[Stock Code: 1217]

# AGV Products Corporation and its Subsidiaries Consolidated Financial Report and Independent Auditors' Report 2022 and 2021

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

Company address: No. 11, Gongye 2nd Rd., Touqiao Industrial Zone, Xingnan Village, Minxiong Township, Chiayi County

Company Tel.: (05)221-1521

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AGV Products Corporation

Statement of Declaration

The companies to be included by the Company in the consolidated financial statement of affiliated enterprises in 2022 (January 1, 2022, to December 31, 2022) pursuant to the Criteria Governing Preparation of Affiliation Report, Consolidated Business Report and Consolidated Financial Statement of Affiliated Enterprises, are the same as those to be included into the consolidated financial report of the parent company and subsidiaries pursuant to the Statement of International Financial Reporting Standards (IFRS) No. 10 approved by the Financial Supervisory Commission. Further, the related information to be disclosed in the consolidated financial report of affiliated enterprises has been disclosed in the aforementioned consolidated financial report of parent company and subsidiaries. Accordingly, it is not necessary for the Company to prepare a consolidated financial report of affiliated enterprises separately.

Declared by:

Company name: AGV Products Corporation

Responsible person: Kuan-Han Chen

March 13, 2023

## Independent Auditors' Report

To AGV Products Corporation:

**Audit opinions**

We have audited the consolidated balance sheet of AGV Products Corporation and its subsidiaries (hereinafter referred to as the "AGV Group") as of December 31, 2022 and 2021, the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the periods January 1 to December 31, 2022 and 2021, and the accompanying footnotes (including the summary of major accounting policies).

In our opinion, based on our audit results and other independent auditors' report (please refer to the Other matters section), all material disclosures of the consolidated financial report mentioned above were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards approved by the Financial Supervisory Commission, the International Accounting Standards, and interpretations thereof, and present a fair view of the consolidated financial position of AGV Group as of December 31, 2022 and 2021, and the business performance and cash flows for the periods January 1 to December 31, 2022 and 2021.

**Basis of audit opinion**

We conducted audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and relevant auditing standards. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the consolidated financial report section of our report. The personnel of the CPA firm subject to the independence requirement have acted independently from the business operations of AGV Group in accordance with the Code of Ethics for Professional Accountants, and have performed the other responsibilities of the Code of Ethics. According to our audits and the other independent auditors' report, we believe to have obtained sufficient and appropriate audit evidence in order to be used as the basis for our opinion.

**Key audit matters**

"Key audit matters" means that the independent auditor has used their professional judgment as the basis to audit the most important matters on the 2022 consolidated financial report of AGV Group. These matters were addressed in the content of our audit of the consolidated financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on them.

The key audit matters of the 2022 consolidated financial report of AGV Group are as follows:

I. Fair value evaluation of investment property

For the detailed accounting policy on investment property, please refer to Note 4(12) of the consolidated financial report, and for descriptions of the recording basis and evaluation status of investment property, please refer to Note 6(12) of the consolidated financial statements.

Description of key audit matters:

As of December 31, 2022, the held investment property totaled NTD 2,663,489 thousand, accounting for 19.36% of the total assets, and it was subsequently measured using the fair value model. The recognized variable income generated from fair value changes totaled NTD 10,274 thousand in 2022, accounting for 3.39% of the net income before tax. The evaluation was mainly based on an analysis of discounted cash flow and land development, under the condition that the income was calculated according to market rent and value by a commissioned external appraiser. The analysis relied on the evaluation and judgment of an external appraiser based on overall usage, local or market conditions of the subject property. The assumptions and estimates related to profit rate and discount rates adopted for evaluation contained material uncertainty. Thus, we consider the fair value evaluation of investment property as a key audit matter when auditing the consolidated financial report of AGV Group.

Corresponding audit process:

Our main audit process includes checking the consistency of inventory and appraisal data provided for external appraisers by management, evaluating the accuracy of investment property classifications based on the understanding of the Company and checking the recoverable amount and recorded amount in the value appraisal report of independent evaluation issued by the external appraiser to the Company, reviewing the reasonableness of related assumptions and appraisal content (including method, analysis period and discount rate) and evaluating the qualification and independence of such external appraisers. The appropriateness and completeness of information disclosed in the notes to consolidated financial report is also evaluated.

II. Recognition of revenue

Please refer to Note 4(19) of the consolidated financial report for the detailed accounting policy on income recognition. Please refer to Note 6(27) of the consolidated financial report for income details.

The main business of the AGV Group is the manufacturing, processing, and sales of products related to drinks and canned foods. The transaction terms agreed to in the sales contract signed with the customer will affect the judgment of the AGV Group regarding whether the income recognition timing meets the time in which the customer owns the right to set the price and use the same and takes responsibility for resale along with the obsolescence risk of the product. Therefore, we consider the income recognition test in 2022 as a key audit matter when auditing the consolidated financial report of the AGV Group.

Our main audit process includes understanding the sales system of AGV Group, such as the sales channels and sales targets; checking agreements related to sales contracts signed with main trading customers; and randomly checking shipment and income recognition operation procedure records in 2022 (including checking the consistency of the date, amount and counterparty in the shipping order and invoice). We also conduct a comparison of two terms regarding the main trading customers, including the comparison of accounts receivable turnover rate, accounts receivable turnover days and credit period, and inquiries of the top ten trading counterparties in two terms with major changes to evaluate the reasonableness of the transaction amount and counterparty and execution cut-offs for operating revenue recognition and shipping voucher forms before and after the balance sheet date.

**Other matters**

As stated in Note 4(3) of the consolidated financial report, we have not audited the financial statements of some subsidiaries and investments under the equity method in said consolidated financial report, which has been done by other CPAs. Thus, in our opinions expressed on the consolidated financial report, the amounts listed in the report for those companies were based on the other independent auditors' report. The total assets of subsidiaries were NTD 4,408 thousand and NTD 5,444 thousand as of December 31, 2022 and 2021, accounting for 0.03% and 0.04% of total consolidated assets, respectively, and the total liabilities were NTD 1,469 thousand and NTD 1,218 thousand as of December 31, 2022 and 2021, accounting for 0.02% and 0.02% of total consolidated liabilities, respectively. In 2022 and 2021, the operating revenues were both NTD 0, accounting for

0% of the net consolidated operating revenue, and the total comprehensive incomes were NTD (1,568) thousand and NTD (1,737) thousand, accounting for (0.52%) and (0.31%) of the total consolidated comprehensive income, respectively. In addition, the investments in these associates under the equity method were NTD 1,855,221 thousand and NTD 2,039,991 thousand as of December 31, 2022 and 2021, accounting for 13.49% and 14.74% of the total consolidated assets, respectively. In 2022 and 2021, the recognized shares of profit or loss from associates and joint ventures under the equity method were NTD 35,467 thousand and NTD 106,028 thousand, accounting for 11.70% and 37.17% of the consolidated pre-tax income, respectively, while the recognized shares of other comprehensive income from associates and joint ventures under the equity method were NTD (192,634) thousand and NTD 148,853 thousand, accounting for (1,650.70%) and 43.01% of other net consolidated comprehensive income, respectively.

AGV Products Corporation has duly worked out the 2022 and 2021 parent company only financial report for which we have duly worked out a standard type Audit Report with unqualified opinion for reference.

**Responsibilities of the management and the governance unit for the consolidated financial report**

Management is responsible for preparing the appropriate consolidated financial report in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Additionally, it is responsible for maintaining the internal control mechanism that is related to and necessary for the preparation of the consolidated financial report. As a result, it can ensure material misstatement due to fraud or error does not occur in the consolidated financial report.

In preparing the consolidated financial report, management is also responsible for assessing the ability of the AGV Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the AGV Group or cease operations, or there is a lack of any option except for liquidation or suspension.

The governance unit (including the audit committee) of AGV Group is responsible for supervising the financial reporting process.

**Auditors' responsibilities for the audit of the consolidated financial report**

Our objectives are to obtain reasonable assurance about whether the consolidated financial reports as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance means a high degree of assurance. However, there is no guarantee that any material misstatement contained in the consolidated financial report will be discovered during an audit conducted in accordance with relevant auditing standards. Misstatements might have been caused by fraud or errors. If individual values or an overview of misstatements can be reasonably expected to affect economic decisions made by users of consolidated financial report, they are considered significant.

We rely on our professional judgment and professional skepticism during an audit conducted in accordance with relevant auditing standards. We also perform the following tasks:

I. Identify and assess the risk of material misstatement of the consolidated financial report due to fraud or error, design and adopt appropriate countermeasures for the risks assessed, and obtain sufficient and appropriate audit evidence in order to be used as the basis for the opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

III. Evaluate the adequacy of accounting policies adopted by management and the legitimacy of accounting estimates and related disclosures made.

IV. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of AGV Group to continue as a going concern. In cases where we consider that events or circumstances have significant uncertainty in this regard, then relevant disclosure of the consolidated financial report shall be provided in the auditors' report to allow users of the consolidated financial report to be aware of such events or circumstances, or we shall revise our opinion when such disclosure is considered inappropriate. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the AGV Group to cease to continue as a going concern.

V. Evaluate the overall presentation, structure and content of the consolidated financial report (including relevant notes), and whether the consolidated financial report represents the underlying transactions and events in a manner that achieves fair presentation.

VI. Obtain sufficient and appropriate audit evidence on the financial information of individual companies within AGV Group in order to express an opinion on the consolidated financial report. Our responsibilities as auditors are to instruct, supervise and execute audits and form an audit opinion on AGV Group.

Communications made by the CPAs with governance units include the planned scope and timing of inspection as well as significant inspection findings (including significant deficiencies found with internal control during inspection).

We also provide those in charge of governance with a statement that we have complied with the Code of Ethics for Professional Accountants regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, where applicable (including related protection measures).

The independent auditor has used communications with the governing unit as the basis to determine the key audit matters to be performed on the 2022 consolidated financial report of AGV Group. We describe these matters in our auditors' report unless laws or regulations preclude public disclosure about these matters, or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communications.

Crowe (TW) CPAs
CPA: Shu-Man Tsai

CPA: Ching-Lin Li

Approval No.: Jin-Guan-Zheng-Shen-Zi No. 10200032833
March 13, 2023

AGV Products Corporation and its Subsidiaries

Consolidated Balance Sheet

December 31, 2022 and 2021

Unit: NTD thousand

| Code | Assets | December 31, 2022 Amount | % | December 31, 2021 Amount | % |
|---|---|---|---|---|---|
| | Current assets | | | | |
| 1100 | Cash and cash equivalent (Note 6(1)) | $ 616,521 | 4 | $ 687,587 | 5 |
| 1110 | Financial assets at fair value through profit and loss – current (Notes 6 (2)) | 86,994 | 1 | 45,757 | - |
| 1150 | Net notes receivable (Note 6(3)) | 42,595 | - | 47,603 | - |
| 1160 | Net notes receivable – related parties (Note 7) | 16,817 | - | 13,476 | - |
| 1170 | Net accounts receivable (Note 6(4)) | 627,535 | 5 | 584,532 | 4 |
| 1180 | Net accounts receivable – related parties (Note 7) | 41,962 | - | 19,175 | - |
| 1200 | Other receivables (Note 6(5)) | 16,681 | - | 18,102 | - |
| 1210 | Other accounts receivable – related parties (Note 7) | 32,130 | - | 38,857 | - |
| 1220 | Income tax assets in the current period | 247 | - | 320 | - |
| 130x | Inventories (Note 6(6)) | 966,278 | 8 | 803,745 | 7 |
| 1410 | Prepayments (Note 6(7)) | 108,100 | 1 | 141,333 | 1 |
| 1479 | Other current assets – others | 3,213 | - | 3,663 | - |
| 11xx | Total current assets | 2,559,073 | 19 | 2,404,150 | 17 |
| | Non-current assets | | | | |
| 1517 | Financial assets measured at fair value through other comprehensive income – non-current (Note 6(8)) | 1,396,582 | 10 | 1,293,948 | 9 |
| 1550 | Investment under the equity method (Note 6(9)) | 4,218,220 | 31 | 4,121,892 | 31 |
| 1600 | Property, plant and equipment (Note 6(10)) | 2,449,187 | 18 | 2,905,781 | 21 |
| 1755 | Right-of-use assets (Note 6(11)) | 174,159 | 1 | 177,735 | 1 |
| 1760 | Investment property, net (Note 6(12)) | 2,663,489 | 19 | 2,653,215 | 19 |
| 1780 | Intangible assets (Note 6(13)) | 7,727 | - | 8,319 | - |
| 1840 | Deferred income tax assets (Note 6(32)) | 190,890 | 1 | 202,457 | 1 |
| 1920 | Refundable deposits | 48,007 | 1 | 10,267 | - |
| 1980 | Other financial assets – non-current (Note 6(14)) | 27,838 | - | 27,567 | - |
| 1990 | Other non-current assets – others (Note 6(15)) | 20,017 | - | 31,443 | 1 |
| 15xx | Total non-current assets | 11,196,116 | 81 | 11,432,624 | 83 |
| 1xxx | Total assets | $ 13,755,189 | 100 | $ 13,836,774 | 100 |
| | Liabilities and equity | | | | |
| | Current liabilities | | | | |
| 2100 | Short-term loans (Note 6(16)) | $ 1,186,202 | 8 | $ 930,833 | 8 |
| 2130 | Contract liabilities – current | 13,714 | - | 12,959 | - |
| 2150 | Notes payable | 85,492 | 1 | 92,034 | 1 |
| 2160 | Notes receivable – the related party (Note 7) | 4,916 | - | 8,849 | - |
| 2170 | Accounts payable | 86,437 | 1 | 89,822 | 1 |
| 2180 | Accounts payable – related parties (Note 7) | 456,546 | 3 | 452,427 | 3 |
| 2200 | Other payable (Note 6(17)) | 483,625 | 4 | 464,410 | 3 |
| 2230 | Current income tax liabilities | 10,462 | - | 9,987 | - |
| 2250 | Liability reserve – current (Note 6(18)) | 25,747 | - | 24,878 | - |
| 2280 | Lease liabilities – current (Note 6(11)) | 17,671 | - | 15,657 | - |
| 2310 | Advance receipts | 669 | - | 401 | - |
| 2320 | Long-term liabilities maturing within a year or operating cycle (Note 6(20)) | 482,828 | 4 | 611,996 | 4 |
| 2399 | Other current liabilities (Note 6(19)) | 4,474 | - | 5,105 | - |
| 21xx | Total current liabilities | 2,858,783 | 21 | 2,719,358 | 20 |

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| Code | Liabilities and equity | December 31, 2022 Amount | % | December 31, 2021 Amount | % |
|---|---|---|---|---|---|
| | Non-current liabilities | | | | |
| 2540 | Long-term loans (Note 6(20)) | 3,134,172 | 23 | 3,438,935 | 25 |
| 2570 | Deferred income tax liabilities (Note 6(32)) | 142,141 | 1 | 141,675 | 1 |
| 2580 | Lease liabilities – non-current (Note 6(11)) | 37,036 | - | 42,549 | - |
| 2620 | Long-term notes and accounts payable – related parties (Note 7) | 6,142 | - | 5,536 | - |
| 2640 | Net defined benefit liabilities – non-current (Note 6(21)) | 51,554 | - | 83,442 | 1 |
| 2645 | Guarantee deposits | 7,889 | - | 7,910 | - |
| 25xx | Total non-current liabilities | 3,378,934 | 24 | 3,720,047 | 27 |
| 2xxx | Total liabilities | 6,237,717 | 45 | 6,439,405 | 47 |
| | Equity | | | | |
| | Equity attributable to parent company shareholders | | | | |
| 3100 | Capital stock (Note 6(22)) | | | | |
| 3110 | Common share capital | 4,945,134 | 35 | 4,945,134 | 35 |
| 3200 | Capital reserve (Note 6(23)) | 268,746 | 2 | 268,647 | 2 |
| 3300 | Retained earnings (Note 6(24)) | | | | |
| 3310 | Legal reserve | 83,884 | 1 | 64,882 | - |
| 3320 | Special reserve | 763,705 | 6 | 755,377 | 6 |
| 3350 | Undistributed earnings | 322,695 | 2 | 190,023 | 1 |
| 3400 | Other equity (Note 6(25)) | 368,828 | 3 | 397,248 | 3 |
| 31xx | Total equity attributable to the parent company | 6,752,992 | 49 | 6,621,311 | 47 |
| 36xx | Non-controlling equity (Note 6(26)) | 764,480 | 6 | 776,058 | 6 |
| 3xxx | Total equity | 7,517,472 | 55 | 7,397,369 | 53 |
| | Total liabilities and equity | $ 13,755,189 | 100 | $ 13,836,774 | 100 |

(Please refer to the notes of the consolidated financial report)

Chairman: Kuan-Han Chen President: Chih-Chan Chen Accounting Manager: He-Shun Chang

AGV Products Corporation and its Subsidiaries

Consolidated Statement of Comprehensive Income

January 1 to December 31, 2022 and 2021

Unit: NTD thousand

| Code | Item | 2022 Amount | 2022 % | 2021 Amount | 2021 % |
|---|---|---|---|---|---|
| 4000 | Operating revenue (Note 6(27)) | $ 4,800,625 | 100 | $ 4,710,880 | 100 |
| 5000 | Operating cost (Note 6(6)) | (3,363,675) | (70) | (3,251,492) | (69) |
| 5900 | Gross profit (gross loss) | 1,436,950 | 30 | 1,459,388 | 31 |
| | Operating expense | | | | |
| 6100 | Selling expenses | (899,680) | (18) | (914,636) | (19) |
| 6200 | Management expenses | (317,432) | (7) | (320,927) | (7) |
| 6300 | Research and development expenses | (48,551) | (1) | (52,282) | (1) |
| 6450 | Expected credit impairment profits (losses) (Note 6(4)) | (19) | - | (8) | - |
| 6000 | Total operating expenses | (1,265,682) | (26) | (1,287,853) | (27) |
| 6900 | Operating profits (losses) | 171,268 | 4 | 171,535 | 4 |
| | Non-operating income and expenses | | | | |
| 7100 | Interest revenue | 1,683 | - | 456 | - |
| 7010 | Other revenue (Note 6(29)) | 56,933 | 1 | 72,310 | 2 |
| 7020 | Other profits and losses (Notes 6(30)) | 84,996 | 2 | (525) | - |
| 7050 | Finance costs (Note 6(31)) | (119,325) | (2) | (123,028) | (3) |
| 7055 | Expected credit impairment profits (losses) | (448) | - | (661) | - |
| 7060 | Share of profit or loss of associates and joint ventures under the equity method | 108,155 | 2 | 165,157 | 3 |
| 7000 | Total non-operating income and expense | 131,994 | 3 | 113,709 | 2 |
| 7900 | Net profit (loss) before tax | 303,262 | 7 | 285,244 | 6 |
| 7950 | Income tax benefit (expenses) (Note 6(32)) | (15,469) | - | (68,077) | (1) |
| 8200 | Current net profit (loss) | 287,793 | 7 | 217,167 | 5 |
| | Other comprehensive income (Note 6(34)) | | | | |
| 8310 | Items not reclassified to profit or loss | | | | |
| 8311 | Re-measurement of defined benefit plan | 22,503 | - | (5,612) | - |
| 8316 | Unrealized valuation profit/loss on investments in equity instruments measured at fair value through other comprehensive income | 137,925 | 4 | 155,615 | 3 |
| 8320 | Share of other comprehensive income from associates and joint ventures under the equity method | (221,263) | (5) | 207,782 | 4 |
| 8349 | Income tax related to items not reclassified | (4,501) | - | 1,122 | - |
| 8360 | Items that may be subsequently reclassified as profit or loss | | | | |
| 8361 | Exchange difference in the financial statement translation of foreign operations | 70,711 | 1 | (17,899) | - |
| 8367 | Unrealized valuation profit or loss of debt financial assets at fair value through other comprehensive income | 6,200 | - | 3,900 | - |
| 8370 | Share of other comprehensive income from associates and joint ventures under the equity method | 4,627 | - | (568) | - |
| 8399 | Income tax related to items that may be reclassified | (4,533) | - | 1,754 | - |
| 8300 | Other comprehensive income (net) | 11,669 | - | 346,094 | 7 |
| 8500 | Total comprehensive income in the current period | $ 299,462 | 7 | $ 563,261 | 12 |
| 8600 | Net profit(loss) attributable to: | | | | |
| 8610 | Parent company owner (net profit/loss) | $ 277,890 | 7 | $ 201,182 | 5 |
| 8620 | Non-controlling equity (net profit/loss) | 9,903 | - | 15,985 | - |
| | | $ 287,793 | 7 | $ 217,167 | 5 |
| 8700 | Total comprehensive income attributable to: | | | | |
| 8710 | Parent company owner (comprehensive income) | $ 287,046 | 7 | $ 539,539 | 11 |
| 8720 | Non-controlling equity (comprehensive income) | 12,416 | - | 23,722 | 1 |
| | | $ 299,462 | 7 | $ 563,261 | 12 |
| | Earnings per share | | | | |
| 9750 | Basic EPS (Note 6(35)) | $ 0.56 | | $ 0.41 | |
| 9850 | Diluted EPS (Note 6(35)) | $ 0.56 | | $ 0.41 | |

(Please refer to the notes of the consolidated financial report)

Chairman: Kuan-Han Chen President: Chih-Chan Chen Accounting Manager: He-Shun Chang

AGV Products Corporation and its Subsidiaries

Consolidated Statement of Changes in Shareholders' Equity

January 1 to December 31, 2022 and 2021

Unit: NTD thousand

| | Equity attributable to parent company shareholders | | | | | | | | Non-controlling equity | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|
| | Common share capital | Capital surplus | Retained earnings | | | Other equity items | | Total equity attributable to the parent company | | |
| | | | Legal reserve | Special reserve | Undistributed earnings | Exchange difference in the financial statement translation of foreign operations | Unrealized valuation profit (loss) of financial assets measured at fair value through other comprehensive income | | | |
| Balance as of January 1, 2021 | $ 4,945,134 | $ 268,647 | $ 43,485 | $ 562,804 | $ 213,970 | $ (87,460) | $ 142,772 | $ 6,089,352 | $ 769,122 | $ 6,858,474 |
| Appropriation and distribution of earnings: | | | | | | | | | | |
| Allocated legal reserve | - | - | 21,397 | - | (21,397) | - | - | - | - | - |
| Allocated special reserve | - | - | - | 192,573 | (192,573) | - | - | - | - | - |
| Changes of associates and joint ventures under the equity method | - | - | - | - | (7,580) | - | - | (7,580) | - | (7,580) |
| 2021 net profit (loss) | - | - | - | - | 201,182 | - | - | 201,182 | 15,985 | 217,167 |
| 2021 other comprehensive income | - | - | - | - | (11,053) | (16,352) | 365,762 | 338,357 | 7,737 | 346,094 |
| 2021 total comprehensive income | - | - | - | - | 190,129 | (16,352) | 365,762 | 539,539 | 23,722 | 563,261 |
| Increase/decrease in non-controlling equity | - | - | - | - | - | - | - | - | (16,786) | (16,786) |
| Disposal of equity instruments measured at fair value through other comprehensive income | - | - | - | - | 7,474 | - | (7,474) | - | - | - |
| Balance on December 31, 2021 | 4,945,134 | 268,647 | 64,882 | 755,377 | 190,023 | (103,812) | 501,060 | 6,621,311 | 776,058 | 7,397,369 |
| Appropriation and distribution of earnings: | | | | | | | | | | |
| Allocated legal reserve | - | - | 19,002 | - | (19,002) | - | - | - | - | - |
| Allocated special reserve | - | - | - | 8,328 | (8,328) | - | - | - | - | - |
| Cash dividend for common shares | - | - | - | - | (148,354) | - | - | (148,354) | - | (148,354) |
| Changes of associates and joint ventures under the equity method | - | 99 | - | - | (7,110) | - | - | (7,011) | - | (7,011) |
| Net profit (loss) for 2022 | - | - | - | - | 277,890 | - | - | 277,890 | 9,903 | 287,793 |
| Other comprehensive income for 2022 | - | - | - | - | 20,279 | 69,545 | (80,668) | 9,156 | 2,513 | 11,669 |
| Total comprehensive income for 2022 | - | - | - | - | 298,169 | 69,545 | (80,668) | 287,046 | 12,416 | 299,462 |
| Increase/decrease in non-controlling equity | - | - | - | - | - | - | - | - | (23,994) | (23,994) |
| Disposal of equity instruments measured at fair value through other comprehensive income | - | - | - | - | 17,297 | - | (17,297) | - | - | - |
| Balance on December 31, 2022 | $ 4,945,134 | $ 268,746 | $ 83,884 | $ 763,705 | $ 322,695 | $ (34,267) | $ 403,095 | $ 6,752,992 | $ 764,480 | $ 7,517,472 |

(Please refer to the notes of the consolidated financial report)

Chairman: Kuan-Han Chen President: Chih-Chan Chen Accounting Manager: He-Shun Chang

AGV Products Corporation and its Subsidiaries

Consolidated Statement of Cash Flows

January 1 to December 31, 2022 and 2021

Unit: NTD thousand

| Item | 2022 | 2021 |
|---|---|---|
| Cash flows from operating activities | | |
| Current net profit (loss) before tax | $ 303,262 | $ 285,244 |
| Adjustments | | |
| Income, expenses, and losses | | |
| Depreciation expenses | 128,777 | 133,125 |
| Amortization expenses | 2,065 | 2,061 |
| Expected credit impairment losses (profits) | 467 | 669 |
| Net loss (profit) from financial assets and liabilities at fair value through profit or loss | 5,674 | (10,123) |
| Interest expenses | 119,325 | 123,028 |
| Interest revenue | (1,683) | (456) |
| Dividend revenue | (19,925) | (32,631) |
| Share of loss (profit) of associates and joint ventures under the equity method | (108,155) | (165,157) |
| Losses (profits) from disposal and scrap of property, plant and equipment | 4,265 | 325 |
| Loss (Profit) on disposal of investments | (178,362) | - |
| Impairment loss of non-financial assets | 21,519 | 8,928 |
| Losses (profits) due to fair value adjustment in investment property | (10,274) | (5,936) |
| Other items | (27) | - |
| Total income/expense items | (36,334) | 53,833 |
| Changes of assets/liabilities related to operating activities | | |
| Net changes in assets related to operating activities | | |
| Decrease (Increase) in financial assets measured at fair value through profit/loss on a mandatory basis | (46,824) | - |
| Decrease (increase) in notes receivable | 1,667 | (102) |
| Decrease (increase) in accounts receivable | (72,056) | (72,765) |
| Decrease (increase) in other accounts receivable | (16,901) | 11,210 |
| Decrease (increase) in inventory | (164,949) | (62,162) |
| Decrease (increase) in prepayments | 31,394 | (16,522) |
| Decrease (increase) in other current assets | 450 | (98) |
| Total net changes in assets related to operating activities | (267,219) | (140,439) |
| Net changes in liabilities related to operations | | |
| Increase (decrease) in contract liabilities | 2,025 | 1,198 |
| Increase (decrease) in notes payable | (10,475) | 9,108 |
| Increase (decrease) in accounts payable | 11,884 | (168,156) |
| Increase (decrease) in other payables | 20,624 | 16,462 |
| Increase (decrease) in liability reserve | 1,059 | 1,438 |
| Increase (decrease) in advance receipts | 1,283 | (54) |
| Increase (decrease) in other current liabilities | (631) | 29 |
| Increase (decrease) in net defined benefit liabilities | (9,385) | (21,052) |
| Total net changes in liabilities related to operating activities | 16,384 | (161,027) |
| Total net changes in assets and liabilities related to operating activities | (250,835) | (301,466) |
| Total adjustments | (287,169) | (247,633) |
| Cash inflow (outflow) from operations | 16,093 | 37,611 |
| Interest received | 1,668 | 456 |
| Stock dividend received | 123,317 | 88,611 |

(Continued on the next page)

(Continued from the previous page)

| Item | 2022 | 2021 |
|---|---|---|
| Returned (paid) income tax | $ (12,505) | $ (7,336) |
| Net cash inflow (outflow) from operating activities | 128,573 | 119,342 |
| Cash flows from investment activities | | |
| Acquisition of financial assets measured at fair value through other comprehensive income | - | (19,910) |
| Disposal of financial assets measured at fair value through other comprehensive income | 5,291 | 13,672 |
| Refunds from decapitalization of financial assets measured at fair value through other comprehensive income | 58,486 | 27,989 |
| Acquisition of investment under the equity method | (29,350) | (81,874) |
| Disposal of subsidiaries | (41,144) | - |
| Acquisition of property, plant and equipment | (62,276) | (123,657) |
| Disposal of property, plant and equipment | 1,691 | 457 |
| Increase in refundable deposits | (48,011) | (304) |
| Acquisition of intangible assets | (1,459) | (1,283) |
| Increase in other financial assets | (271) | - |
| Decrease in other financial assets | - | 30,232 |
| Increase in other non-current assets | - | (14,117) |
| Decrease in other non-current assets | 11,426 | - |
| Net cash inflow (outflow) from investment activities | (105,617) | (168,795) |
| Cash flow from financing activities | | |
| Increase in short-term loans | 285,369 | 2,241 |
| Proceeds from long-term loans | 248,000 | 3,070,000 |
| Repayment of long-term loans | (414,829) | (2,850,099) |
| Increase in guarantee deposits | 4,979 | 113 |
| Increase in other payables - related parties | 3,515 | 9,325 |
| Lease principle repayment | (18,072) | (12,304) |
| Distribution of cash dividends | (148,354) | - |
| Interest paid | (116,441) | (121,491) |
| Changes in non-controlling equity | 114 | (16,786) |
| Net cash inflow (outflow) from financing activities | (155,719) | 80,999 |
| Impact of change in exchange rate upon cash & cash equivalents | 61,697 | (13,478) |
| Increase (decrease) in cash and cash equivalents in the current period | (71,066) | 18,068 |
| Balance of cash and cash equivalents, beginning | 687,587 | 669,519 |
| Balance of cash and cash equivalents, ending | $ 616,521 | $ 687,587 |

(Please refer to the notes of the consolidated financial report)

Chairman: Kuan-Han Chen　　President: Chih-Chan Chen　　Accounting Manager: He-Shun Chang

AGV Products Corporation and its Subsidiaries
Notes on Consolidated Financial Report
January 1 to December 31, 2022 and 2021
(Unless otherwise specified, all amounts are in NTD thousand)

1. Company History
   (1) Formerly known as Global Industrial Co. Ltd., AGV Products Corporation (hereinafter referred to as the "Company"), was established in June 1971 and was officially renamed AGV Products Corporation in September 1983. The Company mainly engages in the manufacturing, processing, and sales of canned foods such as drinks, beans, mushrooms, bamboo shoots and pickles, as well as the rental and sale of public housing and commercial buildings built by construction contractors. For the main operating activities of the Company and its subsidiaries (hereinafter referred to as the Group), please refer to Note 4(3)2. Besides, the Company does not have a ultimate parent company.
   (2) The consolidated financial report is expressed in New Taiwan Dollars, the functional currency adopted by the Group.

