih-Pin		
FORMOSA OIL ROCESSING (PANAMA) S.A.	Chairman and General Manager Director	FORMOSA OILSEED PROCESSING CO., LTD. legal representative: Sheu Jong-Ming Lin Yueh-Ting, Shu Yi-Cheun	Note1	Note1
Ningbo FORMOSA OILSEED PROCESSING, LTD.	Chairman Director and General Manager Director Supervisor	FORMOSA OIL PROCESSING (PANAMA) S.A. delegation: Lin Xinyao Chen Borong Sheu Jong-Ming, Shu Yi-Cheun, Chang Chih-Pin Kuo Chung-Yi	Note2	Note2
TOP FOOD INDUSTRY CORPORATION	Chairman	FORMOSA OILSEED PROCESSING CO., LTD. legal representative: Shu Yi-Cheun	51,963,117	63.16
	Director	Sheu Jong-Ming, Wu Hsing-Cheng		
	Director	MORN SUN FEED MILL CORP. legal rep Wu Ching-The, Ye Ming-Ciou	30,311,819	36.84
	Supervisor	Zheng Wen-rong	-	-
	Supervisor	Huang Yun-hui	-	-
	Chief Executive Officer	Lin Xin-yao	-	-
JUNG SHIANG INTERNATIONAL CO., LTD.	Chairman Director Supervisor	FORMOSA OILSEED PROCESSING CO., LTD. legal representative: Shu Yi-Cheun Sheu Jong-Ming, Wu Hsing-Cheng Lee Chien-Yi	5,000,000	100
FU YOU AN KANG CO., LTD (Note 3)	Chairman	FORMOSA OILSEED PROCESSING CO., LTD. legal representative: Shu Yi-Cheun	2,590,800	51
	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%.

Addendum 3

FORMOSA OILSEED PROCESSING CO., LTD. And
Its Affiliated Companies
Overview of operations of Affiliated Enterprises
2023

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.	2,296,382	6,636,911	3,124,780	3,512,131	10,783,653	306,359	367,879	1.60
FOPCO Panama	195,384	143,927	—	143,927	—	(32)	(2,740)	—
Ningbo FORMOSA OILSEED PROCESSING, LTD.	77,260	141,581	1,811	139,770	159,418	(4,210)	(2,759)	—
TOP FOOD INDUSTRY CORPORATION	822,749	2,771,348	1,687,073	1,084,275	3,862,696	149,402	103,427	1.26
JUNG SHIANG INTERNATIONAL CO., LTD	50,000	198,810	155,591	43,219	910,047	4,430	4,909	0.98
FU YOU AN KANG CO., LTD	50,800	77,933	34,356	43,577	85,716	7,143	6,567	1.29

Note: US\$1= NT\$30.705 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 2023 (from January 1 to December 31, 2023) 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 13, 2024

(III) Relationship report: None.

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- 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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