2. Date and Procedures of Approval of the Financial Report

   The consolidated financial report was released after being approved by the board of directors on March 13, 2023.

3. Adoption of New Standards, Amendments, and Interpretations
   (1) Effect of adopting the new promulgated IFRS, IAS, IFRIC, and SIC (hereinafter referred to as the "IFRSs") endorsed by the Financial Supervisory Commission (hereinafter referred to as the "FSC"):

       The following table lists the applicable newly promulgated, amended and revised standards and interpretations of IFRS endorsed by the FSC in 2022.

| New, Amended, or Revised Standards and Interpretations | Effective date published by the IASB (Note 1) |
|---|---|
| Amendments to IAS 16 - "Property, Plant and Equipment: Proceeds before Intended Use" | January 1, 2022 (Note 2) |
| Amendments to IAS 37 - "Onerous Contracts – Cost of Fulfilling a Contract" | January 1, 2022 (Note 3) |
| Amendments to IFRS 3 - "Reference to the Conceptual Framework" | January 1, 2022 (Note 4) |
| Annual Improvements to IFRS Standards 2018–2020 | January 1, 2022 (Note 5) |

(Note 1) Unless otherwise specified, said newly promulgated/amended/revised standards and interpretations take effect during the annual reporting period starting after such date.

(Note 2) Amended content which shall be retroactively applied by the enterprise shall only apply to the property, plant and equipment meeting the necessary location and status with the expected operation method of management after the start date of the earliest period (January 1, 2021) expressed in the financial statements that first adopted such amended content by the enterprise.

(Note 3) This amendment is applicable to contracts for which all obligations have not yet been performed as of January 1, 2022.

(Note 4) This amendment is applicable to business mergers with dates of acquisition in the annual reporting period starting after January 1, 2022.

(Note 5) The amendment to IFRS 9 is applicable to exchanges or modifications of terms of financial liabilities occurring during the annual reporting period beginning from January 1, 2022. The amendment to IAS 41 is applicable to measurements of fair value during the annual reporting period beginning from January 1, 2022. The amendment to IFRS 1 is applicable retroactively to the annual reporting period beginning from January 1, 2022.

A. Amendments to IAS 16 - "Property, Plant and Equipment: Proceeds before Intended Use"

The amendment specifies that the generated item with sales proceeds enabling the property, plant and equipment to meet the necessary location and status with the expected operation method of management shall not be the cost deduction of such asset. The said generated item shall be measured by IAS 2 "Inventories", and the sales proceeds and costs shall be recognized as profit or loss based on applicable standards. In addition, the amendments also clarify that the costs for testing whether the asset is functioning properly refers to the expenditures for assessing whether its technical and physical performance enable it to be used for the production or provision of commodities or labor services, leases to others, or for management purposes.

The amendment is applicable to property, plant and equipment brought to the locations and conditions necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021 (the start date of the earliest presentation period). When applying the amendment for the first time, the Group will recognize the accumulated effects of the first-time application of the amendments as the adjustment to the beginning balance of retained earnings (or other composition of equity, where appropriate) from the start date of the earliest presentation period and restate the information during the comparative periods.

B. Amendments to IAS 37 - "Onerous Contracts – Cost of Fulfilling a Contract"

The amendment specifies that when assessing the onerousness of contracts, the "cost of fulfilling a contract" shall include the additional cost of contract fulfillment (e.g. direct labor and materials) and the amortization of other costs directly related to contract fulfilling (e.g. depreciation expense amortization of property, plant and equipment used for contract fulfilling).

C. Amendments to IFRS 3 - "Reference to the Conceptual Framework"

The amendment updated the index of the conceptual framework and added the provision that the acquiree shall apply IFRIC 21 "Levies" to determine whether the date of acquisition has obligation items that generate a liability to pay levies.

D. Annual Improvements to IFRS Standards 2018–2020

The annual improvements to IFRS Standards 2018–2020 include amendments to several standards. The amendment to IFRS 9 clarifies whether there is significant difference when assessing the exchange or clause modification of financial liabilities. When comparing whether there exists a 10% difference in the discounted cash flow value of the new and old contractual terms (including net amount of payment due to new contract signing or contract modification), said payment shall only include the payment made between the borrower and the lender.

The Group evaluated that the above standards and interpretations applicable have no significant impact on the financial status and business results of the Group.

(2) Effect of not adopting the newly promulgated or revised IFRSs endorsed by the FSC:

The table below lists the new, revised and amended standards and interpretations of the IFRSs, which apply to the reporting period of 2023, as endorsed by the FSC.

| New, Amended, or Revised Standards and Interpretations | Effective date published by the IASB |
|---|---|
| Amendments to IAS 1 - "Disclosure of Accounting Policies" | January 1, 2023 (Note 1) |
| Amendments to IAS 8 - "Definition of Accounting Estimates" | January 1, 2023 (Note 2) |
| Amendments to IAS 12 - "Deferred Tax related to Assets and Liabilities arising from a Single Transaction" | January 1, 2023 (Note 3) |

(Note 1) The amendment is applicable during the annual reporting period beginning from January 1, 2023.

(Note 2) The amendment is applicable to changes in accounting estimates and policies occurring during the annual reporting period beginning from January 1, 2023.

(Note 3) Unless there are additional requirements for temporary differences related to leases and decommissioning obligations, the amendment is applicable to transactions occurring on or after the start date of the earliest comparative period (January 1, 2022) presented.

A. Amendments to IAS 1 - "Disclosure of Accounting Policies"

The amendment clarifies that if the scale or nature of any transaction or other event or condition is material, and if the related accounting policy information is also material for the financial report, such material accounting policy information shall be disclosed. Conversely, if an entity determines that the scale or nature of any transaction or other event or condition is immaterial, or that the related accounting policy information is immaterial despite its scale or nature being material, the entity is not required to disclose such immaterial accounting policy information. Nonetheless, the entity's conclusion that accounting policy information is immaterial will not affect the related disclosures required by other IFRSs.

B. Amendments to IAS 8 - "Definition of Accounting Estimates"

The amendment defines accounting estimates as monetary amounts in financial statements that are subject to measurement uncertainty, and provides further clarification in this regard. The effects of a change in an input or a measurement technique on accounting estimates are changes in accounting estimates if they do not result from the correction of prior period errors.

C. Amendments to IAS 12 - "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The amendment narrows down the scope of exemption from the recognition of deferred income tax liabilities and assets under paragraphs 15 and 24 of IAS 12. Such exemption does not apply to any transaction in which equal amounts of taxable and deductible temporary differences arise on initial recognition. When applying the amendment for the first time, an entity shall, on the start date of the earliest comparative period (January 1, 2022) presented, recognize deferred income tax for all temporary differences related to leases and decommissioning obligations, and shall recognize the cumulative effect as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) on that date. The amendment shall be applicable prospectively to other transactions occurring on or after January 1, 2022. When applying the amendment for the first time, the Group shall restate the information of the comparative periods.

The Group evaluated that the above standards and interpretations applicable have no material effect on the financial status and business results of the Group.

(3) Impacts of IFRSs issued by the IASB but not yet approved by the FSC:

| New, Amended, or Revised Standards and Interpretations | Effective date published by the IASB |
|---|---|
| Amendments to IFRS 10 and IAS 28 - "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture" | To be determined |
| IFRS 17 - "Insurance Contracts" | January 1, 2023 |
| Amendments to IFRS 17 | January 1, 2023 |
| Amendments to IFRS 17 - "Initial Application of IFRS 17 and IFRS 9 - Comparative Information" | January 1, 2023 |
| Amendments to IFRS 16 - "Lease Liability in a Sale and Leaseback" | January 1, 2024 |
| Amendments to IAS 1 - "Classification of Liabilities as Current or Non-current" | January 1, 2024 |
| Amendments to IAS 1 - "Non-current Liabilities with Covenants" | January 1, 2024 |

As of the announcement date of the consolidated financial report, the Group continues to assess the impact of the aforementioned standards and interpretations on the financial status and financial performance of the Group, and relevant impacts will be disclosed after the completion of the assessment.

4. Summary of Significant Accounting Policies

The significant accounting policies adopted by the consolidated financial report are as follows. Unless otherwise provided, the policies are applicable to all the reporting periods.

(1) Compliance Statement

The consolidated financial report were prepared in accordance with the Regulations Governing the Preparation of Financial Report by Securities Issuers, and the International Financial Reporting Standards, International Accounting Standards, IFRIC and SIC (hereinafter referred to as the "IFRSs") endorsed by FSC.

(2) Basis of preparation

A. Except for the following important items, the consolidated financial report has been duly prepared on the basis of historical costs:

(A) Financial assets and liabilities (including derivatives) at fair value through profit or loss which are at fair value.

(B) Financial assets measured at fair value through other comprehensive income which are at fair value.

(C) Defined benefit liabilities recognized based on the net pension fund assets deducting the present value of defined benefit obligations.

B. The preparation of consolidated financial report in compliance with the IFRSs endorsed by the FSC requires some important accounting estimates. The application of the Group's accounting policy also requires management to use their judgment during the process. For items involving high judgment or complexity or items involving important estimates and assumptions of the companies included consolidated financial report, please refer to the description in Note 5.

(3) Basis of consolidation

A. Principle for preparation of consolidated financial report:

(A) The Group included all of the subsidiaries into the consolidated financial report. Subsidiaries refer to the entities controlled by the Group (including structured entities). When the Group is exposed to the changes of remuneration participated in by the entities or is entitled to changes of remuneration, and is able to influence said remuneration by virtue of its power over the entities, the Group controls the entities. The subsidiaries are included into the consolidated financial statements on the date when the Group acquires the controlling power, and the consolidation shall be suspended as of the date when the Group forfeits the controlling power.

(B) Unrealized gains and losses on transactions between the Group and subsidiaries were written off. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(C) Elements of the profit of loss and other comprehensive income shall be attributed to the owner of parent company and non-controlling equity. The total comprehensive income shall be attributed to the owner of parent company and non-controlling equity, even if the non-controlling equity suffers loss.

(D) When the change in the shareholdings on a subsidiary does not result in a loss of control (and transactions with non-controlling equity), it should be treated as an equity transaction with the shareholders. The price difference between the adjustment value of non-controlling equity and fair value of paid or collected considerations shall be stated into equity directly.

(E) When the Group forfeits control over its subsidiaries, its residual investment in its subsidiaries shall be re-measured based on fair value, and identified as the fair value of financial assets recognized initially or cost of the investment in associates or joint ventures recognized initially, as the price difference between the fair value and book value. Where the accounting treatment for all amounts related to the subsidiary as recognized in other comprehensive income previously is identical with the basis for the Group's direct disposition of related assets or liabilities, namely, when the related assets or liabilities are disposed of, the profit or loss recognized in other comprehensive income previously will be reclassified as profit or loss. When the Group loses control over the subsidiary, such profit or loss shall be reclassified into income from equity.

B. The subsidiaries included in the consolidated financial report are as follows:

| Invested company/subsidiaries | Principal business | Shareholding or capital contribution ratio December 31, 2022 | Shareholding or capital contribution ratio December 31, 2021 |
|---|---|---|---|
| (1) AGV Products Corporation (hereinafter referred to as the "Company") | | | |
| Apoland Resource International (BVI) Corp. | Re-investment business | 100.00% | 100.00% |
| Defender Private Security Inc. | Security business | 100.00% | 100.00% |
| Aco Distribution Corp. | Proprietary business | 100.00% | 100.00% |
| Sasaya Vitagreen Co., Ltd. | Proprietary business | 100.00% | 100.00% |
| Sontenkan Resort Development Co., Ltd. | Leisure and recreation business | 100.00% | 100.00% |
| AGV International (BVI) Limited | Re-investment business | 100.00% | 100.00% |
| Alpha International Developments Limited | Re-investment business | 100.00% | 100.00% |
| Koya Biotech Corp. | Gardening | (see 2.A) | 87.90% |
| Hope Choice Distribution Corp. | Proprietary business | 100.00% | 100.00% |
| Mascot International (BVI) Corporation | Re-investment business | 96.91% | 96.91% |
| Apoland Development (Singapore) Pte Ltd. | Re-investment business | 93.16% | 93.10% |
| Hopeland Distribution Corp. | Proprietary business | 81.00% | 81.00% |
| Yunlin Dairy Technology Corp. | Dairy manufacturing | 75.83% | 75.83% |
| AGV Biohealthy Food Limited | Re-investment business | 29.75% | 29.75% |
| Aiken Biotechnology International Co., Ltd. | Biotechnology service | 53.77% | 53.77% |
| AGV First Biotech Food (BVI) Limited. | Re-investment business | 100.00% | 100.00% |
| (2) Apoland Resource International (BVI) Corp. | | | |
| AGV & NICE (USA) | Marketing business | 57.14% | 57.14% |
| Mascot International (BVI) Corporation | Re-investment business | 3.09% | 3.09% |
| Apoland Development (Singapore) Pte Ltd. | Re-investment business | 2.23% | 2.25% |
| (3) Apoland Development (Singapore) Pte Ltd. | | | |
| Shanghai AGV Foods Co., Ltd. | Food | 100.00% | 100.00% |
| (4) Mascot International (BVI) Corporation | | | |

| | | | |
|---|---|---|---|
| Asia Pacific Product Development Co. | Planting, processing and export of vegetables | 100.00% | 95.27% |
| Apoland Development (Singapore) Pte Ltd. | Re-investment business | 4.61% | 4.65% |
| (5) Defender Private Security Inc. | | | |
| Yunlin Dairy Technology Corp. | Dairy manufacturing | 0.70% | 0.70% |
| (6) Koya Biotech Corp. | | | |
| Yunlin Dairy Technology Corp. | Dairy manufacturing | (see 2.A) | 1.04% |
| (7) Alpha International Developments Limited | | | |
| Xiamen Aijian Traders Co., Ltd. | Food | 84.92% | 84.92% |
| (8) AGV First Biotech Food (BVI) Limited. | | | |
| Shandong AGV Food Technology Co., Ltd. | Food | 100.00% | 100.00% |
| (9) Aiken Biotechnology International Co., Ltd. | | | |
| Rosahill Leisure Industry Co., Ltd. | Proprietary business | 70.00% | 70.00% |
| AGV Biohealthy Food Limited | Re-investment business | 30.38% | 30.38% |
| (10) Asia Pacific Product Development Co. | | | |
| Xingrong Limited | Gardening | 100.00% | 100.00% |

a. Increase or decrease in consolidated subsidiaries:

In September 2022, the Group lost its control of Koya Biotech Corp., which is no longer a consolidated subsidiary. See the description in Note 6(33).

b. Subsidiaries not included into the consolidated financial report: None.

c. Different adjustment and treatment by subsidiaries in the accounting period: None.

d. Important restrictions:

Cash and bank deposits of NTD 41,623 thousand saved in China are subject to the local foreign exchange control. The foreign exchange control restricts the outward remitting of funds to regions beyond the border of China (except via normal dividends).

e. Subsidiaries holding securities issued by the parent company: None.

f. Information on subsidiaries with important non-controlling equity:

| | | December 31, 2022 | |
|---|---|---|---|
| Name of subsidiary | Shareholding ratio | Non-controlling equity | Profit or loss distributed to non-controlling equity |
| AGV First Biotech Food (BVI) Limited. and its subsidiaries | (Note) | $ 552,375 | $ - |
| Others | | 212,105 | 9,903 |
| Total | | $ 764,480 | $ 9,903 |

| Name of subsidiary | Shareholding ratio | December 31, 2021 Non-controlling equity | Profit or loss distributed to non-controlling equity |
|---|---|---|---|
| AGV First Biotech Food (BVI) Limited. and its subsidiaries | (Note) | $ 552,401 | $ - |
| Others | | 223,657 | 15,985 |
| Total | | $ 776,058 | $ 15,985 |

Note: This does not belong to the preferred share equity of AGV First Biotech Food (BVI) Limited. held by the Group.

(1) For information on the subsidiaries' main business place and country in which the company registered, please refer to Table 8 and Table 9 in Note 13.

(2) The summarized financial information is as follows:

A. Balance sheet:

| | AGV First Biotech Food (BVI) Limited. and its subsidiaries | |
|---|---|---|
| Item | December 31, 2022 | December 31, 2021 |
| Current assets | $ 18,964 | $ 24,307 |
| Non-current assets | 759,527 | 775,807 |
| Current liabilities | 37,093 | 35,143 |
| Non-current liabilities | 52,475 | 47,370 |
| Equity | $ 688,923 | $ 717,601 |

B. Statement of comprehensive income:

| | AGV First Biotech Food (BVI) Limited. and its subsidiaries | |
|---|---|---|
| | 2022 | 2021 |
| Revenue | $ - | $ - |
| Current net loss | $ (52,633) | $ (26,755) |
| Other comprehensive income (net amount after tax) | 18,438 | (4,886) |
| Total comprehensive income in the current period | $ (34,195) | $ (31,641) |
| Net profit attributable to non-controlling interests | $ - | $ - |
| Comprehensive income attributable to non-controlling Interests | $ - | $ - |
| Dividend paid for non-controlling equity | $ - | $ - |

C. Cash flow statement:

| | AGV First Biotech Food (BVI) Limited. and its subsidiaries | |
|---|---|---|
| | 2022 | 2021 |
| Net cash inflow (outflow) from operating activities | $ (8,887) | $ (11,635) |
| Net cash inflow (outflow) from investment activities | (12) | (47,799) |
| Net cash inflow (outflow) from financing activities | 15,799 | 60,465 |
| Exchange rate effect | 5,993 | (1,623) |
| Increase (decrease) in cash and cash equivalents in the current period | $ 12,893 | $ (592) |
| Balance of cash and cash equivalents, beginning | 1,797 | 2,389 |
| Balance of cash and cash equivalents, ending | $ 14,690 | $ 1,797 |

(4) Foreign currency translation

A. The item listed in the financial statements of the Group's entities shall be measured by the currency (i.e. functional currency) applicable in the main economic environment in which its business is situated. The consolidated financial report is expressed in “New Taiwan Dollars,” the functional currency adopted by the Company.

B. When preparing the standalone financial reports for the respective entities, the transactions conducted in currencies other than the entities’ functional currencies (foreign currencies) were converted based on the exchange rates quoted on the date of transactions. The monetary items in foreign currencies converted again at the spot exchange rate closed at the end date of the reporting period. The exchange differences are recognized in the current profit or loss. The non-monetary items in foreign currency at fair value were converted at the exchange rates quoted on the date on which the fair value was determined while the exchange differences generated were recognized in the current profit or loss. However, when the change in fair value was recognized in other comprehensive income, the exchange difference so incurred was recognized in other comprehensive income. The non-monetary items measured at historical costs were converted based on the exchange rate quoted on the date of transaction and were not converted anew.

C. Upon preparation of the consolidated financial report, the assets and liabilities of the foreign operating institutions were converted to NTD based on the spot exchange rate closed at the end of reporting period; the income and expenses were converted based on the average exchange rates while the resulting exchange differences were recognized under other comprehensive income and accumulated in the exchange difference in the financial statement translation of foreign operations under equity (and properly distributed to non-controlling equity).

(5) Standards in differentiating current and non-current assets and liabilities

A. Assets that match any of the following conditions shall be classified as current assets:

(A) Assets expected to be realized, intended to be sold or consumed over normal operating cycles.

(B) Those primarily for trading purposes.

(C) Those expected to be realized within 12 months after the balance sheet date.

(D) Cash or cash equivalents, except those that are intended to be swapped or settled against debt more than 12 months after the balance sheet date, and those with restricted uses.

The Group listed all assets that do not comply with the following conditions as non-current.

B. Liabilities that match any of the following conditions shall be classified as current liabilities:

(A) Liabilities expected to be settled in normal operating cycles.

(B) Those primarily for trading purposes.

(C) Liabilities expected to be settled within 12 months after the balance sheet date. (It is classified as current liability, even if it is later refinanced or rearranged into long-term liabilities at any time between the balance sheet date and the approval and announcement date of the financial report).

(D) Liabilities with due dates that cannot be unconditionally extended to more than 12 months after the balance sheet date. Liabilities under terms that give counterparties the option to repay in the form of equity instruments without an effect on their classification due to such terms.

The Group lists all liabilities that do not comply with the following conditions as non-current.

(6) Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank deposits and short-term investments (including time deposits with initial maturity dates within three months) with high liquidity that are readily convertible to specified amounts of cash with insignificant risk of changes in value.

(7) Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of such financial instruments.

The financial assets and liabilities are measured at fair value upon initial recognition. Upon initial recognition, the transaction costs which can be directly attributable to the acquired or issued financial assets or liabilities (excluding the financial assets and liabilities at fair value through profit or loss) shall be added or deducted from the financial assets or liabilities at fair value. The transaction costs which can be directly attributed to the financial assets or liabilities at fair value are immediately recognized as profit or loss.

A. Financial assets

(A) Measurement category

On a regular purchase or sale basis, financial assets were recognized using the trade date accounting.

The category of financial assets held by the Group are financial assets at fair value through profit or loss, financial assets measured at amortized cost, debt instrument investments at fair value through other comprehensive income and equity instrument investments at fair value through other comprehensive income.

a. Financial assets at fair value through profit or loss

The financial assets at fair value through profit or loss include financial assets measured compulsorily at fair value through profit or loss and designated to be at fair value through profit or loss. Financial assets measured compulsorily at fair value through profit or loss include the Group’s unspecified equity instrument investments at fair value through other comprehensive income and those not meeting the classification of debt instrument investment measured at amortized cost or fair value through other comprehensive income.

The Group will specify the financial assets to be at fair value through profit or loss upon initial recognition if they meet any of the following conditions:

a. The financial liabilities are a mixed (combined) contract; or

b. The financial liabilities may eliminate or significantly reduce the measurement or recognition inconsistency; or

   The financial asset is an investment that uses the fair value basis for its management and performance evaluation in accordance with a written risk management or investment strategy.

The financial assets at fair value through profit or loss are at fair value and the generated dividends are recognized as other revenue. Also, the interest revenue and profit or loss generated from re-measurement are recognized as other gains and losses.

b. Financial assets measured at amortized cost

Shall the financial assets invested by the Group meet the following two conditions at the same time, they are classified as financial assets measured at amortized cost:

(a) Being held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

(b) The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After the initial recognition, the financial assets measured at amortized cost are measured at the amortized cost after the total book amount decided by the effective interest method less any impairment loss. Any exchange gain or loss in foreign currency is recognized as income.

Except in the following two circumstances, the interest revenue is calculated at the effective interest rate multiplied by the total book amount of the financial assets:

(a) For purchased or originated credit-impaired financial assets, the interest revenue is calculated at the effective interest rate multiplying by the amortized cost of the financial assets upon credit adjustment.

(b) For those assets other than purchased or originated credit-impaired financial assets, which, however, became credit-impaired financial assets subsequently, the interest revenue is calculated at the effective interest rate multiplying by their amortized cost.

c. Debt instrument investments at fair value through other comprehensive income

Shall the debt instrument investment of the Group meet the following two conditions at the same time, they are classified as financial assets measured at fair value through other comprehensive income:

(a) Being held within a business model in which the objective is achieve via collection of contractual cash flow and sale of financial assets; and

(b) The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

   The debt financial assets at fair value through other comprehensive income is at fair value. The interest revenue, exchange gain or loss and impairment loss or reversal gain by the effective interest method in changes of book value is recognized as profit or loss while other changes are recognized as other comprehensive income and reclassified as profit or loss upon the investment disposition.

d. Equity instrument investments at fair value through other comprehensive income

The Group may, at initial recognition, irrevocably make a choice to measure the equity instrument investment held not for transaction and not recognized or having consideration by the merger acquire at fair value through other comprehensive income.

Equity instrument investments at fair value through other comprehensive income are measured at fair value and the subsequent fair value changes are recognized as other comprehensive income and accumulated in other equity. During the disposal of investments, the profit or loss accumulated in other equity is directly transferred to the retained earnings without being reclassified as profit or loss.

The dividend of equity instrument investments at fair value through other comprehensive income is immediately recognized upon the confirmation of the consolidated company's right of receiving, excluding dividend representing obvious recovery of partial investment cost.

(B) Impairment of financial assets

a. On each balance sheet date, the Group evaluates the financial assets (including the accounts receivable) measured at amortized cost and the impairment loss of rentals receivable based on the expected credit loss.

b. The allowance of losses on accounts receivable and rentals receivable are all recognized based on the lifetime expected credit losses. For other debt instrument investments, the credit risk is evaluated for whether there are any significant increases after the initial recognition. If not, the allowance loss is recognized based on the expected credit losses of 12 months; if there are any significant increases, the allowance loss is recognized based on the lifetime expected credit losses.

c. Expected credit losses are the weighted average credit losses adopting the occurrence of a default risk as the weight. 12-month expected credit losses are expected credit losses that result from those default events on financial instruments that are possible within 12 months after the reporting date. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the life of the financial instruments.

d. The book value of all impairment losses on financial assets is reduced via the allowance account. However, the loss allowance of debt instrument investments at fair value through other comprehensive income is recognized in other comprehensive income without reducing its book value.

(C) Derecognition of financial assets

The Group will derecognize financial assets when meeting one of the following conditions:

a. The interests on a contract for financial assets-based cash flow ceased to be effective.

b. The interests on a contract for collecting financial assets-based cash flow are transferred and almost all risks and returns of all ownership over the financial assets are transferred.

c. Not all risks and returns of ownership over the financial assets are transferred or retained, but the control of financial assets is not retained.

Where the entire financial asset measured at amortized cost is derecognized, the difference between the book amount and collected consideration is recognized as profit or loss. Where the entire debt instrument investment at fair value through other comprehensive income is derecognized, the difference between the book value and collected considerations plus any accumulated profit or loss recognized as other comprehensive income is recognized as profit or loss. Where the entire equity instrument investment at fair value through other comprehensive income is derecognized, the accumulated profit or loss is directly transferred to the retained earnings without being reclassified as profit or loss.

B. Equity instruments

The liabilities and equity instruments issued by the Group are categorized as financial liabilities or equity based on the substance of the contract agreement and the definition of financial liabilities and equity instruments.

Equity instruments are the contracts commending the enterprise's residual equity of assets net of liabilities. The equity instruments issued by the Group should be recognized based on the payment of acquisition less the direct issuing cost.

C. Financial liabilities

(A) Subsequent measurement

Financial liabilities that are not held for the purpose of sale and are not designated to be measured at fair value through profit or loss are measured at amortized cost on the closing date of the subsequent accounting period.

(B) Derecognition of financial liabilities

The Group will derecognize financial liabilities when the obligation is rescinded, discharged, or expired. During the derecognition of a financial liability, the difference between the book value of the financial liability and the total consideration amount paid or payable (including any non-cash assets transferred or liabilities assumed) is recognized as profit or loss.

D. Amendment of financial instruments

In the event that any renegotiation or amendment of the contractual cash flow of a financial instrument does not result in a situation where derecognition of the financial instrument is required, the Group will recalculate the total carrying amount of financial assets or the amortized cost of financial liabilities based on the amended contractual cash flow discounted at initial effective interest rate, and will recognize the amended profit or loss as profit/loss. Any cost or expense arising therefrom will be considered an adjustment to the carrying amount of the amended financial instrument and amortized during the remaining period following amendment. If the renegotiation or amendment results in a situation where derecognition of the financial instrument is required, such situation shall be addressed according to the requirements for derecognition.

(8) Inventory

Inventory is measured at the lower of cost or net realizable value adopting the perpetual inventory system while the cost is determined by weighted average method. The cost of finished products and works in process includes material, direct labor, other direct costs and manufacturing expenses related to production (amortized based on normal productivity) without loan cost. When cost and net realizable value are compared to see which is lower, the item-by-item comparison method is adopted. The net realizable value refers to the balance of the estimated selling price in the ordinary course of business less the estimated cost required for completion and the estimated cost necessary to complete the sale.

(9) Investment/associates under the equity method

A. The associates refer to an entity upon which the Group has significant impact without any control and often holds more than 20% of voting shares directly or indirectly. The investment of the Group in associates adopts the equity method and is recognized based on cost upon acquisition.

B. The shares of profit or loss acquired from associates by the Group were recognized as current profit or loss and shares of other comprehensive income were recognized as other comprehensive income. If the Group’s share of the losses of an associate equals or exceeds its equity in the associate (including the carrying amount of investment in the associate determined using the equity method and any long-term equity de facto constituting part of the net investment of the Group in the associate), the Group will not recognize further losses, unless the Group has incurred legal or constructive obligations toward or made payments on behalf of the associate.

C. The unrealized profit or loss generated from the transactions between the Group and associates were written off based on the Group’s equity ratio of the associates; the unrealized loss was written off unless the evidence displayed the impairment of transferred assets in such transaction. The accounting policies of the associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

D. When the Group forfeits control over the associates, its residual investment in the associates shall be re-measured based on fair value. The price difference between the fair value and book value is stated into current income.

E. In case the Group loses its significant impact on an associate upon the disposal of the associate, the accounting treatment for all amounts related to the associate as previously recognized in other comprehensive income is identical with the basis for the Group's direct disposition of related assets or liabilities, namely, when the related assets or liabilities are disposed of, the profit or loss previously recognized in other comprehensive income will be reclassified as profit or loss. When the Group losses control over the associate, such profit or loss shall be reclassified as income from equity. Provided that, where it still has material influence over the associated companies, the amount previously recognized in other comprehensive income is transferred according the method stated above based on proportion.

F. Where the Group forfeits its material influence over an associate when the Group disposes of the associate, the capital surplus related to the associate will be stated as income, provided that where it still has material influence over the associate, the capital surplus shall be stated as income based on the proportion of disposition.

G. The Group has adopted the equity method to recognize its equity in joint ventures. Unrealized profits/losses on transactions between the Group and joint ventures were written off. However, if evidence shows any decrease in the net realizable value of assets or any impairment loss of assets, it is immediately recognized as a total loss. If the Group’s share of the losses of a joint venture equals or exceeds its equity in the joint venture (including the carrying amount of investment in the joint venture determined using the equity method and any long-term equity de facto constituting part of the net investment of the Group in the joint venture), the Group will not recognize further losses, unless the Group has incurred legal or constructive obligations toward or made payments on behalf of the joint venture.

(10) Property, plant and equipment

A. Property, plant and equipment is accounted based on the acquisition cost and the relevant interest is capitalized during the purchase and construction period.

B. The subsequent cost is included in the book value of assets or recognized as single asset only when future economic benefits related to such an item will result in probable inflow to the Group and the cost of such item can be measured reliably. The book value of the replaced part shall be derecognized. All other maintenance expenses are recognized as current profit or loss upon occurring.

C. No depreciation of land is required. Other property, plants, and equipment adopts the cost model and the depreciation is calculated based on the estimated useful years under the straight-line method. The Group reviews the residual value, estimated useful years and depreciation method of each asset at the end of each fiscal year. If the expected values of the residual value and useful years are different from the previous estimate or the expected consumption pattern used in future economic benefits of such asset has significant changes, it is conducted based on the changes in accounting estimate specified in IFRS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" since the date of the change. The useful years of each asset are as follows:

| | |
|---|---|
| Houses and buildings | 3-60 years |
| Machinery and equipment | 3-32 years |
| Other equipment | 2-36 years |

D. The property, plant and equipment is derecognized upon disposition or expectation that future economic benefits cannot be generated due to usage or disposal of the property, plant and equipment. The amount of profit or loss generated from the derecognition of the property, plant, and equipment refers to the difference between the disposal proceeds and the book amount of the asset and is recognized in current profit or loss.

(11) Lease

The Group assess whether the contract contains a lease upon on the formation date of the contract. If the contract includes a lease component and one or various additional lease or non-lease components, the Group uses the relative single price of each lease component and aggregated single price of non-lease components as the basis to allocate the consideration of the contract to individual lease components.

A. The Group was the Lessee

For all other leases of the Group, the right-of-use assets and lease liabilities are recognized from the starting date of leases, except the leases of low-value underlying assets and short-term leases are recognized as expenses on the straight-line basis.

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

The right-of-use assets are originally measured at cost (including the original measured amount of lease liability, the lease payment paid before the lease starts deducing received lease incentives, original direct cost and the estimated costs for the restoration of the underlying assets); subsequently, they are measured at cost deducting the accumulated depreciation and accumulated impairment loss while the re-measurement of the lease liabilities is also adjusted.

The right-of-use assets on the straight-line basis provide depreciation from the start date of lease up to the expiration of useful years or when the lease period expires, the earlier prevailing. However, the depreciation is made from the start date of lease to expiration of useful years if the ownership of the underlying asset can be acquired upon the expiry date of the lease or the cost of right-of-use asset reflects the exercise of purchase options.

Lease liabilities

Lease liabilities are measured based on the present value of the lease payment (including the fixed payment, substantive fixed payment and variable lease payments depending on the index or rate). If the implied interest rate of a lease is easy to confirm, the rate is applied to discount the lease payment. If the rate is not easy to confirm, the lessee incremental loan interest rate will be applied.

Subsequently, the lease liabilities are measured at the amortized cost under the effective interest method, and interest expenses are allocated during the lease periods. If there is any change in lease period, assessment relating the purchase options of underlying assets, residual guarantee amount of the expected payment or the indices or fares determining the lease payments will result in changes of future lease payment, the Group re-measures the lease liabilities, and relatively adjusts the right-of-use assets; provided the book value of the right-of-use asset has decreased to zero, the remaining re-measured amount is recognized in the income/loss. The lease liabilities are recognized in the balance sheet by line item.

B. The Group was the Lessor

Upon the sublease of right-of-use assets, the Group uses the use-of-right assets (instead of underlying assets) to determine the sublease classification. However, if the main lease is applicable to the Group's waived short-term lease, such sublease is classified as operating lease.

In case the lease transfers most risks and returns attached to the underlying assets, it is classified as a finance lease; otherwise it is classified as an operating lease.

The lease payments under finance lease include the fixed payment, substantive fixed payment, variable lease payments depending on the index or rate, guaranteed residual value, exercise price when exercising the purchase termination options and penalty due to lease termination reflected in the lease period deducting received lease incentives payable. The net lease investment is based on the total present value of lease payment receivable and unsecured residual value and is expressed as finance lease receivable. The Group amortizes the finance income in the lease period adopting systematic and reasonable basis to reflect the fixed rate of return of unexpired net lease investment received by the Group during each period.

Under the operating lease, the lease payment less the lease incentives is recognized as lease income based on the straight-line method. The original direct cost generated from acquisition of the operating lease is the book amount added to the underlying asset and is recognized as expense during the duration of leasehold on the recognition basis which is the same as the lease income.

(12) Investment property

The investment property is the property held to earn lease payment or capital increment or for both purposes (including property under construction due to such purpose). The investment property also includes lands held without deciding any future purposes yet.

The investment property is initially measured at cost (including transaction cost). Besides a few investment properties unable to be measured at cost because the fair value cannot be determined reliably resulting from the parameters under the income approach or under the land development approach cannot be acquired reliably, the profit or loss generated from changes in fair value is subsequently recognized in current profit or loss by the fair value model.

The investment property is reclassified as property, plant and equipment based on the fair value on the start date of private use.

When any property of property, plant and equipment is reclassified as investment property upon the end of private use, the difference between the original carrying value and fair value is recognized in other comprehensive income and accumulated as appreciation on revaluation under other equity, and will be directly transferred to retained earnings upon derecognition.

The amount of profit or loss generated from the disposal of investment property refers to the difference between the disposal proceeds and the book amount of the asset and is recognized in the profit or loss.

(13) Intangible assets

Intangible assets with limited useful life individually acquired are measured at cost less accumulated amortization and impairment. The amount of amortization is calculated based on the following useful years under a straight-line method: the cost of computer software is 2 to 10 years. The patent and trademark is based on the economic benefits or contract term. The estimated useful life and amortization method is reviewed at the end of the reporting period and any impact of changes in estimates is deferred.

Intangible assets are derecognized upon the disposal or expectation of those unable to generate future economic benefits due to usage or disposal. The amount of profit or loss generated from the derecognition of intangible assets refers to the difference between the disposal proceeds and the book amount of the asset and is recognized in the profit or loss.

Intangible assets are derecognized upon the disposal or expectation of those unable to generate future economic benefits due to usage or disposal. The amount of profit or loss generated from the derecognition of intangible assets refers to the difference between the disposal proceeds and the book amount of the asset and is recognized in the profit or loss.

(14) Impairment of non-financial assets

The Group will estimate the recoverable amount of the assets which show signs of impairment on the balance sheet date, and impairment loss will be recognized if the recoverable amount is lower than the book value. The recoverable amount is the fair value of an asset less the selling cost or the use value, whichever is higher. If the impairment loss of assets recognized in previous years no longer existed, it is reversed within the scope of loss amount recognized in the previous year.

(15) Liability reserve

The liability reserve is recognized when the Company has a present statutory or presumed obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The liability reserve is measured by best estimated present value paid to settle the obligation on the balance sheet date. The discount rate adopts the pre-tax discount rate that reflects the specific risk assessment of the current market toward the time value of money and the liabilities. The discounted amortization is then recognized as interest expenses. The future operating loss shall not be recognized in the liability reserve.

(16) Employee benefit

A. Short-term employee benefit

Short-term employee benefit is measured at an undiscounted amount expected to be paid and is recognized as expense when the related services are provided.

B. Pension

(A) Defined contribution plan

Under the defined contribution plan, every contribution made to the pension fund is recognized as pension cost in the period occurred using the accrual basis. Prepaid contributions may be stated as assets, insofar as it may be refunded in cash or the future payment is reduced.

(B) Defined benefit plan

a. The obligation of the defined benefit plan is converted to the present value based on the future benefit earned from the services provided by the employees in the current period or in the past and is presented by the present value of defined benefit obligation on the balance sheet date deducting the fair value of the plan assets. An actuary uses the Projected Unit Credit Method to estimate the defined benefit obligations each year. The discount rate is based on the market yield rate of government bonds (on the balance sheet date) that have the same currency and period on the end of the fiscal year and the defined benefit plan.

b. The re-measurement generated from the defined benefit plan is stated as other comprehensive income in the period when it is incurred, and presented in the retained earnings.

c. Expenses related to the service cost in the previous period are immediately recognized as profit or loss.

C. Remuneration to employees and directors

The remuneration to employees and directors is recognized as expenses and liabilities only when legal or presumed obligation is constituted and the value thereof may be estimated reasonably. Subsequently, if the actual distributed amount resolved is different from the estimate, the difference shall be treated as a change in accounting estimate.

D. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group will not state the benefits as expenses until the offer of benefits be withdrawn or the related reorganization cost is stated, whichever earlier. It is not expected that benefits falling due more than 12 months at the end date of the reporting period are discounted to their present value.

(17) Capital stock

Common stock is classified as equity. The classification of preferred shares is based on the substance of the contract agreement and the definition of financial liabilities and equity instruments, and is assessed based on specific rights of the preferred shares. When presenting the basic characteristics of financial liabilities, these are classified as liabilities, otherwise they are classified as equity. The additional cost directly attributable to issuing new shares or stock options is recognized as deductions of proceeds in the equity.

(18) Income tax

A. The income tax consists of current income tax and deferred income tax. The income tax is recognized in the profit or loss except the income taxes relevant to the items which are recognized under other comprehensive income or directly counted into the items of equity, is recognized under other comprehensive income or directly counted into equity respectively.

B. The Group calculates the income tax related to the current period based on the statutory tax rate or tax rate substantially enacted in the countries where the Group is operating and generating taxable income on the balance sheet date. Management shall evaluate the status of income tax returns within the statutory period defined by the related income tax laws, and shall be responsible for the income tax expected to be paid to the tax collection authority. The income tax levied on the undistributed earnings based on the Income Tax Act will be recognized based on actual distribution of earnings in the year after the year when the earnings are generated, upon approval of the motion for allocation of earnings at a shareholders' meeting.

C. The deferred income tax is recognized based on the temporary difference generated from the taxation basis for assets and liabilities and the book value thereof on the balance sheet using the balance sheet approach. The deferred income tax liabilities resulting from the initial recognition of goodwill shall not be recognized. The deferred income tax resulting from the initial recognition of assets or liabilities in a transaction (exclusive of business mergers) shall not be recognized, insofar as the accounting profit or taxable income (taxable loss) is not affected by the transaction. All taxable provisional differences relevant to the investment in subsidiaries and affiliated companies were recognized as deferred income tax liabilities, except an event while the Group could control the time point of recovery of the control over the provisional difference or while said provisional difference would be very likely not recoverable in the foreseeable future. The deferred income tax is based on the tax rate expected to be applicable when the assets are expected to be realized or liabilities to be repaid. The tax rate shall be the tax rate (tax laws) which had been enacted or had been substantially enacted on the balance sheet date.

D. The temporary difference, unused tax losses and unused tax credits within the range of probable future taxable income available for use are recognized as deferred income tax assets and the deferred income tax assets which are recognized and unrecognized shall be re-evaluated on the end date of each reporting period.

E. Current income tax assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

F. The tax benefit generated from the purchase of equipment or technology, R&D expenses, HR training expenses and equity investment adopts income tax credits for accounting.

(19) Recognition of revenue

The Group’s recognition principle of revenue from contracts with customers is recognized as revenue according to the following steps:

(1) Identify the customer’s contract;

(2) Identify the performance obligation in the contract;

(3) Decide the transaction price;

(4) Amortize the transaction price to the performance obligation in the contract;

(5) Recognize the revenue upon the fulfillment of performance obligation.

For contracts in which the interval between product transfer or labor services and consideration collection is within 1 year, the transaction price of its material financial parts cannot be adjusted.

A. Revenue from the sale of products and processing

The sales revenue of products is generated from the sale of drinks and canned foods. Upon arrival or shipment of the product to the destination designated by customers, the customers have already owned the right to set the price and use the same, and taken the responsibility for resale along with the obsolescence risk of the products.

Thus, the Group recognized the revenue and accounts receivable at that moment; it is presented by net amount deducting sales return, quantity discount and discount.

Upon contract processing, the control of ownership over the processing product has not been transferred. Thus, the revenue is not recognized upon material intake.

B. Management service revenue

The security service provided by the Group is a service which shall be priced or negotiated alone and the service is provided based on contract period. Because the Group provides service during the contract period, the customer will acquire the service benefit during the contract period. This belongs to gradual fulfillment of performance obligation over time and therefore it is recognized as revenue under the straight-line method over time.

(20) Costs of loans

The loan cost of the assets that meet the essential requirement and are directly attributable to the acquisition, construction, or production of assets is deemed part of the asset cost until all of the necessary activities completed for the asset to reach its intended use or sale state.

The income of a temporary investment with a specific loan that has not yet met the essential requirement of capital expenditure is deducted from the loan cost that meets the essential requirement of capitalization.

In addition to the transaction stated in the preceding paragraph, all other loan costs are recognized as profit or loss upon occurring.

5. Major Sources of Uncertainty to Significant Accounting Judgments, Estimates and Assumptions

The Group includes the economic impact due to the epidemic situation of COVID-19 in the consideration of significant accounting estimates and will continue to review the basic estimates and assumptions. If the amendment to estimates will only affect the current period, it will be recognized in the period in which the amendment is made; if the amendment of the accounting estimates will simultaneously affect both current and future periods, it will be recognized in the period of the amendment and future periods.

When preparing the consolidated financial report, the important judgments, accounting estimates and assumptions adopted by the Group for accounting policies are as follows:

(1) Significant judgments adopted by the accounting policy

A. Business model judgment of financial asset classification

The Group assess the business model of financial assets based on the joint management level reflecting the financial asset group to achieve certain operation purpose. The estimate shall consider all relevant evidence, including performance measurement methods for assets, risks affecting performance and determination method of remuneration to relevant managers. The application of judgment is also required. The Group continues to assess the appropriateness of its business model and monitors financial assets measured at amortized cost derecognized before expiration and debt instrument investment at fair value through other comprehensive income to understand its reason for disposition and assess whether the disposition complies with the objective of business model. If the business model has changed, the Group will reclassify financial assets and defer the application since the date of reclassification based on the regulations of IFRS 9.

B. Recognition of revenue

The Group determines to serve as the principal or agent of such transaction according to whether the control of such product or labor service has been acquired before transferring specific product or labor service to the customer based on IFRS 15. When determined as the agent of transaction, the net transaction amount will be recognized as revenue.

The Group will be the principal when meeting one of the following conditions:

(A) The Group acquires the control of such product or asset from the counterparty before transferring the product or other assets to the customer; or

(B) The Group controls the right of labor services provided by the counterparty and therefore has the capability to guide the counterparty as the substitute to provide labor services to the customer; or

(C) The Group acquires the control of product or labor services from the counterparty to combine with other products or labor services and provide specific product or labor service for the customer.

The indicators used to assist the Group in determining whether to acquire the control of such product or asset before transferring specific products or labor services to the customer include (but are not limited to):

(1) The Group takes the main responsibility to complete the commitment of specific product or labor service.

(2) The Group bears the inventory risk before transferring specific products or labor services to the customer or bears the inventory risk after transferring the control to the customer (e.g. The customer has the right to return goods).

(3) The Group has the discretionary power to set the price.

C. Lease period

When determining the lease period, the Group considers all relevant facts and circumstances regarding the economic inducement generated to exercise (or not exercise) the option, including expected changes in all facts and circumstances since the start date to the date of option exercising. The considered factors include the contractual terms and conditions in the option period, significant leasehold improvements conducted (or expected to be conducted) during the contract period and the importance of underlying assets to the operation of the Group. When material matters or significant changes in circumstances occur within the Group's scope of control, the lease period will be re-evaluated.

D. Judgments with significant impact on associates

As stated in Note 6(9) "Investments under the equity method", the Group's shareholdings in NICE Enterprise Co., Ltd., Zhuqi Lionhead Mountain Leisure Development Co., Ltd., Kuo Cheng Investment Development Corp. and Koya Biotech Corp. are 28.24%, 40%, 47.62% and 42.95%, respectively, with the Group as the largest shareholder. Other shareholding is not extremely separated after considering the number of voting shares held by other shareholders and their distribution. Therefore, the Group does not have control over said companies since it cannot guide their relevant activities. The management of the Group considers the Group to only have significant impact on said companies and therefore listed those as the associates of the Group.

As stated in Note 6(9) "Investments under the equity method," the Group's held 43.83% of the voting shares of Taiwan First Biotechnology Corp. and the Group is the only largest shareholder. After consideration, the shareholders agreed that the decision-making unit regarding activities related to Taiwan First Biotechnology Corp. is the board of directors and no shareholder can assign a sufficient number of seats that determine the resolution of the board of directors. Therefore, the Group does not have control over Taiwan First Biotechnology Corp. since it cannot guide their relevant activities. The management of the Group considers the Group only has significant impact on Taiwan First Biotechnology Corp. and therefore listed those as associates of the Group.

(2) Important accounting estimates and assumptions

A. Recognition of revenue

Sales revenue shall be recognized when transferring the control of product or labor service to the customer to meet the performance obligation, deducting relevant sales return, discount and other similar discounts estimated. The sales return and discounts are estimated based on historical experience and other known causes and the Group periodically reviews the reasonableness of estimates.

B. Estimated impairment of financial assets

The estimated impairment of the accounts receivable is based on the default rate and expected loss ratio assumed by the Group. The Group takes historical experience, current market conditions, and forward-looking information into consideration to make assumptions and selects the input value of impairment assessment. If the actual cash flow in the future is less than estimated, significant impairment losses may occur.

C. Fair value measurement and valuation process

In cases where the assets and liabilities at fair value have no open quotation in active market, the Group decides whether to commission external appraisal and determine appropriate fair value evaluation technology according to relevant regulations or judgment. If the fair value estimate cannot acquire Level 1 input, the investment of unlisted stocks by the Group refers to information regarding the invested company's financial status and operating result analysis, recent transaction price, quotation of same equity instrument in a not active market, quotation of similar instrument in active market and comparable company valuation multiples; for derivatives, the input is determined by reference of market price or interest rate and characteristics of derivatives. If the actual changes in input in the future is different from expectation, there might be changes in fair value. The Group regularly updates various inputs based on the market conditions to monitor the appropriateness of fair value measurement.

D. Impairment evaluation of tangible and intangible assets

During the process of asset impairment assessment, the Group shall rely on subjective judgment to determine the useful life of the independent cash flow assets and possible income and expenses in the future for certain asset groups based on the operating model of assets and industrial characteristics. Any change in the estimation due to the changes of economic situation or the Group's strategies may result in significant impairment in the future.

E. Assessment of impairment on equity-accounted investments

When there are signs of impairment loss suggesting certain investments under the equity method might be impaired causing the book amount to be unable to be recovered, the Group will immediately evaluate the impairment of such investments. The Group evaluates the recoverable amount based on the held discount value of estimated expected cash flow or discount value of expected receivable cash dividends and future cash flow generated from disposal of investment by the invested companies, and analyzes the reasonableness of relevant assumptions.

F. Realizability of deferred income tax assets

Deferred tax assets are recognized when there are likely to have sufficient taxable income available for the deductible temporary difference. To evaluate the realizability of deferred income tax assets, management has to exert judgment and estimation, including the hypotheses about expectations toward growth and profit rate of future sale revenue, tax-free period, applicable income tax credit and taxation planning. The transformation of global economic environments and industrial environments and changes in laws and regulations, if any, might result in material adjustment on deferred income tax assets.

G. Valuation of inventory

Inventory shall be evaluated on the basis of lowering the cost and net realizable value. As such, the Group must make judgments and estimates to determine the net realizable value of the inventory at the end of the reporting period. The Group assesses the amount of normal wearing out and phasing out of inventory or inventory with no market price and writes off the cost of inventory from net realizable value at the end of reporting period.

H. Calculation of net defined benefit liabilities

In the calculation of the defined benefit obligation, the Group shall make use of judgments and estimates to determine relevant actuarial assumption on the end date of the reporting period, including the discount rate and rate of future salary increase. Any change in the actuarial assumptions may have significant impact on the defined benefit obligation amount of the Group.

I. Incremental loan rate of interest of the lessee

When deciding the incremental loan rate of interest of the lessee for the lease payment discount, the same currency and interest rate without risk in relevant periods are used as the reference rate, and the estimated credit risk premium of the lessee and certain lease adjustments (e.g. factors such as certain and attached collateral of assets) are also taken into consideration.

6. Description of Significant Accounting Items

(1) Cash and cash equivalents

| Item | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Cash | $ 2,480 | $ 2,568 |
| Checking deposit | 430 | 32 |
| Savings deposit | 579,495 | 595,201 |
| Cash equivalents | | |
| Time deposits with initial maturity date within three months | 34,116 | 89,786 |
| Total | $ 616,521 | $ 687,587 |

A. The financial institutions trading with the Group are those of excellent credit standing and the Group trades with various financial institutions to spread the credit risk. Thus, the possibility of expected default is low.

B. The cash and cash equivalents of the Group have not been pledged.

(2) Financial assets measured at fair value through profit/loss – current

| Item | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Measured compulsorily at fair value through profit or loss | | |
| TWSE/TPEx listed stocks | $ 86,994 | $ 45,757 |

A. The net profits (losses) recognized by the Group in 2022 and 2021 were NTD (5,674) thousand and NTD 10,123 thousand respectively.

B. The Group has not pledged any financial assets measured at fair value through profit/loss as collateral.

C. For relevant credit risk management and evaluation methods, please refer to Note 12.

(3) Net notes receivable

| Item | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Carried at amortized cost | | |
| Total book amount | $ 42,644 | $ 47,656 |
| Less: Allowance loss | (49) | (53) |
| Net notes receivable | $ 42,595 | $ 47,603 |

A. The notes receivables of the Group have not been pledged.

B. For disclosures related to the allowance loss of notes receivable, please refer to description in Note 6(4).

(4) Net accounts receivable

| Item | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Carried at amortized cost | | |
| Total book amount | $ 631,065 | $ 589,245 |
| Less: Allowance loss | (3,530) | (4,713) |
| Net accounts receivable | $ 627,535 | $ 584,532 |

A. For the Group's accounts receivable generated from sale of products. The average credit period is O/A 30-90 days. The credit standard is established according to the industrial characteristics, business scale and profit condition of the trading counterparty.

B. The accounts receivables of the Group have not been pledged.

C. The Group has adopted the simplified approach under IFRS 9 to recognize the loss allowance for accounts receivable based on the full lifetime expected credit losses. The expected credit losses throughout the duration are calculated based on the provision matrix and take the past default record of the customer, the present financial status and the economic situation of the industry into consideration. According to the Group's historical experience of credit losses, the loss types of different customer groups have no significant difference. Thus, the provision matrix does not further classify the group of customers, and the rate of expected credit losses is established based on the overdue days of accounts receivable.

D. The loss allowance for notes and accounts receivable (including related parties) of the Group based on the provision matrix is as follows:

| December 31, 2022 | Expected credit loss | Total book amount | Loss allowance (lifetime expected credit loss) | Amortized cost |
|---|---|---|---|---|
| Undue | 0%~1% | $ 722,695 | $ (750) | $ 721,945 |
| Overdue 0–30 days | 0%~1% | 6,240 | (6) | 6,234 |
| Overdue 31–90 days | 0%~20% | 961 | (231) | 730 |
| Overdue 91–180 days | 0%~30% | - | - | - |

| | | | | |
|---|---|---|---|---|
| Overdue 181–365 days | 0%~50% | - | - | - |
| Trading counterparties with signs of default | 0%~100% | 2,647 | (2,647) | - |
| Total | | $ 732,543 | $ (3,634) | $ 728,909 |

| December 31, 2021 | Expected credit loss | Total book amount | Loss allowance (lifetime expected credit loss) | Amortized cost |
|---|---|---|---|---|
| Undue | 0%~1% | $ 653,248 | $ (672) | $ 652,576 |
| Overdue 0–30 days | 0%~1% | 10,730 | (17) | 10,713 |
| Overdue 31–90 days | 0%~20% | 1,690 | (232) | 1,458 |
| Overdue 91–180 days | 0%~30% | 39 | - | 39 |
| Overdue 181–365 days | 0%~50% | - | - | - |
| Trading counterparties with signs of default | 0%~100% | 3,873 | (3,873) | - |
| Total | | $ 669,580 | $ (4,794) | $ 664,786 |

E. The statement of changes in the loss allowance for the notes and accounts receivable (including related parties) is as follows:

| Item | 2022 | 2021 |
|---|---|---|
| Balance – beginning | $ 4,794 | $ 4,794 |
| Plus: Impairment loss appropriated | 19 | 8 |
| Less: Impairment loss reversed | - | - |
| Less: Irrecoverable amounts written off | (1,207) | - |
| Less: Effect of decrease in consolidated entities | (4) | - |
| Less: Difference in foreign currency translation | 32 | (8) |
| Balance – ending | $ 3,634 | $ 4,794 |

Other credit enhancements held by above accounts receivable: None.

When there is objective evidence showing that the trading counterparty is facing serious financial difficulty and the recoverable amount cannot be reasonably expected, the Group shall directly write off relevant accounts receivable. However, the Group will continue to pursue recourse, and the recovered amount from recourse is recognized as profit or loss. In 2022 and 2021, the irrecoverable accounts receivable written off by the Group amounted to NTD 1,207 thousand and NTD 0 thousand, respectively.

F. For methods related to the management and evaluation of credit risks, see the description in Note 12.

(5) Other accounts receivable

| Item | | December 31, 2022 | | December 31, 2021 |
|---|---|---|---|---|
| Investment refunds receivable | $ | 103,952 | $ | 93,696 |
| Dividend receivable | | 2,285 | | 4,980 |
| Other receivables | | 16,267 | | 14,993 |
| Total | $ | 122,504 | $ | 113,669 |
| Less: Allowance loss | | (105,823) | | (95,567) |
| Net amount | $ | 16,681 | $ | 18,102 |

A. Regarding the investment refunds receivable, the description related to the transaction, lawsuit and reconciliation of both parties is as follows:

(A) The Group invested HKD 26,240 thousand in MAS Media Group Limited (hereinafter referred to as "MAS Media") in March 2011 and expected to improve product advertising in Mainland China, Hong Kong and Macao by holding the equity of Macau Asia Satellite Television Company, Limited. According to the stock agreement signed by both parties, MAS Media should have been listed on the Hong Kong stock market before the end of 2011. However, the listing plan changed.

(B) The Group later requested MAS Media to return the investment amount listed above according to the contract, but MAS Media defaulted and did not refund the investment amount. The Group submitted the arbitration to the Hong Kong International Arbitration Centre in April 2013 and won the arbitration. Therefore, the Group reclassified the amount originally recognized as financial assets measured at cost to other accounts receivable.

(C) The Hong Kong International Arbitration Centre inquired the latest situation of the arbitration by letter in May 2016. We also requested the counterparty to execute the reconciliation to maintain the Company’s rights in various manners.

(D) In September 2016, the counterparty proposed the arbitration agreement via email, the contents of which were as follows: (1) the counterparty shall repay HKD 20,000,000 invested (in which the Group accounted for 65.6%) within 30 days after the signing of the arbitration agreement; (2) transfer HKD 20,000,000 of MAS Media’s equity within 60 days after the signing of the arbitration agreement (in which the Group accounted for 65.6%); however, the Group expressed dissent with said content and communicated with the counterparty regarding the repayment promise and hypothecation agreement such as the interest, lawsuit expenses and equity transfer via the attorney in December 2016.

(E) The Group submitted a letter of criminal complaint to the Taipei District Prosecutors Office accusing the three persons including the responsible person surnamed Lin of MAS Media, who intended to solicit for investment in Taiwan, of fraud in July 2018. After that, the Taipei District Prosecutors Office rendered the ruling not to prosecute on January 14, 2022, holding that the case was only a dispute over investment, and based on the related evidence presented by Lin Nan, et al., they did engage in the IPO; therefore, it would be hard to determine that Lin Nan, et al. committed fraud intentionally and no fraud should be constituted. In disagreement with the ruling, the Company petitioned for a reconsideration on January 13, 2022. The Taiwan High Prosecutors Office revoked the petition for reconsideration on February 18, 2022. Then, the Company petitioned with the Taiwan Taipei District Court for a trial on February 25, 2022. On May 11, 2022, the Taipei District Court dismissed the petition for trial, thus concluding the criminal case.

(F) For the refund matters communicated by the Hong Kong attorney assigned by the counterparty in May 2020, the main contents were as follows:

a. 50% shall be paid in cash within 3 months after the signing of a settlement agreement.

b. 50% shall be offset by stocks with value equivalent to a Growth Enterprise Market listed company and shall be completed within 4 months after the signing of a settlement agreement.

c. The interest of investment amount shall be paid within 9 months after the settlement agreement becomes effective.

d. A precondition to settlement agreement is the acquisition of application withdrawal granted by the court.

(G) Currently, the attorneys of both parties are negotiating for said settlement contents proposed by the counterparty, because we claimed that the refund should be paid in cash before withdrawing the lawsuit, and Lin Nan, et al. requested the negotiation again in February 2022.

(H) For the investment refunds as of December 31, 2022 and 2021, the recognized accumulated impairment amount was NTD 103,952 thousand and NTD 93,696 thousand, respectively.

B. In 2022 and 2021, the expected credit losses of other accounts receivable above recognized (reversed) were both NTD 0 thousand.

(6) Cost of inventory and sales

| Item | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Raw material | $ 137,215 | $ 111,638 |
| Supplies | 81,452 | 82,759 |
| Goods in process | 86,586 | 98,189 |
| Finished goods and products | 661,025 | 511,159 |
| Total | $ 966,278 | $ 803,745 |

A. Losses related to inventory recognized as sales cost in the current period are as follows:

| Item | 2022 | 2021 |
|---|---|---|
| Cost of sold inventory | $ 3,266,949 | $ 3,160,467 |
| Manufacturing expenses not amortized | 87,164 | 66,893 |
| Loss (revaluation profit) on inventory devaluation | (1,341) | 10,127 |
| Loss on scrapped inventory | 14,096 | 10,175 |
| Loss (profit) on inventory and revenue from scraps | (3,221) | (2,891) |
| Exchange rate effect | 28 | 6,721 |
| Total operating costs | $ 3,363,675 | $ 3,251,492 |

B. In 2022 and 2021, due to the Group writing inventory down to net realizable value, or due to recovery of the net realizable value of inventory as a result of increased prices of certain products and partial consumption of inventory, the recognized losses (profits on recovery) on inventory devaluation were NTD (1,341) thousand and NTD 10,127 thousand respectively.

C. The inventory of the Group has not been pledged.

(7) Prepayments

| Item | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Retained for tax | $ 2,440 | $ 41,961 |
| Prepayment for goods | 61,046 | 35,050 |
| Other prepayments | 44,614 | 64,322 |
| Total | $ 108,100 | $ 141,333 |

For related party transactions, please refer to Note 7(3)6.

(8) Financial assets measured at fair value through other comprehensive income

| Item | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Non-current | | |
| Debt instruments | | |
| Domestic non-TWSE/TPEx-listed preferred stocks | $ 50,000 | $ 50,000 |
| Valuation adjustment | (13,250) | (19,450) |
| Subtotal | $ 36,750 | $ 30,550 |
| Equity instruments | | |
| Domestic TWSE/TPEx listed stocks | $ 103,281 | $ 103,280 |
| Domestic non-TWSE/TPEx-listed stocks | 1,058,292 | 1,009,597 |
| Overseas non-listed (non-OTC) stocks | 17,694 | 82,741 |
| Valuation adjustment | 180,565 | 67,780 |
| Subtotal | $ 1,359,832 | $ 1,263,398 |
| Total | $ 1,396,582 | $ 1,293,948 |

A. The Group chose to invest in TWSE/TPEx unlisted preferred shares with stable dividend collection and for selling to achieve targets and these are classified as financial assets at fair value through other comprehensive income. The fair value of such investment as of December 31, 2022 and 2021 was NTD 36,750 thousand and NTD 30,550 thousand, respectively.

B. The Group invested in TWSE/TPEx and foreign listed and unlisted stocks in accordance with mid and long-term investment goals and expects to gain profit from long-term investment. The management of the Group considers that if the changes in short-term fair value of such investment is recognized as profit or loss, it is not consistent with the previous long-term investment planning. Thus, management chose to specify that such investment to be at fair value through other comprehensive income.

C. In 2022 and 2021, the Group adjusted its investment positions to spread risks, and sold part of its shares at fair value. Other related equity-realized profits on financial assets measured at fair value through other comprehensive income, amounting to NTD 22,290 thousand (excluding the related amount of NTD (4,993) thousand recognized using the equity method) and NTD 7,474 thousand were transferred to retained earnings.

D. Domestic TWSE/TPEx listed stocks: With regard to the agreement on guaranteed principal under the investment agreement for investment in Kai Chieh International Investment Ltd., the counterparty provided 0 thousand shares and 7,327 thousand shares of Kai Chieh to the Group for pledge as of December 31, 2022 and 2021. See the description in Table 3 of Note 13.

E. The Group pledged part of the financial assets measured at fair value through other comprehensive income as collateral for loans on December 31, 2022 and 2021. See Note 8.

F. For relevant credit risk management and evaluation methods, please refer to Note 12.

(9) Investment under the equity method

| Invested company | December 31, 2022 | | December 31, 2021 | |
|---|---|---|---|---|
| Associated companies: | | | | |
| Important associates: | | | | |
| NICE Enterprise Co., Ltd. | $ | 1,188,570 | $ | 1,241,533 |
| Taiwan First Biotechnology Corp. | | 1,323,150 | | 1,299,041 |
| Individual unimportant associates | | 1,704,408 | | 1,576,775 |
| Subtotal | $ | 4,216,128 | $ | 4,117,349 |
| Joint ventures: | | | | |
| Individual unimportant joint ventures | $ | 2,092 | $ | 4,543 |
| Total | $ | 4,218,220 | $ | 4,121,892 |

A. Associated companies:

(A) The basic information of associates important to the Group is as follows:

| | Shareholding ratio | |
|---|---|---|
| Company name | December 31, 2022 | December 31, 2021 |
| NICE Enterprise Co., Ltd. | 28.24% | 28.24% |
| Taiwan First Biotechnology Corp. | 43.83% | 43.83% |

For information such as the nature, main place of business and country where the company is registered for the above associates, please refer to Table 8 and Table 9 in Note 13.

(B) The financial information of the Group’s associated companies is summarized as follows:

a. Balance sheet

| | NICE Enterprise Co., Ltd. | |
|---|---|---|
| | December 31, 2022 | December 31, 2021 |
| Current assets | $ 3,191,757 | $ 3,292,746 |
| Non-current assets | 4,241,871 | 4,456,432 |
| Current liabilities | 1,448,105 | 1,822,639 |
| Non-current liabilities | 1,912,818 | 1,667,603 |
| Equity | $ 4,072,705 | $ 4,258,936 |
| Shares of the associates’ net assets | $ 1,150,110 | $ 1,202,699 |
| Internal profit or loss | (11,590) | (12,470) |
| Deferred credits | 27,077 | 28,331 |
| Goodwill | 22,973 | 22,973 |
| Book value of associates | $ 1,188,570 | $ 1,241,533 |

| | Taiwan First Biotechnology Corp. | |
|---|---|---|
| | December 31, 2022 | December 31, 2021 |
| Current assets | $ 1,402,024 | $ 1,253,307 |
| Non-current assets | 3,520,463 | 3,412,733 |
| Current liabilities | 937,584 | 1,104,236 |
| Non-current liabilities | 1,376,954 | 1,018,263 |
| Equity | $ 2,607,949 | $ 2,543,541 |
| Shares of the associates’ net assets | $ 1,142,856 | $ 1,114,632 |
| Internal profit or loss | (15,334) | (13,882) |
| Deferred credits | 27,078 | 29,741 |
| Goodwill | 168,550 | 168,550 |
| Book value of associates | $ 1,323,150 | $ 1,299,041 |

b. Statement of comprehensive income

| | NICE Enterprise Co., Ltd. | |
|---|---|---|
| | 2022 | 2021 |
| Operating revenue | $ 2,597,562 | $ 3,006,697 |
| Current net profit | $ 50,646 | $ 285,524 |
| Other comprehensive income (net amount after tax) | (175,942) | 88,331 |
| Total comprehensive income in the current period | $ (125,296) | $ 373,855 |
| Dividend acquired from associates | $ 17,228 | $ 14,767 |

| | Taiwan First Biotechnology Corp. | |
|---|---|---|
| | 2022 | 2021 |
| Operating revenue | $ 2,102,345 | $ 2,065,054 |
| Current net profit | $ 255,017 | $ 236,406 |
| Other comprehensive income (net amount after tax) | (44,694) | 118,356 |
| Total comprehensive income in the current period | $ 210,323 | $ 354,762 |
| Dividend acquired from associates | $ 63,943 | $ 58,130 |

(C) The Group's total shares of individual unimportant associates is summarized as follows:

| | 2022 | 2021 |
|---|---|---|
| Shares held: | | |
| Current net profit (loss) | $ (10,081) | $ (3,804) |
| Other comprehensive income (net amount after tax) | (152,907) | 135,626 |
| Total comprehensive income in the current period | $ (162,988) | $ 131,822 |

B. Joint ventures:

The Group's total shares of individual unimportant joint ventures is summarized as follows:

| | 2022 | 2021 |
|---|---|---|
| Shares held: | | |
| Current net profit (loss) | $ (2,451) | $ (10,264) |
| Other comprehensive income (net amount after tax) | - | - |
| Total comprehensive income in the current period | $ (2,451) | $ (10,264) |

C. For investment under the equity method, share of profit or loss and other comprehensive income held by the Group, besides Zhuqi Lionhead Mountain Leisure Development Co., Ltd., Acts Bioscience Inc., New Zealand Cosmetic Laboratories Limited and Bioken Laboratories Inc. not having been calculated based on the financial report audited by the CPAs in 2022 and 2021, the remaining were calculated based on the financial report audited by the CPAs; however, the management of the Group considered the financial reports of said companies not audited by the CPAs to have no material effect.

D. The Group pledged part of the investment accounted for using the equity method as collateral for loans on December 31, 2022 and 2021. See Note 8.

(10) Property, plant and equipment

| Item | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Land | $ 993,124 | $ 1,384,215 |
| Houses and buildings | 1,566,419 | 1,568,501 |
| Machinery and equipment | 1,944,191 | 1,959,705 |
| Other equipment | 713,094 | 713,709 |
| Equipment pending acceptance and construction in progress | 649,523 | 633,100 |
| Total cost | $ 5,866,351 | $ 6,259,230 |
| Less: Accumulated depreciation | (3,364,659) | (3,322,544) |
| Accumulated impairment | (52,505) | (30,905) |
| Total | $ 2,449,187 | $ 2,905,781 |

| | Land | Houses and buildings | Machinery and equipment | Other equipment | Equipment pending acceptance and construction in progress | Total |
|---|---|---|---|---|---|---|
| Costs | | | | | | |
| Balance as of January 1, 2022 | $ 1,384,215 | $ 1,568,501 | $ 1,959,705 | $ 713,709 | $ 633,100 | $ 6,259,230 |
| Increase | - | 1,715 | 8,309 | 8,230 | 42,882 | 61,136 |
| Disposal | - | (1,012) | (49,111) | (20,344) | - | (70,467) |
| Reclassification | - | - | 17,260 | 11,440 | (28,700) | - |
| Effect of consolidated entities | (391,091) | (15,985) | (2,128) | (717) | (7,403) | (417,324) |
| Impact of exchange difference | - | 13,200 | 10,156 | 776 | 9,644 | 33,776 |
| Balance as of December 31, 2022 | $ 993,124 | $ 1,566,419 | $ 1,944,191 | $ 713,094 | $ 649,523 | $ 5,866,351 |
| Accumulated depreciation and impairment | | | | | | |
| Balance as of January 1, 2022 | $ - | $ 1,047,217 | $ 1,645,066 | $ 643,316 | $ 17,850 | $ 3,353,449 |
| Depreciation expenses | - | 34,650 | 56,012 | 18,064 | - | 108,726 |
| Disposal | - | (838) | (44,236) | (19,437) | - | (64,511) |
| Reclassification | - | - | - | - | - | - |
| Impairment loss provided (reversed) | - | - | - | - | 21,519 | 21,519 |
| Effect of consolidated entities | - | (15,736) | (2,047) | (522) | - | (18,305) |
| Impact of exchange difference | - | 9,111 | 6,467 | 626 | 82 | 16,286 |
| Balance as of December 31, 2022 | $ - | $ 1,074,404 | $ 1,661,262 | $ 642,047 | $ 39,451 | $ 3,417,164 |

| | Land | | Houses and buildings | | Machinery and equipment | | Other equipment | | Equipment pending acceptance and construction in progress | | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Costs | | | | | | | | | | | |
| Balance on January 1, 2021 | $ | 1,382,211 | $ | 1,560,610 | $ | 1,959,830 | $ | 714,200 | $ | 623,899 | $ 6,240,750 |
| Increase | | - | | 2,971 | | 3,063 | | 6,141 | | 61,054 | 73,229 |
| Disposal | | - | | (3,191) | | (19,131) | | (21,697) | | - | (44,019) |
| Reclassification | | 2,004 | | 12,374 | | 19,341 | | 14,571 | | (48,290) | - |
| Inventory transfer-in | | - | | - | | - | | 577 | | - | 577 |
| Impact of exchange difference | | - | | (4,263) | | (3,398) | | (83) | | (3,563) | (11,307) |
| Balance on December 31, 2021 | $ | 1,384,215 | $ | 1,568,501 | $ | 1,959,705 | $ | 713,709 | $ | 633,100 | $ 6,259,230 |
| Accumulated depreciation and impairment | | | | | | | | | | | |
| Balance on January 1, 2021 | $ | - | $ | 1,015,020 | $ | 1,612,381 | $ | 641,723 | $ | 8,978 | $ 3,278,102 |
| Depreciation expenses | | - | | 38,094 | | 53,638 | | 23,071 | | - | 114,803 |
| Disposal | | - | | (2,907) | | (18,877) | | (21,453) | | - | (43,237) |
| Reclassification | | - | | - | | - | | - | | - | - |
| Impairment loss provided (reversed) | | - | | - | | - | | - | | 8,928 | 8,928 |
| Impact of exchange difference | | - | | (2,990) | | (2,076) | | (25) | | (56) | (5,147) |
| Balance on December 31, 2021 | $ | - | $ | 1,047,217 | $ | 1,645,066 | $ | 643,316 | $ | 17,850 | $ 3,353,449 |

A. Current increases and adjustments of the cash flow statement due to the acquisition of property, plant, and equipment are as follows:

| Item | | 2022 | | 2021 |
|---|---|---|---|---|
| Increase of property, plant and equipment | $ | 61,136 | $ | 73,229 |
| Increase/decrease of payables on equipment | | 1,140 | | 50,428 |
| Paid cash amount for purchase of property, plant and equipment | $ | 62,276 | $ | 123,657 |

B. For the capitalized interest amount, please see Note 6(31).

C. For more information about property, plant and equipment provided as collateral, please refer to Note 8.

D. As of December 31, 2022 and 2021, due to restrictions of relevant laws, the land temporarily registered in the name of others which cannot be registered in the name of Company was NTD 16,632 thousand. However, the mortgage registration was conducted as a security measure to secure the right of the Company.

E. The book balance regarding the uncompleted construction of the subsidiary of the Group, Shandong AGV Food Technology Co., Ltd. was NTD 570,482 thousand as of

December 31, 2022. Please refer to Note 9(6) for the relevant lawsuit and suspension of construction.

F. The impairment losses recognized by the Group as of December 31, 2022 and 2021 were NTD 52,505 thousand and NTD 30,905 thousand, respectively. Because the expected recoverable amount from part of the production equipment was less than the book amount, the book value of related equipment cannot be recovered by usage or sale. Therefore, the impairment losses recognized in 2022 and 2021 were NTD 21,519 thousand and NTD 8,928 thousand, respectively. The said residual value of disposition is classified as Level 3 fair value.

(11) Lease agreement

A. Right-of-use assets

| Item | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Right of land use | $ 137,319 | $ 129,108 |
| Buildings | 20,267 | 21,162 |
| Machine and equipment | 51,511 | 51,511 |
| Other equipment | 17,077 | 9,306 |
| Total cost | $ 226,174 | $ 211,087 |
| Less: Accumulated depreciation | (52,015) | (33,352) |
| Net amount | $ 174,159 | $ 177,735 |

| Costs | Right of land use | Buildings | Machinery and equipment | Other equipment | Total |
|---|---|---|---|---|---|
| Balance as of January 1, 2022 | $ 129,108 | $ 21,162 | $ 51,511 | $ 9,306 | $ 211,087 |
| Increase in the current period | 6,137 | 1,924 | - | 10,828 | 18,889 |
| Decrease in the current period | - | (2,819) | - | - | (2,819) |
| Derecognition in the current period | - | - | - | (3,057) | (3,057) |
| Exchange rate effect | 2,074 | - | - | - | 2,074 |
| Balance as of December 31, 2022 | $ 137,319 | $ 20,267 | $ 51,511 | $ 17,077 | $ 226,174 |
| **Accumulated depreciation and impairment** | | | | | |
| Balance as of January 1, 2022 | $ 9,698 | $ 2,892 | $ 17,867 | $ 2,895 | $ 33,352 |
| Depreciation expenses | 3,909 | 4,191 | 8,132 | 3,819 | 20,051 |
| Increase in the current period | 3,739 | - | - | - | 3,739 |
| Decrease in the current period | - | (2,194) | - | - | (2,194) |
| Derecognition in the current period | - | - | - | (3,057) | (3,057) |
| Exchange rate effect | 124 | - | - | - | 124 |
| Balance as of December 31, 2022 | $ 17,470 | $ 4,889 | $ 25,999 | $ 3,657 | $ 52,015 |

| Costs | Right of land use | Buildings | Machinery and equipment | Other equipment | Total |
|---|---|---|---|---|---|
| Balance on January 1, 2021 | $ 129,875 | $ 17,870 | $ 51,511 | $ 7,565 | $ 206,821 |
| Increase in the current period | - | 14,805 | - | 6,248 | 21,053 |
| Decrease in the current period | - | (119) | - | - | (119) |
| Derecognition in the current period | - | (11,394) | - | (4,507) | (15,901) |
| Exchange rate effect | (767) | - | - | - | (767) |
| Balance on December 31, 2021 | $ 129,108 | $ 21,162 | $ 51,511 | $ 9,306 | $ 211,087 |
| Accumulated depreciation and impairment | | | | | |
| Balance on January 1, 2021 | $ 6,504 | $ 9,867 | $ 9,714 | $ 4,864 | $ 30,949 |
| Depreciation expenses | 3,233 | 4,419 | 8,132 | 2,538 | 18,322 |
| Derecognition in the current period | - | (11,394) | - | (4,507) | (15,901) |
| Exchange rate effect | (39) | - | 21 | - | (18) |
| Balance on December 31, 2021 | $ 9,698 | $ 2,892 | $ 17,867 | $ 2,895 | $ 33,352 |

In 2022 and 2021, the Group's right-of-use assets were not subject to any material sublease or impairment except for the expenses for addition and depreciation listed above.

B. Lease liabilities

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Book amount of lease liabilities | | |
| Current | $ 17,671 | $ 15,657 |
| Non-current | $ 37,036 | $ 42,549 |

The range of discount rates for lease liabilities is stated as follows:

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Land and buildings | 1.93%-2.54% | 1.04%-2.54% |
| Machine and equipment | 2.2%-2.54% | 2.54% |
| Other equipment | 1.93%-1.97% | 1.97%-2.54% |

For maturity analysis on lease liabilities, please refer to Note 12(2).

C. Important lease activities and terms

The Group leases lands and buildings, machines and other equipment for operational use. The lease period is 3-50 years and the Group included the right of renewal of those with expired lease periods in the lease liabilities. According to the contract agreement, the Group shall not sublease assets of a leased item to others without the approval of the lessor. As of December 31, 2022 and 2021, there was no sign of impairment regarding the right-of-use assets, therefore the impairment evaluation was not conducted.

D. Sublease: None.

E. Other information about the lease

(A) For the Group's agreement of investment property leased as operating lease, please refer to Note 6(12).

(B) The information on expensed related current leases is as follows:

| Item | 2022 | 2021 |
|---|---|---|
| Short-term lease expenses | $ 7,205 | $ 7,272 |
| Expenses of lease of low-price assets | $ 1,066 | $ 1,035 |
| Variable lease payment not included in measurement of lease liabilities Paid expenses | $ - | $ - |
| Total cash outflow of lease (Note) | $ 26,343 | $ 20,611 |

(Note): This includes the principal payment of current lease liabilities.

The Group chose to exempt those meeting short-term lease and lease of low-price assets from recognition and not recognize related right-of-use assets and lease liabilities of such leases.

(12) Net investment property

| Item | December 31, 2022 | December 31, 2021 |
|---|---|---|
| At fair value – commissioned appraisal | $ 2,612,537 | $ 2,602,263 |
| Measured at cost | 50,952 | 50,952 |
| Total | $ 2,663,489 | $ 2,653,215 |

A. Investment property at fair value

| Item | 2022 | 2021 |
|---|---|---|
| Balance – beginning | $ 2,602,263 | $ 2,596,327 |
| Profit on valuation | 10,274 | 5,936 |
| Balance – ending | $ 2,612,537 | $ 2,602,263 |

(A) The fair value of investment property as of December 31, 2022 was appraised by Tien-Ching Hsieh, a certified real estate appraiser of Taiwan from CPAC, and by Chien-Hui Ku, a certified real estate appraiser of Taiwan from Colliers Taiwan, on December 31, 2022 and January 6, 7 and 16, 2023.

(B) The fair value of investment property as of December 31, 2021 was appraised by Tien-Ching Hsieh, a certified real estate appraiser of Taiwan from CPAC, and by Hsiu-Ying Chan, a certified real estate appraiser of Taiwan from Colliers Taiwan, on January 5 and 6, 2022 and December 30, 2021.

(C) Besides the undeveloped land referred to in (4), the fair value of the other investment assets is appraised based on the income approach. The fair value will increase when the increase of future net cash inflow or decrease of discount rate is estimated. The important assumptions are as follows:

| Item | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Estimated future cash inflow | $ 2,712,321 | $ 2,667,589 |
| Estimated future cash outflow | 128,613 | 128,589 |
| Estimated future net cash inflow | $ 2,583,708 | $ 2,539,000 |
| Discount rate | 3.22%-4.495% | 2.595%-3.195% |

a. In 2022, the monthly market rent of regions where investment property is located was between NTD 358 and NTD 2,359 per ping (approx. 3.31 $m^2$). The rent of similar comparable items in the market was between NTD 330 and NTD 2,524 per ping.

b. The future cash inflow estimated to be generated from investment property includes rent revenue, deposit interest revenue and disposition value at ending. The rent revenue is based on the Company's current lease contracts and market rental conditions and is estimated in consideration of the annual growth rate of future rental. The revenue analysis period is estimated by 10 years; the deposit interest revenue is estimated based on the interest rate of a one-year timed deposit; the disposition value at ending is estimated based on the direct capitalization under the income approach. The future cash outflow estimated to be generated from investment property includes expenses of land tax, house tax, insurance premium and maintenance fee. The expenses are estimated based on current expense standard and takes the adjustment of land value announced in the future and the tax rate specified in the House Tax Act.

c. The discount rate is calculated based on the floating interest rate on a 2-year time deposit of a small amount, as posted by Chunghwa Post Co., Ltd., plus 0.75 % as the minimum, and plus 1%-2.4% as the presumed discount rate.

(D) Because the land at Jianguo Section in Dounan Township, Yunlin County, Zhuweizi Section in Chiayi City, Wujiancuo Section in Zhuqi Township and Datan Section in Xingang Township held by the Company is not developed, the fair value is appraised based on the land development analysis method. The important assumptions are as follows. The fair value will increase when the estimated total sales amount increases, the profit margin increases, or the overall capital interest rate decreases. The relevant information is as follows:

| Item | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Estimated total sales amount | $ 2,851,051 | $ 2,009,561 |
| Profit margin | 15%～18% | 15%～18% |
| Overall capital interest rate | 1.43%～1.91% | 0.69%～1.50% |

After the Company considers relevant regulations, an optimistic domestic overall economic forecast, local land use conditions and market conditions, the land or building area available for sale regarding the land after development is estimated in the most effective manner to estimate the total sales amount.

B. Investment property measured at cost

| Item | 2022 | 2021 |
|---|---|---|
| Balance – beginning | $ 50,952 | $ 50,952 |
| Increase | - | - |
| Balance – ending | $ 50,952 | $ 50,952 |

The investment property of the Group locates in the land at Wujiancuo Section in Zhuqi Township, Datan Section and Houdihu Subsection in Xingang Township. Because such land is categorized as farming and grazing lands, the Group cannot reliably acquire parameters under the income approach or under the land development approach. Therefore, the fair value of such land cannot be determined reliably.

C. The lease period of the investment property is 1 year without the option of lease extension. The lessee does not have a bargain purchase option for such asset after the end of the lease period.

D. Rent revenue and direct operating expenses from investment property:

| Item | 2022 | 2021 |
|---|---|---|
| Rent revenue from investment property | $ 6,425 | $ 6,520 |
| Direct operating expenses incurred from investment property generating rental revenue in the current period | $ 2,947 | $ 2,865 |
| Direct operating expenses incurred from investment property not generating rental revenue in the current period | $ 741 | $ 724 |

E. In 2022 and 2021, the total lease payments receivable in the future for property rented via operating lease are summarized as follows:

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| 1st year | $ 7,210 | $ 6,925 |
| 2nd to 5th years | - | - |
| More than 5 years | - | - |
| Total | $ 7,210 | $ 6,925 |

F. The fair value of the Group's investment property as of December 31, 2022 and 2021, was NTD 2,612,537 thousand and NTD 2,602,263 thousand, respectively, which was based on the valuation result of an independent appraiser. The valuation adopting the income approach and land development approach is classified as Level 3 fair value. Please refer to Note 12.

G. For information of investment property provided as collateral, please refer to Note 8.

H. As of December 31, 2022 and 2021, due to restrictions of relevant laws, the land temporary registered in the name of others which cannot be registered in the name of Company was NTD 50,952 thousand. However, the mortgage registration was conducted as a security measure to secure the rights of the Company.

(13) Intangible assets

| Item | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Patent | $ 5,000 | $ 5,000 |
| Computer software cost | 39,498 | 37,990 |
| Trademark | 21,733 | 21,733 |
| Total cost | $ 66,231 | $ 64,723 |
| Less: Accumulated amortization | (58,504) | (56,404) |
| Net amount | $ 7,727 | $ 8,319 |

| | Patent | Computer software cost | Trademark | Total |
|---|---|---|---|---|
| **Costs** | | | | |
| Balance as of January 1, 2022 | $ 5,000 | $ 37,990 | $ 21,733 | $ 64,723 |
| Increase | - | 1,459 | - | 1,459 |
| Derecognition | - | (41) | - | (41) |
| Impact of exchange difference | - | 90 | - | 90 |
| Balance as of December 31, 2022 | $ 5,000 | $ 39,498 | $ 21,733 | $ 66,231 |
| **Accumulated amortization** | | | | |
| Balance as of January 1, 2022 | $ 5,000 | $ 34,669 | $ 16,735 | $ 56,404 |
| Amortization expenses | - | 1,630 | 435 | 2,065 |
| Derecognition | - | (41) | - | (41) |
| Impact of exchange difference | - | 76 | - | 76 |
| Balance as of December 31, 2022 | $ 5,000 | $ 36,334 | $ 17,170 | $ 58,504 |

| | Patent | Computer software cost | Trademark | Total |
|---|---|---|---|---|
| **Costs** | | | | |
| Balance on January 1, 2021 | $ 5,000 | $ 36,619 | $ 21,733 | $ 63,352 |
| Increase | - | 1,283 | - | 1,283 |
| Impact of exchange difference | - | 88 | - | 88 |
| Balance on December 31, 2021 | $ 5,000 | $ 37,990 | $ 21,733 | $ 64,723 |
| **Accumulated amortization** | | | | |

| | | | | |
|---|---|---|---|---|
| Balance on January 1, 2021 | $ 5,000 | $ 32,950 | $ 16,300 | $ 54,250 |
| Amortization expenses | | 1,626 | 435 | 2,061 |
| Impact of exchange difference | - | 93 | - | 93 |
| Balance on December 31, 2021 | $ 5,000 | $ 34,669 | $ 16,735 | $ 56,404 |

(14) Other financial assets – non-current

| Item | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Pledged bank deposits | $ 27,838 | $ 27,567 |

(15) Other non-current assets – others

| Item | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Long-term prepaid expenses | $ 19,977 | $ 31,443 |
| Others | 40 | - |
| Total | $ 20,017 | $ 31,443 |

(16) Short-term loans

| Item | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Credit loans | $ 478,509 | $ 375,203 |
| Mortgage loan | 707,693 | 555,630 |
| Total | $ 1,186,202 | $ 930,833 |
| Interest rate interval | 1.7%-5.74% | 1.38%-5.74% |

For short-term loans, part of bank deposits and investment property are provided as collateral by the Group, please refer to Note 8.

(17) Other payables

| Item | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Commission payable | $ 150,301 | $ 133,830 |
| Remuneration and bonus payable | 168,699 | 164,609 |
| Payables on equipment | 1,240 | 2,380 |
| Advertisement expenses payable | 27,032 | 28,569 |
| Insurance payable | 9,731 | 8,702 |
| Freight payable | 21,543 | 19,829 |
| Accounts payable for financing | 29,482 | 26,573 |
| Other payables | 75,597 | 79,918 |
| Total | $ 483,625 | $ 464,410 |

(18) Liability reserve – current

| Item | Employee benefit | | Item | Employee benefit | |
|---|---|---|---|---|---|
| January 1, 2022 | $ | 24,878 | January 1, 2021 | $ | 23,440 |
| Effect of decrease in consolidated entities | | (190) | Effect of decrease in consolidated entities | | - |
| Current increase of liability reserve | | 18,340 | Current increase of liability reserve | | 19,458 |
| Liability reserve used currently | | (12,912) | Liability reserve used currently | | (12,916) |
| Unused amount reversed currently | | (4,369) | Unused amount reversed currently | | (5,104) |
| December 31, 2022 | $ | 25,747 | December 31, 2021 | $ | 24,878 |

The employee benefit liability reserve refers to the recognition regarding the vested right of short-term service leave for employees.

(19) Other current liabilities

| Item | December 31, 2022 | | December 31, 2021 | |
|---|---|---|---|---|
| Refund liabilities | $ | 4,474 | $ | 5,105 |

(20) Long-term loans and liabilities maturing within a year or operating cycle

| Lending institution | December 31, 2022 | | December 31, 2021 | |
|---|---|---|---|---|
| Bank syndicated loans – Parent company | $ | 2,137,500 | $ | 2,160,000 |
| Secured bank loans | | 1,489,000 | | 1,880,666 |
| Unsecured bank loans | | - | | 22,663 |
| Total | $ | 3,626,500 | $ | 4,063,329 |
| Less: Unamortized discount | | (9,500) | | (12,398) |
| Less: Long-term liabilities due within a year | | (482,828) | | (611,996) |
| Long-term loans | $ | 3,134,172 | $ | 3,438,935 |
| Interest rate interval | | 1.421%-3.08% | | 1.421%-2.5% |

A. For long-term loans, the Group provides part of property, plant and equipment, investment property, investment under the equity method and bank deposit as collateral, please refer to Note 8.

B. Among the other things, the loan of NTD 270,000 thousand borrowed by the subsidiary Koya Corp. was originally due to expire on December 31, 2020, but it has obtained a reply form from the bank on January 28, 2022 and February 19, 2021 to extend the loan period until December 31, 2022 and 2021, respectively. Also, there were other important conditions, e.g. payment of deposit bond, acquisition of the county government's written approval for change and extension of the period and notification of the same to the bank. Upon review, the subsidiary was deemed to have satisfied the relevant requirements.

C. According to the provisions of the syndicated loan contract, the consolidated financial report audited and attested by the CPA shall be used to calculate and maintain financial ratios such as the specific current ratio, liability ratio, interest earned ratio and tangible net worth during the loan period; after review, the relevant financial ratios in the 2022 and 2021 consolidated financial report all complied with the provisions of the loan contract.

(21) Pension

A. Defined contribution plan

(A) The Company and its subsidiaries located in the territory of the Republic of China applied the pension system under the "Labor Pension Act," which was identified as a defined contribution plan managed by the government. Under the plan, the Company contributed 6% of each employee's salary to the personal account maintained at the Bureau of Labor Insurance on a monthly basis; subsidiaries beyond the borders of the Republic of China participated in the defined contribution plan conducted by the local government and contributed pension to the local government on a monthly basis.

(B) In 2022 and 2021, the Group recognized NTD 23,785 thousand and NTD 22,382 thousand in the respective consolidated statements of comprehensive income as the total expense for the amount that must be appropriated in accordance with the percentage specified in the defined contribution plan.

B. Defined benefit plan

(A) The employee pension system established by the Group is a defined benefit plan based on the "Labor Standards Act." The payment of the employee pension is calculated based on their years of service and the average salary for six months prior to the approval date of retirement. The Company has an amount equivalent to 2%–13% of the total monthly salary of employees appropriated and deposited in the specific account with Bank of Taiwan in the name of the Labor Pension Reserve Committee. Before the end of the fiscal year, if the pension account balance is insufficient to pay for the employees expecting to meet the retirement conditions in the following year, the spread amount shall be deposited by the Company in a lump sum in the following year. The account is managed by the Bureau of Labor Funds, Ministry of Labor. The Group has no right to affect the investment management strategies.

(B) The amount of defined benefit plan recognized in the consolidated balance sheet by the Group is shown below:

| Item | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Current values of the ascertained fringe benefit obligations | $ 230,635 | $ 255,883 |
| Fair values of the planned assets | (180,030) | (173,213) |
| Defined benefit liabilities (assets) | $ 50,605 | $ 82,670 |
| Net assets recognized in the balance sheet | $ (949) | $ (772) |
| Net liabilities recognized in the balance sheet | $ 51,554 | $ 83,442 |

(C) The changes in the defined benefit liabilities are listed as follows:

| Item | 2022 Current values of the ascertained fringe benefit obligations | 2022 Fair values of the planned assets | 2022 Defined benefit liabilities |
|---|---|---|---|
| Balance on January 1 | $ 255,883 | $ (173,213) | $ 82,670 |
| Service cost | | | |
| Service cost in the current period | 760 | - | 760 |
| Interest expenses (revenue) | 1,362 | (941) | 421 |
| Recognized as profit and/or loss | $ 2,122 | $ (941) | $ 1,181 |
| Re-measurement amount | | | |
| Return on plan assets (excluding amount included in the net interest) | $ - | $ (13,457) | $ (13,457) |
| Actuarial losses (profits) – | | | |
| Effects of changes in financial assumptions | (7,032) | - | (7,032) |
| Adjustment through experience | (2,014) | - | (2,014) |
| Recognized under other comprehensive income | $ (9,046) | $ (13,457) | $ (22,503) |
| Appropriated by employer | $ - | $ (10,743) | $ (10,743) |
| Benefit payment | (18,324) | 18,324 | - |
| Transfer-in (out) from affiliates | - | - | - |
| Balance on December 31 | $ 230,635 | $ (180,030) | $ 50,605 |

| Item | 2021 Current values of the ascertained fringe benefit obligations | 2021 Fair values of the planned assets | 2021 Defined benefit liabilities |
|---|---|---|---|
| Balance on January 1 | $ 264,461 | $ (166,351) | $ 98,110 |
| Service cost | | | |
| Service cost in the current period | 1,092 | - | 1,092 |
| Interest expenses (revenue) | 1,951 | (1,248) | 703 |
| Recognized as profit and/or loss | $ 3,043 | $ (1,248) | $ 1,795 |
| Re-measurement amount | | | |
| Return on plan assets (excluding amount included in the net interest) | $ - | $ (1,729) | $ (1,729) |
| Actuarial losses (profits) – | | | |
| Effects of changes in financial assumptions | 2,522 | - | 2,522 |
| Adjustment through experience | 4,819 | - | 4,819 |
| Recognized under other comprehensive income | $ 7,341 | $ (1,729) | $ 5,612 |
| Appropriated by employer | $ 1,019 | $ (12,157) | $ (11,138) |
| Benefit payment | (18,962) | 8,272 | (10,690) |
| Transfer-in (out) from affiliates | (1,019) | - | (1,019) |
| Balance on December 31 | $ 255,883 | $ (173,213) | $ 82,670 |

(D) The Group is exposed to the following risks due to the employee pension system based on the "Labor Standards Act":

a. Investment risk

The Bureau of Labor Funds, Ministry of Labor will utilize the pension fund for investment in domestic (foreign) equity securities, debt securities bank deposits in self utilization and mandated management manner. However, the distributed amount for the Group's plan assets shall not be less than the revenue calculated by 2-year time deposit rate of the local bank.

b. Interest rate risk

The decrease in interest rate of government bonds will increase the present value of the defined benefit obligation. However, the return on investment of plan assets will also increases. Both can partially offset the impact on defined benefit liabilities.

c. Salary risk

The present value of defined benefit obligation is calculated based on the future salary of the members of the plan. Thus, the salary increase in members of the plan will increase the present value of defined benefit obligation.

(E) The Group's present value of the defined benefit obligation is calculated by qualified actuaries. The important assumptions on the measurement date are as follows:

| | Measurement date | |
|---|---|---|
| Item | December 31, 2022 | December 31, 2021 |
| Discount rate | 1.25% | 0.55%-0.6% |
| Anticipated raise ratio of salaries | 1.00% | 1.00% |
| Average maturity of defined benefit obligation | 8.1-11.3 years | 9.1-12.1 years |

a. The assumption of future mortality rate adopts Terms Life Chart of Annuity for estimation.

b. In case the principal actuarial assumptions have reasonable and potential changes, when all other assumptions remain unchanged, the increase (decrease) amount in present value of defined benefit obligation is as follows:

| Item | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Discount rate | | |
| Increase by 0.25% | $ (2,609) | $ (3,161) |
| Decrease by 0.25% | $ 2,692 | $ 3,264 |
| Anticipated raise ratio of salaries | | |
| Increase by 1% | $ 11,185 | $ 13,612 |
| Decrease by 1% | $ (10,114) | $ (12,232) |

Because actuarial assumptions might be relevant to each other, changes in one single actuarial assumption is not exactly possible. Therefore, the sensitivity analysis may not reflect the actual changes in the present value of the defined benefit obligation.

(F) In 2023, the Group is expected to contribute NTD 10,428 thousand to the pension plan.

(22) Common share capital

A. The Company's outstanding common stock and amount at beginning and ending is adjusted as follows:

| Item | 2022 Shares (thousand shares) | 2022 Amount | 2021 Shares (thousand shares) | 2021 Amount |
|---|---|---|---|---|
| January 1 | 494,513 | $ 4,945,134 | 494,513 | $ 4,945,134 |
| Cash capital increase | - | - | - | - |
| December 31 | 494,513 | $ 4,945,134 | 494,513 | $ 4,945,134 |

B. As of December 31, 2022, the Company's authorized capital was NTD 8,800,000 thousand, divided into 880,000 thousand shares. The paid-in capital was NTD 4,945,134 thousand.

C. In order to replenish its working capital and capital expenditure and meet the needs of future development, and taking into account the timeliness and convenience of fundraising and the cost of issuance, the shareholders' meeting of the Company adopted a resolution on June 24, 2022 to raise funds by issuing common shares from cash capital increase via private placement, with the issuance of no more than 100,000,000 shares, and with the price of privately placed common shares not less than 80% of the reference price and not below the par value of NTD 10. Such shares will be issued in tranches within one year from the date of the resolution of the shareholders' meeting, with the issuance of no more than three tranches of such shares. As of December 31, 2022, such shares have yet to be issued, and the Board of Directors approved a proposal to discontinue the issuance of such shares in the remaining period on March 13, 2023.

(23) Capital surplus

| Item | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Stock premium | $ 28,973 | $ 28,973 |
| Difference between actual price for acquisition or disposal of subsidiaries' equity and book value | 144,001 | 144,001 |
| Changes of associates and joint ventures recognized under the equity method | 83,168 | 83,069 |
| Treasury stock trading | 7,354 | 7,354 |
| Recognized changes in the ownership equity of the subsidiary | 5,250 | 5,250 |
| Total | $ 268,746 | $ 268,647 |

According to the Company Act, for the capital reserve including shares issued at premium excessing the par value and gains in the form of gifts, besides covering losses, the Company shall distribute capital reserve by issuing new shares or in cash, in proportion to the original shareholding ratio of the shareholders when the Company incurs no loss. In addition, according to relevant regulations of the Securities and Exchange Act, the capital surplus mentioned above that can be capitalized annually shall not exceed 10% of the total paid-in capital. When the reserve is insufficient to cover the capital losses, the Company shall not use capital reserves to offset it. The capital reserve generated due to the investment adopting the equity method shall not be used for any purpose.

(24) Retained earnings and dividend policy

A. According to the earnings distribution policy under the Articles of Incorporation, when there are earnings after closing of the accounts in a fiscal year, in addition to paying taxes and making up the losses from prior years, an amount equivalent to 10% of such earnings shall be set aside as a legal reserve, and a special reserve shall be set aside or reversed from the after-tax net profit of the current year plus items other than the after-tax net profit of the current year with respect to the reduction of shareholders' equity and net increase in the fair value of investment property occurring in the current year. After the dividends to be distributed in the current year for distribution of preferred shares and the accumulated undistributed dividends in prior years are distributed, the Board of Directors shall prepare a proposal for distribution of earnings, excluding the part to be retained. If such distribution is to be made in cash, the Board of Directors shall be authorized to give approval and submit a report thereon to the shareholders' meeting.

The food industry is in a changing environment and the Company is at the stage of stable growth. To meet the demand for operating funds as the business grows and to develop long-term financial planning for sustainable development, dividends are distributed, in principle, based on the appropriation rate of more than 50% (included) from the distributable surplus. The Company distributes dividends in the form of stocks and cash, and the former is preferred in consideration of the growth rate and capital expenditure of Company. The remaining dividends are distributed in cash at a rate not less than 10% (included) than the total distributable dividends in the current year. Dividends in cash will not be distributed if the amount of the dividends distributable per share is less than NTD 0.1 and dividends in stock will be distributed as a replacement.

B. The legal reserve shall not be used unless for covering losses or issuing new shares or in cash in proportion to the original shareholding ratio of the shareholders. The new shares or cash allocated shall be no more than 25% of the paid-in capital.

C. Special reserve

| Item | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Appropriation of initial application of IFRSs | $ 93,685 | $ 93,685 |
| Appropriation of investment property at fair value | 670,020 | 661,692 |
| Total | $ 763,705 | $ 755,377 |

(A) Pursuant to laws, when allocating earnings, the Company shall provide the special reserve from the credit balance under other equities on the balance sheet date in current year and then may allocate the earnings. Where the credit balance under other equity is reversed, the reversed amount may be included into the allocatable earnings.

(B) Appropriation of initial application of IFRSs

When first adopting the IFRSs, the Company re-stated NTD 158,125 thousand of the accumulative translation adjustment and unrealized revaluation increase to the retained earnings. However, the retained earnings increase generated from the first-time adoption of IFRSs was insufficient for recognition. Therefore, NTD 93,685 thousand of retained earnings increase generated from the first-time adoption of IFRSs was recognized as special reserve.

(C) Appropriation of investment property at fair value

| Item | Amount |
|---|---|
| Appropriation of investment property first at fair value | $ 393,347 |
| Appropriation of investment property at fair value | 276,673 |
| Total | $ 670,020 |

As of December 31, 2022, the special reserve was classified as accumulated net fair value increase of investment property, and the amount not provided due to insufficient undistributed earnings in the previous period totaled NTD 515,606 thousand.

D. At the shareholders' meetings held in June 2022 and August 2021, the proposals for distribution of the earnings of 2021 and 2020 were approved as follows:

| | Earnings distribution | | Dividends per share (NTD) | |
|---|---|---|---|---|
| Item | 2021 | 2020 | 2021 | 2020 |
| Legal reserve | $ 19,002 | $ 21,397 | | |
| Special reserve | 8,328 | 192,573 | | |
| Cash dividend for common shares | 148,354 | - | 0.3 | - |
| Total | $ 175,684 | $ 213,970 | | |

E. On March 13, 2023, the Board of Directors proposed distribution of the earnings of 2022 as follows:

| Item | Earnings distribution | Dividends per share |
|---|---|---|
| Legal reserve | $ 30,836 | |
| Special reserve | 25,325 | |
| Cash dividends | 197,805 | 0.4 |
| Total | $ 253,966 | |

(A) The proposal for distribution of the earnings of 2022 will be subject to ratification by the annual shareholders' meeting held in June 2023.

(B) Where, before the record date for distribution of cash dividends, the number of outstanding shares is changed due to factors such as repurchase of the Company's shares, transfer of treasury stocks to employees, or other changes in shares and thereby it is necessary to amend the payout ratio, it is proposed to have a shareholders' meeting authorize the Chairman of the Board to adjust the payout ratio with full power, subject to the circumstances.

F. For implementation of the earnings distribution proposed by the Board of Directors and resolved by the shareholders' meetings, please visit the "Market Observation Post System" of the TWSE for inquiry.

(25) Other equity items

| Item | Exchange difference in the financial statement translation of foreign operations | Unrealized valuation profit (loss) of financial assets measured at fair value through other comprehensive income | Total |
|---|---|---|---|
| Balance as of January 1, 2022 | $ (103,812) | $ 501,060 | $ 397,248 |
| Exchange difference in the financial statement translation of foreign operations | 64,938 | - | 64,938 |
| Unrealized valuation profit (loss) of financial assets measured at fair value through other comprehensive income | - | 142,925 | 142,925 |
| Share of associates and joint ventures under the equity method | 4,607 | (223,593) | (218,986) |
| Disposal of equity instruments measured at fair value through other comprehensive income | - | (17,297) | (17,297) |
| Balance as of December 31, 2022 | $ (34,267) | $ 403,095 | $ 368,828 |

| Item | Exchange difference in the financial statement translation of foreign operations | Unrealized valuation profit (loss) of financial assets measured at fair value through other comprehensive income | Total |
|---|---|---|---|
| Balance on January 1, 2021 | $ (87,460) | $ 142,772 | $ 55,312 |
| Exchange difference in the financial statement translation of foreign operations | (15,789) | - | (15,789) |
| Unrealized valuation profit (loss) on financial assets measured at fair value through other comprehensive income | - | 151,327 | 151,327 |
| Share of associates and joint ventures under the equity method | (563) | 214,435 | 213,872 |
| Disposal of equity instruments measured at fair value through other comprehensive income | - | (7,474) | (7,474) |
| Balance on December 31, 2021 | $ (103,812) | $ 501,060 | $ 397,248 |

(26) Non-controlling equity

| Item | 2022 | 2021 |
|---|---|---|
| Balance – beginning | $ 776,058 | $ 769,122 |
| Share attributable to non-controlling equity: | | |
| Current net profit (loss) | 9,903 | 15,985 |
| Other comprehensive income in current period | 2,513 | 7,737 |
| Cash capital increase of subsidiary | 12,100 | - |
| Additional purchase of non-controlling interests | (190) | - |
| Increase in non-controlling interests | 25 | - |
| Effect of decrease in consolidated entities | (24,133) | - |
| Cash dividends distributed to non-controlling equity | (11,796) | (16,786) |
| Balance – ending | $ 764,480 | $ 776,058 |

(27) Operating revenue

| Item | 2022 | 2021 |
|---|---|---|
| Revenue from customer contracts | | |
| Sales revenue | $ 4,894,349 | $ 4,815,340 |
| Revenue from processing | 254,189 | 248,308 |
| Management service revenue | 38,555 | 37,973 |
| Total operating revenue from customer contracts | $ 5,187,093 | $ 5,101,621 |
| Less: Sales return | (22,107) | (22,517) |
| Sales discount | (367,391) | (371,350) |
| Net operating revenue from customer contracts | $ 4,797,595 | $ 4,707,754 |
| Other operating income | 3,554 | 3,126 |
| Less: Sales return | (524) | - |
| Net operating revenue | $ 4,800,625 | $ 4,710,880 |

A. Details of customer contracts

(A) Sales revenue

The Group mainly engages in the selling of drinks and canned foods to wholesalers and retailers. According to general commercial practices, the Group accepts returns of goods and provides full refunds. If the contract has specified related rights for the return of goods, the contents of the contract shall prevail. Considering experience accumulated in the past, the Group estimates the refund rate at the highest possible amount to recognize the refund liabilities (as other current liabilities). Other products are sold according to the fixed price agreed to and the agreed promotional price in the contract.

(B) Revenue from processing

This mainly refers to the revenue generated from the processing provided according to the contract and is recognized based on the completion progress of the contract. However, if one certain task is more important than other tasks in the labor services provided, the recognition of revenue shall defer to the completion of those certain tasks.

(C) Management service revenue

This mainly refers to the revenue generated from the security service provided according to the contract. The personnel is sent to provide service based on the contract and completes the performance obligation over time. Also, the service revenue is collected based on the fixed price agreed in the contract.

B. Details of revenue from customer contracts

The revenue of the Group can be classified by the following main product lines and geographical areas:

2022:

| | Drinks and canned foods | Processing | Management service | Total |
|---|---|---|---|---|
| Main area and market | | | | |
| Taiwan | $ 4,393,955 | $ 225,154 | $ 38,555 | $ 4,657,664 |
| Mainland China | 110,896 | 29,035 | - | 139,931 |
| Total | $ 4,504,851 | $ 254,189 | $ 38,555 | $ 4,797,595 |
| Product line | | | | |
| Tradition series | $ 1,043,339 | $ 29,035 | $ - | $ 1,072,374 |
| Dessert series | 736,967 | 7,248 | - | 744,215 |
| Drink series | 1,449,149 | 141,973 | - | 1,591,122 |
| Oat milk series | 963,945 | 74,787 | - | 1,038,732 |
| Oil series | 108,681 | 170 | - | 108,851 |
| Health series | 22,731 | - | - | 22,731 |
| Others | 180,039 | 976 | 38,555 | 219,570 |
| Total | $ 4,504,851 | $ 254,189 | $ 38,555 | $ 4,797,595 |
| Timing of revenue recognition | | | | |
| Fulfillment of performance obligation at certain timing | $ 4,504,851 | $ 254,189 | $ 1,254 | $ 4,760,294 |
| Gradual fulfillment of performance obligation over time | - | - | 37,301 | 37,301 |
| Total | $ 4,504,851 | $ 254,189 | $ 38,555 | $ 4,797,595 |

2021:

| | Drinks and canned foods | Processing | Management service | Total |
|---|---|---|---|---|
| **Main area and market** | | | | |
| Taiwan | $ 4,326,429 | $ 203,318 | $ 37,973 | $ 4,567,720 |
| Mainland China | 95,044 | 44,990 | - | 140,034 |
| Total | $ 4,421,473 | $ 248,308 | $ 37,973 | $ 4,707,754 |
| **Product line** | | | | |
| Tradition series | $ 1,109,439 | $ 44,990 | $ - | $ 1,154,429 |
| Dessert series | 738,720 | 13,646 | - | 752,366 |
| Drink series | 1,348,011 | 105,490 | - | 1,453,501 |
| Oat milk series | 962,919 | 84,106 | - | 1,047,025 |
| Oil series | 91,639 | 76 | - | 91,715 |
| Health series | 21,583 | - | - | 21,583 |
| Others | 149,162 | - | 37,973 | 187,135 |
| Total | $ 4,421,473 | $ 248,308 | $ 37,973 | $ 4,707,754 |
| **Timing of revenue recognition** | | | | |
| Fulfillment of performance obligation at certain timing | $ 4,421,473 | $ 248,308 | $ - | $ 4,669,781 |
| Gradual fulfillment of performance obligation over time | - | - | 37,973 | 37,973 |
| Total | $ 4,421,473 | $ 248,308 | $ 37,973 | $ 4,707,754 |

C. Contract balance

The accounts receivable, contract assets and liabilities related to revenue from customer contracts recognized by the Group are as follows:

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Receivable | $ 728,909 | $ 664,786 |
| Contract assets | - | - |
| Total | $ 728,909 | $ 664,786 |
| Contract liabilities – current | $ 13,714 | $ 12,959 |

(A) Significant changes in contract assets and liabilities

The changes in contract assets and liabilities are mainly due to the difference between the timing of performance obligation fulfillment and the timing of customer payment. There are no other significant changes.

(B) The following is the amount of the contract liabilities from the beginning of the period and fulfilled performance obligation in previous period recognized as current revenue:

| Amount recognized as current revenue | 2022 | 2021 |
|---|---|---|
| Contract liabilities from the beginning of the period | $ 9,782 | $ 10,543 |
| Fulfilled performance obligation from the previous period | $ - | $ - |

(28) Employee benefits, depreciation, depletion and amortization expenses

| By nature | 2022 As operating costs | As operating expenses | Total |
| --- | --- | --- | --- |
| Employee benefit expenses | | | |
| Salary expenses | $ 205,852 | $ 359,573 | $ 565,425 |
| Expenses for labor and health insurance | 21,829 | 27,578 | 49,407 |
| Pension expenses | 10,774 | 14,192 | 24,966 |
| Other employee benefit expenses | 32,629 | 21,393 | 54,022 |
| Depreciation expenses (Note 1) | 90,211 | 36,990 | 127,201 |
| Amortization expenses | 10 | 2,055 | 2,065 |
| Total | $ 361,305 | $ 461,781 | $ 823,086 |

| By nature | 2021 As operating costs | As operating expenses | Total |
| --- | --- | --- | --- |
| Employee benefit expenses | | | |
| Salary expenses | $ 201,184 | $ 361,149 | $ 562,333 |
| Expenses for labor and health insurance | 21,349 | 27,581 | 48,930 |
| Pension expenses | 10,572 | 13,605 | 24,177 |
| Other employee benefit expenses | 31,258 | 20,908 | 52,166 |
| Depreciation expenses (Note 2) | 89,682 | 38,710 | 128,392 |
| Amortization expenses | 17 | 2,044 | 2,061 |
| Total | $ 354,062 | $ 463,997 | $ 818,059 |

(Note 1): This does not include the leased asset depreciation expenses of NTD 1,576 thousand stated in non-operating expenses.

(Note 2): This does not include the leased asset depreciation expenses of NTD 4,733 thousand stated in non-operating expenses.

A. The Company shall allocate no less than 1% of the current pre-tax profit before deducting the remuneration distributed to employees and the directors as the remuneration to employees and no more than 1% thereof as the remuneration to directors. Should there be any change to the annual consolidated financial report after the reporting date, the accounting treatment shall be applied, and the adjustment accounted for in the next year.

B. The Board of Directors adopted resolutions to approve the 2022 and 2021 remuneration for employees and directors on March 13, 2023 and March 25, 2022, respectively. The relevant amounts recognized in the financial report are as follows:

| | 2022 | | 2021 | |
|---|---|---|---|---|
| | Remuneration to employees | Remuneration to directors | Remuneration to employees | Remuneration to directors |
| Distributed amount resolved | $ 2,862 | $ 2,861 | $ 5,204 | $ 2,601 |
| Amount recognized in annual financial statements | 2,862 | 2,861 | 2,602 | 2,601 |
| Difference | $ - | $ - | $ 2,602 | $ - |

The difference between the 2021 remuneration distributed to employees as approved by the resolution of the Board of Directors and the amount in the financial report was mainly due to changes in accounting estimates and will be recognized as adjustment to profit/loss in 2022. In addition, the remuneration for employees was distributed in cash.

C. For information related to the remuneration to employees, directors, and supervisors approved by the Company, please visit the "Market Observation Post System" of TWSE for further inquiry.

(29) Other revenue

| Item | 2022 | 2021 |
|---|---|---|
| Rental revenue | $ 9,918 | $ 9,271 |
| Dividend revenue | 19,925 | 32,631 |
| Revenue from relief packages | - | 980 |
| Others | 27,090 | 29,428 |
| Total | $ 56,933 | $ 72,310 |

(30) Other profits and losses

| Item | 2022 | 2021 |
|---|---|---|
| Net profit (loss) on financial assets and liabilities measured at fair value through profit/loss | $ (5,674) | $ 10,123 |
| Profit (loss) of foreign exchange, net | (54,452) | 13,606 |
| Profit (loss) on disposal of property, plant and equipment | (4,265) | (325) |
| Profit (Loss) on disposal of investments | 178,362 | - |
| Lease cost | (4,203) | (7,358) |
| Profit (loss) from fair value adjustment | 10,274 | 5,936 |
| Impairment loss of property, plant and equipment | (21,519) | (8,928) |
| Profit on lease modification | 27 | - |
| Others | (13,554) | (13,579) |
| Total | $ 84,996 | $ (525) |

(31) Finance costs

| Item | 2022 | 2021 |
|---|---|---|
| Interest from bank loans | $ 111,035 | $ 103,522 |
| Other finance costs | 7,515 | 18,977 |
| Interest from lease liabilities | 1,182 | 963 |
| Subtotal | $ 119,732 | $ 123,462 |
| Less: Capitalized amount of qualifying assets | (407) | (434) |
| Finance costs | $ 119,325 | $ 123,028 |

(32) Income tax

A. Income tax expenses

(A) The components of income tax expenses are as follows:

| Item | 2022 | 2021 |
|---|---|---|
| Income tax in the current period | | |
| Income tax generated in the current period | $ 13,002 | $ 10,084 |
| Overestimated/underestimated income tax in previous year | - | 4 |
| Additional tax levied on undistributed earnings | 51 | 138 |
| Total income tax in the current period | $ 13,053 | $ 10,226 |
| Deferred income tax | | |
| Initial occurrence and reversal of temporary difference | $ 2,416 | $ 57,851 |
| Deferred income tax expenses | $ 2,416 | $ 57,851 |
| Income tax expenses (profits) | $ 15,469 | $ 68,077 |

(B) Income tax expenses (profits) related to other comprehensive income:

| Item | 2022 | 2021 |
|---|---|---|
| Exchange difference in the financial statement translation of foreign operations | $ 4,533 | $ (1,754) |
| Re-measurement of defined benefit pension plan | 4,501 | (1,122) |
| Total | $ 9,034 | $ (2,876) |

B. The adjustments of current accounting income and income tax expenses recognized as profit or loss are as follows:

| Item | 2022 | 2021 |
|---|---|---|
| Net profit before tax | $ 303,262 | $ 285,244 |
| Tax calculated based on net profit before tax at the statutory tax rate | $ 26,471 | $ 43,234 |
| Tax effects of adjustments | | |
| Effects not included in the calculation of taxable income | | |
| Losses (profits) from adjustment of unrealized fair value | 252 | (1,187) |
| Other adjustments | (44,613) | (36,021) |
| Deduction of losses | 30,892 | 4,058 |
| Overestimated/underestimated income tax in previous year | - | 4 |
| Additional tax levied on undistributed earnings | 51 | 138 |
| Net change in deferred income tax | 2,416 | 57,851 |
| Income tax expenses recognized as profit or loss | $ 15,469 | $ 68,077 |

The entity tax rate specified in the Income Tax Act of Republic of China applicable to the Group is 20% and the applicable tax rate for undistributed earnings is 5%; the tax generated from other jurisdictions is calculated based on the applicable tax rate of each relevant jurisdiction.

C. Deferred income tax assets or liabilities generated due to temporary difference, deduction of losses and investment credit:

| | 2022 | | | | |
|---|---|---|---|---|---|
| Item | Balance – beginning | Recognized as profit (loss) | Recognized under other comprehensive income | Loss of control | Balance – ending |
| Deferred income tax assets: | | | | | |
| Temporary difference | | | | | |
| Investment losses (profits) under the equity method | $ 169,509 | $ 747 | $ - | $ - | $ 170,256 |
| Re-measurement of defined benefit | 17,198 | (1,912) | (4,209) | - | 11,077 |
| Unused deduction of losses | 4,667 | (948) | - | - | 3,719 |
| Others | 11,083 | (144) | (4,518) | (583) | 5,838 |
| Subtotal | $ 202,457 | $ (2,257) | $ (8,727) | $ (583) | $ 190,890 |
| Deferred income tax liabilities | | | | | |
| Temporary difference | | | | | |
| Increment tax on land value | $ (133,765) | $ 308 | $ - | $ - | $ (133,457) |
| Others | (7,910) | (467) | (307) | - | (8,684) |
| Subtotal | $ (141,675) | $ (159) | $ (307) | $ - | $ (142,141) |
| Total | $ 60,782 | $ (2,416) | $ (9,034) | $ (583) | $ 48,749 |

| Item | 2021<br>Balance – beginning | Recognized as profit (loss) | Recognized under other comprehensive income | Loss of control | Balance – ending |
|---|---|---|---|---|---|
| Deferred income tax assets: | | | | | |
| Temporary difference | | | | | |
| Investment losses (profits) under the equity method | $ 206,148 | $ (36,639) | $ - | $ - | $ 169,509 |
| Re-measurement of defined benefit | 20,407 | (4,209) | 1,000 | - | 17,198 |
| Unused deduction of losses | 22,988 | (18,321) | - | - | 4,667 |
| Others | 7,672 | 1,661 | 1,750 | - | 11,083 |
| Subtotal | $ 257,215 | $ (57,508) | $ 2,750 | $ - | $ 202,457 |
| Deferred income tax liabilities | | | | | |
| Temporary difference | | | | | |
| Increment tax on land value | $ (134,332) | $ 567 | $ - | $ - | $ (133,765) |
| Others | (7,126) | (910) | 126 | - | (7,910) |
| Subtotal | $ (141,458) | $ (343) | $ 126 | $ - | $ (141,675) |
| Total | $ 115,757 | $ (57,851) | $ 2,876 | $ - | $ 60,782 |

D. Items not recognized as deferred tax assets

| Item | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Temporary difference | $ 346,421 | $ 320,013 |
| Unused deduction of losses | 180,918 | 177,908 |
| Total | $ 527,339 | $ 497,921 |

E. The return of the Company’s profit-seeking enterprise income tax was approved by the tax authority as until 2020.

(33) Disposal of subsidiaries

A. In September 2022, as a result of the Group’s failure to participate in the cash capital increase by Koya Biotech Corp., the Group’s shareholding therein dropped from 87.90% to 42.95%, causing the Group to lose its control of Koya Biotech Corp. The Group has recognized the difference in the carrying value of investment on the date when the Company lost such control in Q3 of 2022 as profit/loss, with the profit of its disposal amounting to NTD 178,362 thousand.

B. Analysis of the assets and liabilities of which control is lost

| Item | Amount | |
|---|---|---|
| Current assets | | |
| Cash and cash equivalents | $ | 41,144 |
| Accounts receivable | | 6,215 |
| Other accounts receivable | | 4,939 |
| Inventory | | 2,416 |
| Prepayments | | 1,839 |
| Non-current assets | | |
| Financial assets measured at fair value through other comprehensive income – non-current | | 65,613 |
| Investment under the equity method | | 1,532 |
| Property, plant and equipment | | 399,019 |
| Deferred income tax assets | | 583 |
| Refundable deposits | | 10,271 |
| Current liabilities | | |
| Short-term loans | | (30,000) |
| Contract liabilities | | (1,270) |
| Accounts payable | | (11,150) |
| Other payables | | (3,164) |
| Liability reserve – current | | (190) |
| Advance receipts | | (1,015) |
| Long-term liabilities maturing within a year or operating cycle | | (270,000) |
| Non-current liabilities | | |
| Guarantee deposits | | (5,000) |
| Less: Preferred share capital | | (100,000) |
| Net assets on disposal of common shares | $ | 111,782 |

C. Profit on disposal of subsidiaries

| Item | Amount |
|---|---|
| Fair value of investment under the equity method acquired due to loss of control | $ 276,585 |
| Net assets on disposal of common shares | (111,782) |
| Non-controlling interest - common shares | 13,565 |
| Net assets of subsidiaries reclassified from equity to profit/loss due to loss of control | (6) |
| Profit on disposal | $ 178,362 |

D. Net cash inflow (outflow) from disposal of subsidiaries

| Item | Amount |
|---|---|
| Proceeds from disposal of subsidiaries | $ - |
| Less: Balance of cash and cash equivalents on disposal | (41,144) |
| Net cash inflow (outflow) from disposal of subsidiaries | $ (41,144) |

(34) Other comprehensive income

| | 2022 | | |
|---|---|---|---|
| Item | Before tax | Income tax (expenses) profits | Net amount after tax |
| Items not reclassified to profit or loss: | | | |
| Re-measurement of defined benefit plan | $ 22,503 | $ (4,501) | $ 18,002 |
| Unrealized valuation profit/loss on investments in equity instruments measured at fair value through other comprehensive income | 137,925 | - | 137,925 |
| Share of associates and joint ventures under the equity method | (221,263) | - | (221,263) |
| Subtotal | $ (60,835) | $ (4,501) | $ (65,336) |
| Items may be subsequently reclassified as profit or loss: | | | |
| Exchange difference in the financial statement translation of foreign operations | $ 70,711 | $ (4,513) | $ 66,198 |
| Unrealized valuation profit or loss of debt financial assets at fair value through other comprehensive income | 6,200 | - | 6,200 |
| Share of associates and joint ventures under the equity method | 4,627 | (20) | 4,607 |
| Subtotal | $ 81,538 | $ (4,533) | $ 77,005 |
| Recognized under other comprehensive income | $ 20,703 | $ (9,034) | $ 11,669 |

| Item | 2021 Before tax | | 2021 Income tax (expenses) profits | | 2021 Net amount after tax | |
|---|---|---|---|---|---|---|
| Items not reclassified to profit or loss: | | | | | | |
| Re-measurement of defined benefit plan | $ | (5,612) | $ | 1,122 | $ | (4,490) |
| Unrealized valuation profit/loss on investments in equity instruments measured at fair value through other comprehensive income | | 155,615 | | - | | 155,615 |
| Share of associates and joint ventures under the equity method | | 207,782 | | - | | 207,782 |
| Subtotal | $ | 357,785 | $ | 1,122 | $ | 358,907 |
| Items may be subsequently reclassified as profit or loss: | | | | | | |
| Exchange difference in the financial statement translation of foreign operations | $ | (17,899) | $ | 1,749 | $ | (16,150) |
| Unrealized valuation profit or loss of debt financial assets at fair value through other comprehensive income | | 3,900 | | - | | 3,900 |
| Share of associates and joint ventures under the equity method | | (568) | | 5 | | (563) |
| Subtotal | $ | (14,567) | $ | 1,754 | $ | (12,813) |
| Recognized under other comprehensive income | $ | 343,218 | $ | 2,876 | $ | 346,094 |

(35) Earnings per common stock

| Item | 2022 | | 2021 | |
|---|---|---|---|---|
| A. Basic EPS: | | | | |
| Current net profit | $ | 277,890 | $ | 201,182 |
| Weighted average number of current outstanding shares (thousand shares) | | 494,513 | | 494,513 |
| Basic EPS (after tax) (NTD) | $ | 0.56 | $ | 0.41 |
| B. Diluted EPS: | | | | |
| Current net profit | $ | 277,890 | $ | 201,182 |
| Effect of dilutive potential common stocks | | - | | - |
| Current net profit to be used to calculate diluted EPS | $ | 277,890 | $ | 201,182 |
| Weighted average number of current outstanding shares (thousand shares) | $ | 494,513 | $ | 494,513 |
| Effects of remuneration to employees (Note) | | 379 | | 321 |
| Weighted average number of outstanding common stock to be used to calculate diluted EPS (thousand shares) | $ | 494,892 | $ | 494,834 |
| Diluted EPS (after tax) (NTD) | $ | 0.56 | $ | 0.41 |

(Note) When the Company chooses to distribute remuneration to employees in the form of shares or cash, the diluted EPS is calculated in case the remuneration to employees is distributed in shares and the weighted average outstanding shares is included in the dilutive potential common stocks. When calculating the diluted EPS before distributing the resolved shares as remuneration to employees in the following year, the dilutive effect of potential common stocks shall also be considered.

7. Transactions of the related party

(1) Parent company and ultimate controller:

The Company is the ultimate controller of the Group.

(2) Name of the related party and relationship

| Name of the related party | Relationship with the Company |
|---|---|
| Taiwan First Biotechnology Corp. | Associate |
| Nicostar Capital Investment (BVI) Ltd. | Associate |
| Tongjitang Medicinal Biotech Corp. | Associate |
| Gangjing Co., Ltd. | Associate |
| Tai Fu International Corp. | Associate |
| Hopeman Distribution Co., Ltd. | Associate |
| Yanjing AGV International Company Limited | Associate |
| NICE Enterprise Co., Ltd. | Associate |
| Heding International Development Co., Ltd. | Associate |
| Nice Plaza Co., Ltd. | Associate |
| Dongruntang Biotech Corp. | Associate |
| Zhuqi Lionhead Mountain Leisure Development Co., Ltd. | Associate |
| Songshan Village Co., Ltd. | Associate |
| Acts Bioscience Inc. | Associate |
| Kuo Cheng Investment Development Corp. | Associate |
| Liantong Developments, Co., Ltd. | Associate |
| Nice Investment Development Ltd. | Associate |
| Koya Biotech Corp. | Associate (Note) |
| Taiwan NJC Corporation | Other related parties |
| NICECO International Corp. | Other related parties |
| Janfusun Fancyworld Corp. | Other related parties |
| Tangsheng International Co., Ltd. | Other related parties |
| Tangli Culture Media Co., Ltd. | Other related parties |
| Jinan AGV Products Corporation | Other related parties |
| Eastern Taiwan Cultural & Creative Co., Ltd. | Other related parties |
| Koyaka Biotech Co., Ltd. | Other related parties |
| Chen Ten-Tao Cultural and Education Foundation | Other related parties |
| Yueshan Investment Co., Ltd. | Other related parties |
| Lujing Landscape Co., Ltd. | Other related parties |

| | |
|---|---|
| Shinekeep International Corp. | Other related parties |
| Taiwan Cosmetics Co., Ltd. | Other related parties |
| Zhengda Fenghuang Shanzhuang Co., Ltd. | Other related parties |
| Thunder Tiger Corporation | Other related parties |
| Prize Products Corporation | Other related parties |
| Baige Biotech Inc. | Other related parties |
| Ho Yuan Investment Co., Ltd. | Other related parties |
| IBF VC | Other related parties |
| Gelan Co., Ltd. | Other related parties |
| Yue Guan International Development Co., Ltd. | Other related parties |
| Jinzhou Development Co., Ltd. | Other related parties |
| Goldbank Investment Development Corp. | Other related parties |
| All Pass Bio-Tec Co., Ltd. | Other related parties |
| Taiwan Mineral Water Corp. | Other related parties |
| Jinan Ponpon Co., Ltd. | Other related parties |
| Apoland International Corp. | Other related parties |
| Nice Capital & Finance Corp. | Other related parties |
| Taiwan Sanyejia Co., Ltd. | Other related parties |
| Kuludrink Kombucha Ltd. | Other related parties |
| Taiwan Daily Chemical Biotechnology Inc. | Other related parties |
| Shui Niu Cuo Co., Ltd. | Other related parties |
| Pi-Hsia Ma | Other related parties |
| Mass Market Holding., LTD | Other related parties |

(Note) In September 2022, the Group's shareholding therein dropped from 87.90% to 42.95%, causing the Group to lose its control of the associate. Since Koya Biotech Corp. is no longer a consolidated entity, the Group has begun to list the related transactions with the company from September 20, 2022.

(3) Major transactions with the related party:

The balance and transaction between the Group and its subsidiaries (as related parties of the Company) have been written off from the consolidated financial statements and were not disclosed accordingly. The details about transactions between the Group and other related parties are disclosed as follows:

A. Operating revenue

| Item | Category/Name of the related party | 2022 | 2021 |
|---|---|---|---|
| Sales revenue | Associate | $ 108,835 | $ 75,994 |
| | Other related parties | | |
| | NICECO International Corp. | 85,586 | 91,163 |
| | Others | 19,157 | 18,732 |
| | Total | $ 213,578 | $ 185,889 |
| Rental income | Associate | $ 1,804 | $ 1,804 |

| | | |
|---|---|---|
| Other related parties | 36 | 36 |
| Total | $ 1,840 | $ 1,840 |

(A) Sales revenue:

Said terms of sale have no significant difference from those of the general distributors. The collection period is O/A 30-90 days based on the distribution channels. However, the collection can be extended with interest accrued upon the agreement of both parties.

(B) Rental revenue:

For the lease of the Group to said companies, the lease price is based on contract agreements and the rental is collected on a monthly or quarterly basis.

B. Purchase

| Type of the related party | 2022 | 2021 |
|---|---|---|
| Associate | | |
| Taiwan First Biotechnology Corp. | $ 1,116,787 | $ 1,068,327 |
| Others | 44,843 | 33,913 |
| Other related parties | | |
| NICECO International Corp. | 332,740 | 320,104 |
| Others | 29,654 | 25,908 |
| Total | $ 1,524,024 | $ 1,448,252 |

Said purchase price has no significant difference from those of the general suppliers. Regarding payment method, besides commissioning other related parties to import goods, the Company follows the example of export practice to prepay part of the payment for goods. The balance was paid in full in the following month upon the receipt of goods while others adopts O/A 45–90 days for payment. The grace period is 1–5 months. However, the grace period can be extended upon the agreement of both parties.

C. Accounts receivable from the related party (excluding funds loaned to the related party)

| Item | Category/Name of the related party | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| Notes receivable | Associate | $ 1 | $ 79 |
| | Other related parties | | |
| | NICECO International Corp. | 16,724 | 13,252 |
| | Others | 109 | 158 |
| | Total | $ 16,834 | $ 13,489 |
| | Less: Allowance loss | (17) | (13) |
| | Net amount | $ 16,817 | $ 13,476 |
| Accounts receivable | Associate | $ 30,701 | $ 6,780 |
| | Other related parties | 11,299 | 12,410 |
| | Total | $ 42,000 | $ 19,190 |

| | | | |
|---|---|---|---|
| | Less: Allowance loss | (38) | (15) |
| | Net amount | $ 41,962 | $ 19,175 |
| Other accounts receivable | Associate | | |
| | Nice Investment | $ 6,499 | $ 7,136 |
| | Kuo Cheng Investment | 7,056 | 13,392 |
| | Others | 6,555 | 5,694 |
| | Other related parties | | |
| | Nice Capital & Finance Corp. | 11,973 | 11,931 |
| | Others | 3,729 | 3,768 |
| | Total | $ 35,812 | $ 41,921 |
| | Less: Allowance loss | (3,682) | (3,064) |
| | Net amount | $ 32,130 | $ 38,857 |

(Note) In 2022 and 2021, the expected credit losses of other accounts receivable above recognized (reversed) were NTD 448 thousand and NTD 661 thousand, respectively.

D. Accounts payable to the related party (excluding loans from the related party)

| Item | Type of the related party | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| Notes payable | Associate | $ 1,691 | $ 5,550 |
| | Other related parties | 3,225 | 3,299 |
| | Total | $ 4,916 | $ 8,849 |
| Accounts payable | Associate | | |
| | Taiwan First Biotechnology Corp. | $ 437,487 | $ 411,897 |
| | Others | 6,315 | 3,540 |
| | Other related parties | 12,744 | 36,990 |
| | Total | $ 456,546 | $ 452,427 |
| Other payables | Associate | $ 26,318 | $ 22,123 |
| | Other related parties | 25,914 | 26,707 |
| | Total | $ 52,232 | $ 48,830 |

E. Advance receipts

| Category/Name of the related party | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Other related parties | $ 3 | $ 3 |

F. Prepayments

| Category/Name of the related party | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Associate | | |
| Nice Plaza Co., Ltd. | $ 1,729 | $ 4,477 |
| Other related parties | | |
| NICECO International Corp. | 16,212 | 9,204 |
| Janfusun Fancyworld Corp. | 16,308 | 30,423 |
| Others | - | 478 |
| Total | $ 34,249 | $ 44,582 |

G. Guarantee deposits

| Category/Name of the related party | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Associate | $ 356 | $ 151 |
| Other related parties | | |
| Jinan AGV Products Corporation | 839 | 826 |
| Total | $ 1,195 | $ 977 |

H. Refundable deposits

| Category/Name of the related party | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Associate | $ 5,000 | $ - |
| Other related parties | 15,000 | - |
| Total | $ 20,000 | $ - |

I. Property transaction

(A) Acquisition of property, plant and equipment:

| Category/Name of the related party | 2022 | 2021 |
|---|---|---|
| Other related parties | $ - | $ 150 |

(B) Disposal of property, plant and equipment:

2022: None.

2021:

| Category/Name of the related party | Proceeds from disposal | Profit or loss from disposal |
|---|---|---|
| Affiliated companies | $ 300 | $ 300 |

(C) Acquisition of financial assets:

2022:

| Category/Name of the related party | Transaction item | Transaction amount |
|---|---|---|
| Other related parties | | |
| Janfusun Fancyworld Corp. | 3,500 thousand shares of Nice Plaza Co., Ltd. | $ 29,050 |

Said share transaction price refers to the net worth per share of the invested company and is determined after price negotiation between both parties. As of December 31, 2022, all of the transaction prices have been paid in full.

2021:

| Category/Name of the related party | Transaction item | Transaction amount |
|---|---|---|
| Associate | | |
| Nice Plaza Co., Ltd. | 1,100 thousand preferred shares of Nice Capital & Finance Corp. | $ 19,910 |
| Other related parties | | |
| Janfusun Fancyworld Corp. | 4,000 thousand shares of Nice Plaza Co., Ltd. | (Note) |

Said share transaction price refers to the net worth per share of the invested company and is determined after price negotiation between both parties. As of December 31, 2021, all of the transaction prices have been paid in full.

(Note) Since the counterparty failed to perform its obligation to register the transfer within the prescribed time limit, the contract agreed by both parties has been canceled in December 2021, and the prepayment for the stock price was refunded accordingly.

(D) Disposal of financial assets: None.

J. Lease agreement

(A) Right-of-use assets acquired from lease

| Category/Name of the related party | Lease item | 2022 | 2021 |
|---|---|---|---|
| Acquisition of right-of-use assets | Institute of Health Science | | |
| Associate | | $ - | $ 10,865 |

| Category/Name of the related party | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Lease liabilities | | |
| Associate | $ 11,059 | $ 11,527 |

| Category/Name of the related party | 2022 | 2021 |
|---|---|---|
| Interest expenses | | |
| Associate | $ 212 | $ 29 |

(B) Lease expenses

| Category/Name of the related party | 2022 | 2021 |
|---|---|---|
| Associate | $ 396 | $ 374 |

Said lease conditions are based on contract agreements and the rental is paid on a monthly or quarterly basis.

K. Lease agreement: Please refer to Note 7(3)15.

L. Loaning of funds to the related party: None.

M. Loans from related parties (stated as other payables and long-term notes and accounts payable):

(A) Balance – ending

| Type of the related party | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Other related parties | $ 35,624 | $ 32,109 |
| Current | $ 29,482 | $ 26,573 |
| Non-current | $ 6,142 | $ 5,536 |

(B) Interest expense: None.

N. Endorsement and guarantee:

| Category/Name of the related party | 2022 | 2021 |
|---|---|---|
| Associate | | |
| Koya Biotech Corp. | $ 270,000 | $ - |

For endorsements/guarantees provided by the Group to others, see the description in Note 13.

O. Others

(A) Various revenues

| Category/Name of the related party | 2022 | 2021 |
|---|---|---|
| Associate | | |
| Taiwan First Biotechnology Corp. | $ 3,661 | $ 4,169 |
| Nice Investment | 900 | 2,763 |
| Kuo Cheng Investment Development Corp. | 894 | 5,720 |
| Others | 2,553 | 877 |
| Other related parties | | |
| Tangli Culture Media Co., Ltd. | 3,371 | 3,371 |
| Nice Capital & Finance Corp. | 10,399 | 11,091 |

| | | |
|---|---|---|
| Others | 509 | 823 |
| Total | $ 22,287 | $ 28,814 |

This mainly refers to rent revenue and other revenues. Said lease prices are based on contract agreements and the rental is collected on a monthly or quarterly basis.

(B) Various expenditures

| Category/Name of the related party | 2022 | 2021 |
|---|---|---|
| Associate | | |
| Hopeman Distribution Co., Ltd. | $ 140,654 | $ 138,376 |
| Others (Note) | 12,192 | 11,829 |
| Other related parties | | |
| Tangli Culture Media Co., Ltd. | 161,345 | 191,751 |
| Others | 28,368 | 24,071 |
| Total | $ 342,559 | $ 366,027 |

(Note) This excludes the collection/payment of warehousing fees.

a. To promote the sale of products, the Group commissioned Tangli Culture Media to provide advertisement planning services, which is responsible for product market surveys as well as product and advertisement planning. The payment is based on the contract agreement and settled on a monthly basis. The amount is paid within 30 days after the settlement.

b. Hopeman Distribution is commissioned to deliver products manufactured and sold by the Group, and the product delivery expenses is calculated based on a certain ratio of net sales.

c. Other expenses such as management consultation services are paid according to the contract agreement.

(C) The Group's participation in cash capital increase, conversion of claims into capital increase and increase in investment amounts by related parties is as follows:

2022:

| | Increase of investment | | Shareholding ratio | |
|---|---|---|---|---|
| Invested company | Shares (thousand shares) | Amount | Before capital increase | After capital increase |
| Koya Biotech Corp. | 10 | $ 300 | - | 0.05% |

2021: None.

(D) Part of the Group's land is registered in the name of related parties and the details are as follows:

| Type of the related party | Land number |
|---|---|
| Pi-Hsia Ma | Land Nos. 183 and 184, Datan Subsection, Datan Section, Xingang Township, Land No. 378, Houdihu Subsection, Houdihu Section, Xingang Township, Land Nos. 160-7, 165-3 and 160-30, Songzijiao Section, Minxiong Township, and Land Nos. 600 and 611, Wujiancuo Section, Zhuqi Township. |

(4) Information about remuneration to key management

| Category/Name of the related party | 2022 | 2021 |
|---|---|---|
| Salary and other short-term employee benefits | $ 37,511 | $ 23,468 |
| Benefits after severance/retirement | 800 | 743 |
| Other long-term employee benefits | 1,174 | 1,097 |
| Total | $ 39,485 | $ 25,308 |

8. Pledged assets

The following assets were pledged for various loans and performance guarantees:

| Item | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Pledged demand deposits | $ 27,838 | $ 27,567 |
| Investment under the equity method | 475,943 | 905,376 |
| Property, plant and equipment (net amount) | 1,232,115 | 1,625,780 |
| Investment property | 2,590,275 | 2,582,222 |
| Total | $ 4,326,171 | $ 5,140,945 |

9. Major Contingent Liabilities and Commitments Made Under Unrecognized Contracts

(1) As of December 31, 2022 and 2021, the guarantee notes issued for loan limit guarantees by the Group amounted to NTD3,955,000 thousand and NTD3,920,000 thousand, respectively, which were recognized as guarantee notes paid and guarantee notes payable.

(2) As of December 31, 2022 and 2021, the guarantee notes and accounts received by the Group for performance guarantees of construction and assuring claims of payment for goods amounted to NTD56,328 thousand and NTD60,373 thousand, respectively, which were recognized as guarantee notes and accounts received and guarantee notes and accounts receivable.

(3) As of December 31, 2022 and 2021, the details of unused letters of credit issued by the Group are as follows:

Unit: NTD thousand

| Item | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Amount of letter of credit | USD 1,281 | USD 2,306 |
| Guarantee amount | - | - |

(4) For endorsements/guarantees provided by the Group to others as of December 31, 2022 and 2021, see the description in Table 2 of Note 13.

(5) Significant capital expenses for which contracts have been signed but which have not ocuured:

| Item | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Property, plant, and equipment (Note) | $ 157,447 | $ 165,045 |

(Note) For the lawsuit and suspension of construction related to the subsidiary of the Group, Shandong AGV Food Technology Co., Ltd., please refer to Note 9(6).

(6) The lawsuit and construction suspension regarding the plant construction of Shandong AGV Food Technology Co., Ltd.:

A. Shandong AGV Food Technology Co., Ltd. (hereinafter referred to as the Shandong AGV) constructed the Jiyang plant of Shandong AGV in 2014 and commissioned Shandong Taian Construction Group Co., Ltd. (hereinafter referred to as Shandong Taian) as the turnkey solutions provider for the construction of Shandong AGV Jiyang plant. The construction contract was a framework contract for the construction of the entire plant area. After Shandong AGV signed A1, A3 and A12 contract construction with Shandong Taian: (1) Due to construction delays in 2018, it filed a civil action against Shandong AGV regarding unsigned construction contracts and part of the construction amount and related interest for construction in progress without reaching an acceptable level, and the claimed amount was RMB 19,985 thousand in May 25, 2020; (2) It also filed a provisional seizure for part of Shandong AGV’s property to the court on April 16, 2020; (3) Shandong AGV received the court verdict from Jiyang District People's Court on July 8, 2020, stating that Shandong Taian should pay RMB 12,769 thousand as the construction amount and related interest; (4) Shandong AGV disagreed with the verdict and appealed to a higher court in July 2020, and received the final judgment from Shandong, Jinan Intermediate People's Court in October 2020, stating that Shandong AGV should pay RMB 11,454 thousand of the remaining construction amount and related interest to Shandong Taian. In addition, RMB 359 thousand in trial expenses was recognized by Shandong AGV in 2020; (5) Shandong AGV paid the construction amount, interest and trial expenses totalizing RMB 11,898 thousand to Jiyang District People's Court on January 20, 2021. Shandong AGV also applied with Shandong, Jinan Intermediate People's Court for preserving the claim of construction amount made by Shandong Taian against Shandong AGV based on the preceding judgment. Taiping General Insurance Co., Ltd. served as the guarantor of Shandong AGV and issued the letter of guarantee to secure the deposit payable on December 17, 2020, which was approved by Shandong, Jinan Intermediate People's Court (stated as the refundable deposits). Jiyang District People's Court confirmed receiving the judgment of Shandong, Jinan Intermediate People's Court on January 22, 2021, and temporarily refrained from distributing said RMB 11,898 thousand paid by Shandong AGV to Shandong Taian.

B. Shandong AGV filed a suit against Shandong Taian for damages compensation due to default and claimed compensation of RMB 41,055 thousand to Jinan Intermediate People's Court on June 19, 2020. The court session commenced for exchange of evidence in September and October, 2020. The court session commenced on January 29, 2021. Both parties made an appraisal concerning the devaluation loss of Tetra Pak equipment claimed by Shandong AGV. The report provided by the appraisal company specified that this part of Shandong AGV did not exist in tangible, economic and functional impairment. However, the interest loss generated during the idle period was RMB 9,560 thousand. Shandong Taian agreed to proceed with the negotiation.

However, both parties failed to reach an agreement. Jinan Intermediate People's Court rendered its judgment revoking all claims made by Shandong AGV on April 16, 2021. Upon receipt of the first-instance judgment on April 21, 2021, Shandong AGV filed an appeal immediately. Notwithstanding, Shandong Province Higher People's Court rendered the second-instance judgment under (2021)-Lu-Min-Zhong No. 1259 on July 29, 2021, which upheld the original judgment and dismissed the appeal filed by Shandong AGV accordingly. The second-instance judgment was final and concluded the case. Shandong AGV objected to the second-instance judgment and filed a petition for retrial in accordance with the law on January 15, 2022. On May 19, 2022, Shandong AGV received a notice of dismissal of the petition for retrial, thus concluding the case.

C. The construction base of Shandong AGV is planned to be changed from industrial land to comprehensive residential land in the future. The base in which the new uncompleted construction is located may be expropriated by Jinan City Government and Land and Resources Bureau in the future due to the change in land use. According to the Regulation on the Expropriation of Buildings on State-owned Land and Compensation of Mainland China, the people's government at the city or county level shall provide subsidy and reward for landowners; thus, in case of future expropriation, the Land and Resources Bureau shall provide compensation for expropriation based on the appraisal amount of the authenticating institution. For compensation given by the Land and Resources Bureau to Shandong AGV according to the relevant laws, the appraised construction cost used as the basis of compensation may not be the same as the contract construction cost appraised in the court verdict. It is considered that the construction cost of the construction contract signed by Shandong AGV may be recovered based on the expropriation compensation procedure, which may not result in loss for Shandong AGV.

10. Losses Due to Major Disasters: None.

11. Significant subsequent events:

On March 13, 2023, the Board of Directors of the parent company adopted a resolution for the issuance of common shares from cash capital increase via private placement. The key information of the resolution is summarized as follows:

In order to replenish the working capital and capital expenditure and meet the needs of future development, and taking into account the timeliness and convenience of fundraising and the cost of issuance, the Company proposed to issue common shares from cash capital increase via private placement, with the issuance of no more than 100,000,000 shares for private placement, and with the price of privately placed common shares not less than 80% of the reference price and not below the par value of NTD 10. The issuance of such shares is expected to achieve the primary benefit of combining the advantages of the Company and its strategic partners to win market opportunities and ensure long-term, stable performance and profit.

12. Others

(1) Management over capital risks

The Group must retain sufficient capital to meet the needs of extensions as well as plant and equipment improvements. Thus, the capital management of the Group is to ensure the necessary financial resources and business plans to meet the needs of working capital, capital expenses, R&D expenses and repayment of debts required within the following 12 months.

(2) Financial instruments

A. Financial risk of financial instruments

Financial risk management policy

Various types of financial risks have an impact on the daily operation of the Group, including the market risk (including the exchange rate risk, interest rate risk and price risk), credit risk and liquidity risk. To reduce relevant financial risks, the Group is devoted to identifying, assessing and hedging the uncertainty of the market to minimize the adverse impact of changes in the market on the Company's financial performance.

The board of directors audited the Group's major financial activities in accordance with the relevant norms and internal control systems. Upon implementation of the financial plan, the Group must faithfully comply with the relevant financial operation procedures regarding financial risk management and the division of authority and responsibility.

Nature and degree of important financial risk

(A) Market risk

a. Exchange rate risk

(A) The Group is exposed to exchange rate risk resulting from the sale, procurement and loan transactions and net investment in the foreign operation measured with a currency other than the functional currency of the Group. New Taiwan Dollar is the main functional currency of the Group, while RMB and USD is also included. These transactions are denominated in the major currency of USD and RMB. To avoid the decrease in the foreign asset value and fluctuation of the future cash flow due to changes in the exchange rate, the Group uses foreign currency loans to hedge the risk of exchange rates. The net investment in the foreign operation was for strategic investment, therefore the Group did not adopt any hedging policy against it.

(B) Foreign exchange exposure and sensitivity analysis (before consolidated write-off):

| | December 31, 2022 | | | | | |
|---|---|---|---|---|---|---|
| | | | | Sensitivity analysis | | |
| | Foreign currency | Exchange rate | Amount recognized (NTD) | Extent of change | Impact on profit or loss | Impact on equity |
| (Foreign currency: Functional currency) | | | | | | |
| Financial assets | | | | | | |
| Monetary items | | | | | | |
| USD : NTD | 807 | 30.71 | 24,774 | 1% appreciation | 248 | - |
| USD : RMB | 138 | 6.9646 | 4,249 | 1% appreciation | 42 | - |
| HKD : USD | 1,043 | 0.1282 | 4,107 | 1% appreciation | 41 | - |
| Non-monetary items | | | | | | |
| Investment under the equity method | | | | | | |
| USD : NTD | 18,123 | 30.71 | 556,572 | 1% appreciation | - | 5,566 |

| | | | | | | |
|---|---|---|---|---|---|---|
| RMB : USD | 127,888 | 0.1436 | 563,979 | 1% appreciation | - | 5,640 |
| VND : USD | 2,287,169 | 0.000041843 | 2,939 | 1% appreciation | - | 29 |
| Financial liabilities | | | | | | |
| Monetary items | | | | | | |
| USD : RMB | 18,634 | 6.9646 | 572,255 | 1% appreciation | (5,723) | - |

| | | | December 31, 2021 | | | |
|---|---|---|---|---|---|---|
| | | | | Sensitivity analysis | | |
| | Foreign currency | Exchange rate | Amount recognized (NTD) | Extent of change | Impact on profit or loss | Impact on equity |
| (Foreign currency: Functional currency) | | | | | | |
| Financial assets | | | | | | |
| Monetary items | | | | | | |
| USD : NTD | 3,817 | 27.68 | 105,645 | 1% appreciation | 1,056 | - |
| USD : RMB | 5 | 6.3757 | 148 | 1% appreciation | 1 | - |
| HKD : USD | 1,053 | 0.1282 | 3,739 | 1% appreciation | 37 | - |
| Non-monetary items | | | | | | |
| Investment under the equity method | | | | | | |
| USD : NTD | 22,740 | 27.68 | 629,454 | 1% appreciation | - | 6,295 |
| NZD : USD | 74 | 0.6824 | 1,402 | 1% appreciation | - | 14 |
| RMB : USD | 163,663 | 0.1568 | 710,334 | 1% appreciation | - | 7,103 |
| VND : USD | 3,368,480 | 0.000043172 | 4,025 | 1% appreciation | - | 40 |
| Financial liabilities | | | | | | |
| Monetary items | | | | | | |
| USD : RMB | 21,798 | 6.3757 | 603,382 | 1% appreciation | (6,034) | - |
| USD : NTD | 1,100 | 27.68 | 30,462 | 1% appreciation | (305) | - |

If all other variable factors remain unchanged, if the currency value of NTD relatively increases against said currency, there may be equivalent but adverse impact on the amount reflecting said currency on December 31, 2022 and 2021.

(C) The Group’s consolidated amounts of all exchange profits/losses (including realized and unrealized ones) from monetary items due to significant impacts of exchange rate fluctuations were NTD (54,452) thousand and NTD 13,606 thousand in 2022 and 2021, respectively.

b. Price risk

Due to the fact that the equity instrument investment held by the Group indicated in the consolidated balance sheet were classified as financial assets measured at fair value through profit/loss and financial assets measured at fair value through other comprehensive income, the Group is exposed to the price risk of financial instruments.

The Group mainly invested in domestic and overseas listed (OTC) and non-listed (non-OTC) stocks, beneficiary certificates and debt instruments, and the price of such equity and debt instrument is affected by the uncertainty of the investment's future value.

If the prices of equity and debt instruments increase/decrease by 1%, the after-tax profit/loss in 2022 and 2021 would increase or (decrease) by NTD 870 thousand and NTD 458 thousand respectively, due to an increase or decrease in the fair value of financial assets measured at fair value through profit/loss. Other after-tax comprehensive income in 2022 and 2021 would increase or (decrease) by NTD 13,966 thousand and NTD 12,939 thousand respectively, due to an increase or decrease in the fair value of financial assets measured at fair value through other comprehensive income.

c. Interest rate risk

The book amount of the Group's financial assets and financial liabilities exposed to interest rate exposure on the reporting date is as follows:

| | Book amount | |
|---|---|---|
| Item | December 31, 2022 | December 31, 2021 |
| Interest rate risk with fair value: | | |
| Financial assets | $ 16,995 | $ 14,942 |
| Financial liabilities | (54,723) | (58,206) |
| Net amount | $ (37,728) | $ (43,264) |
| Interest rate risk with cash flow: | | |
| Financial assets | $ 630,425 | $ 699,174 |
| Financial liabilities | (4,803,202) | (4,981,764) |
| Net amount | $ (4,172,777) | $ (4,282,590) |

(A) Sensitivity analysis of interest rate risk with fair value

The Group invested in preferred shares that are not able to be transferred to common stocks, and the annual percentage rate of annual dividends is 3.5% based on the issuing method, which is classified as fixed interest rate. Thus, it is not exposed to the risk of changes in future market interest rates. In addition to those mentioned above, the Group does not classify any financial assets or liabilities with fixed interest rate as financial assets at fair value through profit or loss or at fair value through other comprehensive income, and does not specify derivatives (interest rate exchange) as hedging instruments in the hedge account model of fair value. Therefore, the changes in interest rate on the reporting date will not impact profit or loss and other comprehensive net profits.

(B) Sensitivity analysis of interest rate risks with cash flow

The Group's financial instrument of the variable interest rate are assets (liabilities) with variable interest rates. The changes in market interest rates will result in changes in the effective rate and cause changes in future cash flow. The net profits in 2022 and 2021 will increase (decrease) by NTD(41,728) thousand and NTD(42,826) thousand, respectively, for every 1% decrease (increase) in the market interest rate.

(B) Credit risk

The Group's credit risk is the risk of financial loss that would be incurred by the Group if its customers or financial instrument trading counterparty fail to perform their contracts. This is mainly due to the trading counterparty being unable to pay the accounts payable based on the payment conditions and the contractual cash flows of debt instrument investment classified as measured at amortized cost and fair value through profit or loss.

Credit risk related to the operation

To maintain the quality of the accounts receivable, the Group has established a procedure to manage the credit risk related to the operation. The risk analysis of individual customers shall consider various factors which may impact the solvency of the customer, including the financial status, credit rating, internal credit rating of the Group, historical transaction record and current economic situation of the customer.

Financial credit risk

The credit risk of bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Finance Department of the Group. Since the transaction counterparties and the contract performance parties of the Group are banks of excellent credit standing and financial institutions or corporate entities with investment levels, there are no non-compliance issues; therefore, there is no significant credit risk. In addition, for indicators and level information on impairment of financial credit risks regarding debt financial assets at fair value through other comprehensive income, please refer to the description in C., D. and E.

a. Concentration of credit risk

As of December 31, 2022 and 2021, the balance of receivables of the top 10 customers accounted for 60.06% and 58.36% of the Group's balance of receivables, respectively. The concentration of the credit risk for other accounts receivable was relatively insignificant.

b. Measurement of expected credit impairment loss

a. Accounts receivable: For the simplified approach adopted, please refer to Note 6(4).

b. Judgment basis of significant increase in credit risk: Please refer to the description (D) in the following.

c. The indicators to determine the debt instrument investment as credit impairment used by the Group is as follows:

(A) The issuer has significant financial difficulty or faces possible bankruptcy or other financial reorganization;

(B) The active market of financial assets extinguishes due to financial difficulties of the issuer;

(C) The dividend or principal payments delay or non-performance by the issuer;

(D) National or regional adverse economic changes related to the default of the issuer.

d. The credit risk rating information on debt instrument investment at fair value through other comprehensive income recognized by the Group is as follows:

a. Credit risk rating:

| Credit rating | Definition | Recognition basis of expected credit loss |
|---|---|---|
| Normal | Debtors with low credit risk and sufficient capability to pay off contractual cash flow within the overdue period less than 30 days | 12-month expected credit loss |
| Abnormal | Credit risk increases significantly for overdue more than 30 days or since initial recognition | Expected credit loss throughout the duration (without credit impairment) |
| Default | Overdue more than 90 days or has evidence of credit impairment | Expected credit loss throughout the duration (with credit impairment) |
| Written off | There is evidence showing that the debtor is facing serious financial difficulty and the recoverable amount cannot be reasonably expected by the Group, e.g. overdue more than 180 days | Direct written off |

b. The total book amount of debt instrument investments disclosed according to credit risk rating and the applicable rate of expected credit loss is as follows:

| Credit rating | Expected credit loss | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| Normal | 0%-1% | $ 36,750 | $ 30,550 |
| Abnormal | 20% | - | - |
| Default | 30%-50% | - | - |
| Written off | 100% | - | - |

e. The collateral and other credit enhancements held to hedge the credit risk of financial assets:

The information related to the financial impact on the amount of maximum credit risk exposure regarding the financial assets recognized in the consolidated balance sheet and collateral held by the Group, overall agreement on net settlement and other credit enhancements is shown in the following table:

| | | Amount of decrease in maximum credit risk exposure | | | |
|---|---|---|---|---|---|
| December 31, 2022 | Book amount | Collateral | Overall agreement on net settlement | Other credit enhancement | Total |
| Financial instruments for which the impairment regulation of IFRS 9 is applicable: | | | | | |
| Debt instrument investments at fair value through other comprehensive income | $ 36,750 | $ - | $ - | $ - | $ - |
| Financial instruments for which the impairment regulation of IFRS 9 is not applicable: | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| Financial assets at fair value through profit or loss | 86,994 | - | - | - | - |
| Financial assets measured at fair value through other comprehensive income | 1,359,832 | - | - | - | - |
| Total | $ 1,483,576 | $ - | $ - | $ - | $ - |

| December 31, 2021 | Book amount | Amount of decrease in maximum credit risk exposure: Collateral | Overall agreement on net settlement | Other credit enhancement | Total |
|---|---|---|---|---|---|
| Financial instruments for which the impairment regulation of IFRS 9 is applicable: | | | | | |
| Debt instrument investments at fair value through other comprehensive income | $ 30,550 | $ - | $ - | $ - | $ - |
| Financial instruments for which the impairment regulation of IFRS 9 is not applicable: | | | | | |
| Financial assets at fair value through profit or loss | 45,757 | - | - | - | - |
| Financial assets measured at fair value through other comprehensive income | 1,263,398 | 48,694 | - | - | 48,694 |
| Total | $ 1,339,705 | $ 48,694 | $ - | $ - | $ 48,694 |

(C) Liquidity risk

a. Liquidity risk management

The purpose of the Group's liquidity risk management is to maintain the cash and cash equivalents required for operation and sufficient bank financing credit line to ensure adequate financial flexibility of the Group.

b. Maturity analysis on asset liabilities

The following table is the summarized analysis of the Group's financial liability with agreed repayment period based on the expiry date and undiscounted amount due:

| | December 31, 2022 | | | | | | |
|---|---|---|---|---|---|---|---|
| Non-derivative financial liabilities | Within 6 months | 7-12 months | 1-2 years | 2-5 years | More than 5 years | Contractual cash flow | Book amount |
| Short-term loans | $ 527,976 | $ 658,226 | $ - | $ - | $ - | $ 1,186,202 | $ 1,186,202 |
| Notes payable | 90,408 | - | - | - | - | 90,408 | 90,408 |
| Accounts payable | 542,983 | - | - | - | - | 542,983 | 542,983 |
| Other payables | 449,981 | 4,153 | 29,491 | - | - | 483,625 | 483,625 |
| Long-term loans (including those due within one year) | 189,834 | 297,333 | 619,667 | 2,519,666 | - | 3,626,500 | 3,617,000 |
| Lease liabilities | 9,626 | 8,977 | 22,447 | 16,014 | - | 57,064 | 54,707 |
| Long-term notes and accounts payable | - | 6,142 | - | - | - | 6,142 | 6,142 |
| Guarantee deposits | 4,124 | 3,765 | - | - | - | 7,889 | 7,889 |
| Total | $ 1,814,932 | $ 978,596 | $ 671,605 | $ 2,535,680 | $ - | $ 6,000,813 | $ 5,988,956 |

Further information of maturity analysis on lease liabilities is as follows:

| | Less than 1 year | 1-5 years | 5-10 years | 10-15 years | 15-20 years | Over 20 years | Total undiscounted lease payment paid |
|---|---|---|---|---|---|---|---|
| Lease liabilities | $ 18,603 | $ 38,461 | $ - | $ - | $ - | $ - | $ 57,064 |

| Non-derivative financial liabilities | December 31, 2021 Within 6 months | 7-12 months | 1-2 years | 2-5 years | More than 5 years | Contractual cash flow | Book amount |
|---|---|---|---|---|---|---|---|
| Short-term loans | $ 757,857 | $ 172,976 | $ - | $ - | $ - | $ 930,833 | $ 930,833 |
| Notes payable | 100,883 | - | - | - | - | 100,883 | 100,883 |
| Accounts payable | 542,249 | - | - | - | - | 542,249 | 542,249 |
| Other payables | 429,331 | 35,079 | - | - | - | 464,410 | 464,410 |
| Long-term loans (including those due within one year) | 152,748 | 464,348 | 396,733 | 3,049,500 | - | 4,063,329 | 4,050,931 |
| Lease liabilities | 8,996 | 7,269 | 19,379 | 21,461 | 2,000 | 59,105 | 58,206 |
| Long-term notes and accounts payable | - | - | - | 5,536 | - | 5,536 | 5,536 |
| Guarantee deposits | 2,427 | 4,615 | 868 | - | - | 7,910 | 7,910 |
| Total | $ 1,994,491 | $ 684,287 | $ 416,980 | $ 3,076,497 | $ 2,000 | $ 6,174,255 | $ 6,160,958 |

Further information of maturity analysis on lease liabilities is as follows:

| | Less than 1 year | 1-5 years | 5-10 years | 10-15 years | 15-20 years | Over 20 years | Total undiscounted lease payment paid |
|---|---|---|---|---|---|---|---|
| Lease liabilities | $ 16,265 | $ 40,840 | $ 2,000 | $ - | $ - | $ - | $ 59,105 |

The Group does not expect the maturity analysis of cash flows will be significantly pre-matured or that the actual amount will be significantly different.

B. Categories of financial instruments

The book amount of the Group's various financial assets and financial liabilities as of December 31, 2022 and 2021, is as follows:

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Financial assets | | |
| Financial assets measured at amortized cost | | |
| Cash and cash equivalents | $ 616,521 | $ 687,587 |
| Notes and accounts receivable (including the related party) | 728,909 | 664,786 |
| Other accounts receivable (including related parties) | 48,811 | 56,959 |
| Refundable deposits | 48,007 | 10,267 |
| Other financial assets – non-current | 27,838 | 27,567 |
| Financial assets at fair value through profit or loss | 86,994 | 45,757 |

| | | |
|---|---|---|
| Financial assets measured at fair value through other comprehensive income – non-current | 1,396,582 | 1,293,948 |
| Financial liabilities | | |
| Financial liabilities measured at amortized cost | | |
| Short-term loans | 1,186,202 | 930,833 |
| Notes and accounts payable (including the related party) | 633,391 | 643,132 |
| Other payables | 483,625 | 464,410 |
| Long-term loans due within one year or one operating cycle | 482,828 | 611,996 |
| Long-term loans | 3,134,172 | 3,438,935 |
| Guarantee deposits | 7,889 | 7,910 |
| Lease liabilities (including current and non-current) | 54,707 | 58,206 |
| Notes and accounts payable – related party | 6,142 | 5,536 |

(3) Fair value information:

A. For information on the fair value of the Group's financial assets and liabilities not at fair value, please refer to Note 12(3)3. Description. For information on the fair value of the Group's investment property at fair value, please refer to Note 6(12).

B. Definition of three fair value levels

Level 1:

The input of this level refers to open quotations of similar instruments traded in an active market. The active market refers to markets meeting all of the conditions below: there is homogeneity in all products traded in the market; potential buyers and sellers can be found in the market at any time and price information is accessible by the public. The value of beneficiary certificates with quoted active market price invested by the Company all belongs to this level.

Level 2:

The input of this level refers to the observable price other than open active market quotations, including direct (such as price) and indirect (information inferred from prices) input values that can be obtained from an active market.

Level 3:

The input of this level refers to input parameters for fair value measurement which are not based on the observable input parameters which are available in the market. The Group's equity instrument investments not in an active market and the investments of convertible preferred shares all belong to this level.

C. Financial assets not at fair value:

The Group's financial instruments not at fair value, such as cash and cash equivalents, accounts receivable, other financial assets, refundable deposit, short-term loans, accounts payable, lease liabilities (including current and non-current), long-term loans (including those due within a year) and book amount of guarantee deposits, are close to the reasonable amount of the fair value.

D. Fair value level information:

The Group's financial assets and investment property at fair value is based on repetition and at fair value. The information of the Group's fair value levels is shown in the following table:

| Item | December 31, 2022 Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Assets: | | | | |
| Fair value with repetition | | | | |
| Financial assets at fair value through profit or loss | | | | |
| Domestic TWSE/TPEx listed stocks | $ 86,994 | $ - | $ - | $ 86,994 |
| Financial assets measured at fair value through other comprehensive income | | | | |
| Domestic TWSE/TPEx listed stocks | 31,365 | - | - | 31,365 |
| Domestic non-TWSE/TPEx-listed stocks | - | - | 239,803 | 239,803 |
| Overseas non-listed (non-OTC) stocks | - | - | - | - |
| Domestic non-TWSE/TPEx-listed preferred stocks | - | - | 1,125,414 | 1,125,414 |
| Investment property (Note) | - | - | 2,612,537 | 2,612,537 |
| Total | $ 118,359 | $ - | $ 3,977,754 | $ 4,096,113 |

| Item | December 31, 2021 Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Assets: | | | | |
| Fair value with repetition | | | | |
| Financial assets at fair value through profit or loss | | | | |
| Domestic TWSE/TPEx listed stocks | $ 45,757 | $ - | $ - | $ 45,757 |
| Financial assets measured at fair value through other comprehensive income | | | | |
| Domestic TWSE/TPEx listed stocks | 33,179 | - | - | 33,179 |
| Domestic non-TWSE/TPEx-listed stocks | - | - | 246,405 | 246,405 |
| Overseas non-listed (non-OTC) stocks | - | - | 64,728 | 64,728 |
| Domestic non-TWSE/TPEx-listed preferred stocks | - | - | 949,636 | 949,636 |
| Investment property (Note) | - | - | 2,602,263 | 2,602,263 |
| Total | $ 78,936 | $ - | $ 3,863,032 | $ 3,941,968 |

(Note): This is the investment property adopting the fair value model.

E. Valuation technique for instruments at fair value:

(A) Financial instruments:

a. If a financial instrument has a quoted price in the active market, the quoted price will be the fair value. The market price announced by the Taiwan Stock Exchange Corporation and exchange with CGBs which was determined as popular securities is the basis for the fair value of the listed (OTC) equity instrument and debt instrument with open quotation of the active market.

If the open quotation of the financial instrument can be timely and frequently acquired from exchanges, brokers, underwriters, industrial unions, pricing service institutions or competent authorities, and the price represents actual and fair market transactions which occur frequently, then the financial instrument has an open quotation of the active market. If the conditions mentioned above are not fulfilled, the market is not viewed as an active one. Generally, great bid-ask spread, significant increase in bid-ask spread or less trading volume are indices of an inactive market.

If the financial instrument possessed by the Group is in the active market, its fair value is listed by category and attribute below:

(A) TWSE/TPEx listed stocks: closing price.

b. Except for financial instruments in the active market, the fair value of other financial instruments is based on the valuation technique or the quotation of the counterparty. The fair value acquired through the valuation technique can take reference from other substantial conditions and present fair value, cash flow discount methods and other valuation techniques used on similar financial instruments, including market information that can be acquired on the balance sheet date. The information is then used on a calculation model.

The TWSE/TPEx unlisted stocks held by the Group without an active market adopt the market approach to estimate fair value. The determination is evaluated based on reference to the evaluations of similar types of companies, third-party quotations, net worth of the Company, and operational status. In addition, the major unobservable input mainly refers to the current discount. However, the possible changes in current discounts may not cause significant possible financial impact, therefore the quantitative information is not disclosed.

(B) Investment property

a. The fair value valuation technique adopted by the Group for the investment property at fair value is based on the Regulations Governing the Preparation of Financial Reports by Securities Issuers and commissioned external appraisal for calculation based on income approach and land development approach. The information on relevant parameter assumptions and input is as follows:

(a) Cash flow: Cash flow shall be valuated on the basis of existing lease contracts, rent at local market rates, or current market rents for similar comparable properties in the same location and condition, and overvalued and undervalued comparable properties shall be excluded. If there is a period-end value, the discounted present period-end value may be added.

(b) Analysis period: When there is no specified period for the income, the analysis period in principle shall not be longer than 10 years; when there is a specified period for the income, the income shall be estimated for the remainder of the specified period.

(c) Discount rate: The discount rate shall be determined using the risk premium approach only, with the calculation based on a certain interest rate, plus the estimate for the individual characteristics of the investment property. "Based on a certain interest rate" means that the interest rate may not be lower than the floating interest rate on a 2-year time deposit of a small amount, as posted by the Chunghwa Post Co., Ltd., plus 0.75 % as the minimum, and plus 1%-1.75% as the presumed discount rate.

b. The output of the valuation model is the rough estimate of the estimate and the valuation technique may not reflect all relevant factors regarding the non-financial instruments held by the Group. Therefore, the estimate of the valuation model will be properly adjusted based on external parameters, such as the model risk or current risk. According to the management policy of fair value evaluation model and related controlling procedure of the Group, management believes that the adjustment of valuation is appropriate and necessary to appropriately present the fair value of non-financial instruments in the balance sheet. The price information and parameters used during valuation have been carefully assessed and adjusted based on current market conditions.

F. Transfer between Level 1 and Level 2: None.

G. Statement of changes in Level 3:

(A) Financial instruments:

| Item | Financial assets measured at fair value through other comprehensive income – equity instrument | Financial assets measured at fair value through other comprehensive income – debt instrument | Total |
|---|---|---|---|
| January 1, 2022 | $ 1,230,219 | $ 30,550 | $ 1,260,769 |
| Current acquisition | - | - | - |
| Refund of share price | (58,486) | - | (58,486) |
| Current disposition | (5,291) | - | (5,291) |
| Disposal of subsidiaries | 22,287 | - | 22,287 |
| Recognized under other comprehensive income | 139,738 | 6,200 | 145,938 |
| Foreign currency translation | - | - | - |
| December 31, 2022 | $ 1,328,467 | $ 36,750 | $ 1,365,217 |

| Item | Financial assets measured at fair value through other comprehensive income – equity instrument | Financial assets measured at fair value through other comprehensive income – debt instrument | Total |
|---|---|---|---|
| January 1, 2021 | $ 1,015,043 | $ 26,650 | $ 1,041,693 |
| Level 1 transferred into Level 3 (Note) | 84,355 | - | 84,355 |
| Current acquisition | 19,910 | - | 19,910 |
| Refund of share price | (27,989) | - | (27,989) |
| Current disposition | (13,672) | - | (13,672) |
| Recognized under other comprehensive income | 152,742 | 3,900 | 156,642 |
| Foreign currency translation | (170) | - | (170) |
| December 31, 2021 | $ 1,230,219 | $ 30,550 | $ 1,260,769 |

(Note) This refers to the investment in Kai Chieh International Investment Ltd., which was delisted from the emerging stock market as of April 16, 2021 and, therefore, reclassified as Level 3.

(B) Investment property:

| Item | 2022 | 2021 |
| --- | --- | --- |
| January 1 | $ 2,602,263 | $ 2,596,327 |
| Fair value adjustment | 10,274 | 5,936 |
| December 31 | $ 2,612,537 | $ 2,602,263 |

H. Quantitative information used on measuring the fair value of major unobservable input (Level 3):

(A) Financial instruments:

The TWSE/TPEx unlisted stocks and preferred shares held by the Group without an active market adopt the market approach to estimate fair value. The determination is evaluated based on reference to evaluation of same type of companies, third-party quotations, net worth of the Company, and operational status. Unobservable major input at fair value is stated as following:

2022

| | Valuation technique | Unobservable major input | Interval | Relation between inputs and fair value |
| --- | --- | --- | --- | --- |
| Financial assets measured at fair value through other comprehensive income – stocks | Asset-based approach | Discount for lack of marketability | 10.00%~24.40% | The higher the discount of the marketability, the lower the estimated fair value. |
| | | Discount for lack of control | 14.02%-19.16% | The higher the discount of the controlling equity, the lower the estimated fair value. |
| Financial assets measured at fair value through other comprehensive income – stocks, preferred shares | Income approach | Discount rate | 15.40%-20.47% | The higher the discount rate, the lower the estimate fair value. |
| | | Discount for lack of marketability | 22.08% | The higher the discount of the marketability, the lower the estimated fair value. |
| Financial assets measured at fair value through other comprehensive income – stocks | Market approach | Discount for lack of marketability | 23.66%-32.28% | The higher the discount of the marketability, the lower the estimated fair value. |

2021

| | Valuation technique | Unobservable major input | Interval | Relation between inputs and fair value |
|---|---|---|---|---|
| Financial assets measured at fair value through other comprehensive income – stocks | Asset-based approach | Discount for lack of marketability | 10.52%~24.02% | The higher the discount of the controlling equity, the lower the estimated fair value. |
| | | Discount for lack of control | 13.34% | The higher the discount of the marketability, the lower the estimated fair value. |
| Financial assets measured at fair value through other comprehensive income – stocks, preferred shares | Income approach | Discount rate | 21.90%~29.83% | The higher the discount rate, the lower the estimate fair value. |
| Financial assets measured at fair value through other comprehensive income – stocks | Market approach | Discount for lack of marketability | 15.61%~32.28% | The higher the discount of the marketability, the lower the estimated fair value. |

(B) Investment property:

| | December 31, 2022 Fair value | Valuation technique | Unobservable major input | Interval (weighted average) | Relation between inputs and fair value |
|---|---|---|---|---|---|
| Investment property: | | | | | |
| Income approach | $ 1,878,548 | Discounted cash flow method | Discount rate | 3.22%-4.495% | The higher the discount rate or revenue capitalization rate, the lower the fair value. |
| | | | Revenue capitalization rate of period-end value | 0.71%-3.35% | |
| Land development approach | 733,989 | Land development analysis approach | Proper profit margin | 15%-18% | The higher the proper rate of return or overall capital interest rate, the lower the fair value. |
| | | | Overall capital interest rate | 1.43%-1.91% | |
| Total | $ 2,612,537 | | | | |

| | December 31, 2021 Fair value | Valuation technique | Unobservable major input | Interval (weighted average) | Relation between inputs and fair value |
|---|---|---|---|---|---|
| Investment property: | | | | | |
| Income approach | $ 1,885,256 | Discounted cash flow method | Discount rate | 2.595%-3.195% | The higher the discount rate or revenue capitalization rate, the lower the fair value. |
| | | | Revenue capitalization rate of period-end value | 0.37%-4.00% | |
| Land development approach | 717,007 | Land development analysis approach | Proper profit margin | 15%-18% | The higher the proper rate of return or overall capital interest rate, the lower the fair value. |
| | | | Overall capital interest rate | 0.69%-1.50% | |
| Total | $ 2,602,263 | | | | |

I. Valuation process of fair value classified as Level 3:

For the Group’s evaluation process for fair value classified as Level 3, the finance department is responsible for conducting independent fair value validation for the relevant financial instruments. The department confirms the reasonableness of the evaluation result by making the evaluation result closer to the market status with information from independent sources, confirming the information sources are independent, reliable and consistent with other resources and represent executable prices, regularly calibrating the evaluation model, conducting roll-back testing, updating required input values and data as well as other necessary fair value adjustments for the evaluation model. The investment property is appraised by a commissioned external appraiser.

J. Fair value measurement of financial assets and liabilities classified as Level 3 and the sensitivity analysis of reasonably possible alternative regarding the fair value: None.

(4) Transfer of financial assets: None.

(5) Offsetting of financial assets and liabilities: None.

13. Noted Disclosures

(1) Information Related to Major Transactions (before consolidated write-off):

A. Loaning funds to others: Table 1.

B. Endorsements and guarantees for others: Table 2.

C. Marketable securities held at ending: Table 3.

D. Accumulated amount of the same marketable security purchased or sold reaching NTD 300 million or more than 20% of the paid-in capital: None.

E. Amount on acquisition of property reaching NTD 300 million or more than 20% of the paid-in capital: Table 4.

F. Amount on disposal of real estate reaching NTD 300 million or more than 20% of the Paid-in capital: None.

G. Purchase/sale amount of transactions with the related party reaching NTD 100 million or more than 20% of the paid-in capital: Table 5.

H. Accounts receivable from the related party reaching NTD 100 million or more than 20% of the paid-in capital: Table 6.

I. Transactions of derivatives: None.

J. Business relationships and important transactions between parent company and subsidiaries: Table 7.

(2) Information Related to Reinvested Enterprises: Table 8.

(3) Information on Investments in Mainland China: Table 9.

(4) Major Shareholders Information: Table 10.

Table 1

AGV Products Corporation and its Subsidiaries

Loaning funds to others

December 31, 2022

Unit: NTD and foreign currency thousand

| No. | Lending company | Debtor | Trading item | Whether a related party or not | Maximum balance in the current period | Balance – ending | Amount actually disbursed | Interest rate interval | Nature of funds loaned (Note 3) | Amount of business transactions | Reasons for short-term financing | Allowance for bad debt | Collateral – Name | Collateral – Value | Limit of loans to individual borrowers (Note 1) | Maximum amount of loans (Note 2) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Apoland Resource International (BVI) Corp. | Apoland Development (Singapore) Pte Ltd. | Other accounts receivable | Yes | 76,775 (USD2,500) | 76,775 (USD2,500) | 66,456 (USD2,164) | - | 2 | - | Working capital | - | - | - | 518,569 (USD17,251) | 518,569 (USD16,886) |
| | | AGV First Biotech Food (BVI) Limited | Other accounts receivable | Yes | 18,426 (USD600) | 18,426 (USD600) | 18,426 (USD600) | - | 2 | - | Working capital | - | - | - | 518,569 (USD17,251) | |
| 2 | Mascot International (BVI) Corporation | Apoland Development (Singapore) Pte Ltd. | Other accounts receivable | Yes | 15,355 (USD500) | 15,355 (USD500) | 15,355 (USD500) | - | 2 | - | Working capital | - | - | - | 331,330 (USD10,789) | 331,330 (USD10,789) |
| | | AGV First Biotech Food (BVI) Limited | Other accounts receivable | Yes | 21,190 (USD690) | 21,190 (USD690) | 21,190 (USD690) | - | 2 | - | Working capital | - | - | - | 331,330 (USD10,789) | |
| 3 | Apoland Development (Singapore) Pte Ltd. | Shanghai AGV Foods Co., Ltd. | Other accounts receivable | Yes | 388,789 (USD12,660) | 388,789 (USD12,660) | 385,103 (USD12,540) | - | 2 | - | Working capital | - | - | - | 1,046,935 (USD34,091) | 1,046,935 (USD34,091) |
| 4 | AGV First Biotech Food (BVI) Limited | Shandong AGV Food Technology Co., Ltd. | Other accounts receivable | Yes | 158,157 (USD5,150) | 158,157 (USD5,150) | 157,648 (USD5,133) | - | 2 | - | Working capital | - | - | - | 3,444,618 (USD112,166) | 3,444,618 (USD112,166) |
| 5 | AGV International (BVI) Limited | AGV First Biotech Food (BVI) Limited | Other accounts receivable | Yes | 11,977 (USD390) | 11,977 (USD390) | 11,977 (USD390) | - | 2 | - | Working capital | - | - | - | 71,216 (USD2,319) | 71,216 (USD2,319) |
| 6 | AGV Biohealthy Food Limited | Dongruntang Biotech Corp. | Other accounts receivable | Yes | 13,820 (USD450) | 13,820 (USD450) | - | - | 2 | - | Working capital | - | - | - | 24,998 (USD814) | 24,998 (USD814) |

Note 1. Limit of loans to individual borrowers:

1. The Company:

   (1) The accumulated amount of loans to each company that is in business with the Company may not exceed the amount of business transactions conducted in the most recent year. The business transaction amount refers to the purchasing or selling amount between both parties, whichever is higher.

   (2) For companies that need short-term financing, the loan amount to each company shall not exceed 20% of the net value of the Company.

2. Subsidiaries:

   (1) The accumulated amount of loans to each company that is in business with the Company may not exceed the amount of business transactions conducted in the most recent year. The business transaction amount refers to the purchasing or selling amount between both parties, whichever is higher.

   (2) Companies needing short-term financing:

   Foreign subsidiaries – Apoland Development (Singapore) Pte Ltd., Mascot International (BVI) Corporation, Apoland Resource International (BVI) Corp., Taiwan First Biotechnology Corp. and AGV International (BVI) Limited: the loan amount of each company shall not exceed 20% of the net value of the company in the financial report certified by the independent auditor in the most recent period. For financing amounts between overseas companies with 100% voting shares held by the parent company directly and indirectly, these shall not exceed 5 times of the net value of such company in the financial report certified by the independent auditor in the most recent period; AGV Biohealthy Food Limited: the individual loan amount shall not exceed 40% of the net value of the company in the financial report certified by the independent auditor in the most recent period.

Note 2. Limit of total loans:

1. The Company: It shall not exceed 50% of the Company’s net value; it shall not exceed 20% of the Company’s net value for the same counterparty. The accumulated balance of short-term financing shall not exceed 40% of the Company's net value.

2. Subsidiaries: Overseas subsidiaries – Apoland Development (Singapore) Pte Ltd., Mascot International (BVI) Corporation, Apoland Resource International (BVI) Corp., Taiwan First Biotechnology Corp. and AGV International (BVI) Limited: the amount shall not exceed 40% of the net value of the Company in the financial report certified by the independent auditor in the most recent period. For financing amounts between overseas companies with 100% voting shares held by the parent company directly and indirectly, these shall not exceed 5 times of the net value of such company in the financial report certified by the independent auditor in the most recent period.

Note 3. Loaning of funds is completed in the following ways:

1. Please fill in 1 for those in business with the Company.

2. Please fill in 2 for in those needing short-term financing.

Note 4: Said transactions between the parent company and the subsidiaries have been written off in the consolidated statements.

Table 2

AGV Products Corporation and its Subsidiaries

Endorsement and guarantee made for others

December 31, 2022

Unit: NTD thousand

| No. (Note 1) | Name of endorsing/ guaranteeing company | Counterparty of endorsement/guarantee | | Limit of endorsement/ guarantee to a single enterprise (Note 2) | Maximum balance of endorsement/ guarantee made during the current period | Balance of endorsement/ guarantee at end of the period | Amount actually disbursed | Endorsement/ guarantee secured by company assets | Ratio of the accumulated endorsement/ guarantee amount to the net worth in the most recent financial statement | Maximum limit of endorsement/ guarantee (Note 3) | As the parent company's endorsements/ guarantees toward subsidiary(ies) | As a subsidiary's endorsements/ guarantees toward its parent company | As the endorsements/ guarantees toward the mainland China area |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Company name | Relationship (Note 1) | | | | | | | | | | |
| 0 | AGV Products Corporation | Sontenkan Resort Development Co., Ltd. | 2 | 2,701,197 | 800,000 | 800,000 | 689,000 | - | 11.85% | 6,077,693 | Yes | No | No |
| | | Yunlin Dairy Technology Corp. | 2 | 2,701,197 | 230,000 | 220,000 | 161,865 | - | 3.26% | 6,077,693 | Yes | No | No |
| | | Koya Biotech Corp. | (Note 4) | 2,701,197 | 270,000 | 270,000 | 270,000 | - | 4.00% | 6,077,693 | (Note 4) | No | No |
| | | Shanghai AGV Foods Co., Ltd. | 2 | 2,701,197 | 132,282 | 132,282 | 1,775 | - | 1.96% | 6,077,693 | Yes | No | Yes |

Note 1: The relationship between the endorsing/guaranteeing subject and the endorsed/guaranteed subject is classified into 7 categories as follows. Please specify the type:

(1) A company with which it does business.

(2) A company in which the Company directly or indirectly holds more than 50% of voting shares.

(3) A company directly or indirectly holds more than 50% of the Company's voting shares.

(4) A company in which the Company directly or indirectly holds more than 90% of voting shares.

(5) Companies in the same industry or joint builders for which the public company fulfills its contractual obligations by providing mutual endorsements/guarantees, for the purposes of undertaking a construction project.

(6) Companies for which all capital contributing shareholders make endorsements/guarantees due to their jointly invested company in proportion to their shareholding percentages.

(7) Companies in the same industry which provide among themselves joint and several securities for a performance guarantee of a sales contract for pre-sale homes pursuant to the Consumer Protection Act for each other.

Note 2: The endorsement and guarantee amount made by the Company and its subsidiaries (for a single enterprise): it shall not exceed 40% of the Company's net value in the most recent financial statements.

Note 3: The total endorsement and guarantee amount made by the Company and its subsidiaries for other companies: it shall not exceed 90% of the Company's net value in the most recent financial statements.

Note 4: Despite that the Group lost its control of the company in September 2022, the endorsement/guarantee was reviewed and approved by the Board of Directors on record prior to the loss of control of the company. In accordance with Article 20 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, the Group prepared an improvement plan and submitted it to the Audit Committee and the Board of Directors for review and approval on November 10, 2022.

Table 3

AGV Products Corporation and its Subsidiaries

Marketable securities held at end of year

December 31, 2022

Unit: Thousand shares; NTD and foreign currency thousand

| No. | Holder | Type and name | Relationship with the security issuer | Account title | End of year | | | | Remarks |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | Shares (unit) | Book amount | Shareholding ratio | Fair value | |
| 0 | AGV Products Corporation | Share / Janfusun Fancyworld Corp. | De facto related party of the Company | Financial assets measured at fair value through other comprehensive income – non-current | 10,332 | 30,377 | 3.48% | 30,377 | |
| | | Share / Nice Capital & Finance Corp. | De facto related party of the Company | Financial assets measured at fair value through other comprehensive income – non-current | 6,950 | 115,519 | 10.81% | 115,519 | |
| | | Share / Eastern Taiwan Cultural & Creative Co., Ltd. | The chairman of the Company is a relative of a director of the Company within the second degree of consanguinity | Financial assets measured at fair value through other comprehensive income – non-current | 6,750 | 26,456 | 15.00% | 26,456 | |
| | | Share / Likeda Development Co., Ltd. | The vice chairman of the Company is also one of its directors | Financial assets measured at fair value through other comprehensive income – non-current | 3,900 | - | 5.20% | - | |
| | | Share / Tangli Culture Media Co., Ltd. | De facto related party of the Company | Financial assets measured at fair value through other comprehensive income – non-current | 2,200 | 22,854 | 18.97% | 22,854 | |
| | | Share / Aique International Co., Ltd. | The chairman of the company is the Chairman of the Company given above | Financial assets measured at fair value through other comprehensive income – non-current | 18 | 160 | 18.00% | 160 | |
| | | Common stocks from private placement / Janfusun Fancyworld Corp. | De facto related party of the Company | Financial assets measured at fair value through other comprehensive income – non-current | 8,074 | 22,608 | 2.72% | 22,608 | |
| | | Share / B&B International Development Co., Ltd. | — | Financial assets measured at fair value through other comprehensive income – non-current | 1,000 | 11,605 | 0.69% | 11,605 | |
| | | Share / Taiwan Aixianjia Biotech Corp. | The director of the company is the second-degree relative of the Company’s Chairman | Financial assets measured at fair value through other comprehensive income – non-current | 540 | 3,694 | 18.95% | 3,694 | |
| | | Preferred share / Sontenkan Resort Development Co., Ltd. – 2016 | Subsidiary of the Company | Financial assets measured at fair value through other comprehensive income – non-current | 9,279 | 78,503 | - | 78,503 | |

| No. | Holder | Type and name | Relationship with the security issuer | Account title | End of year | | | | Remarks |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | Shares (unit) | Book amount | Shareholding ratio | Fair value | |
| | | Preferred share / Nice Capital & Finance Corp. – 2015 | De facto related party of the Company | Financial assets measured at fair value through other comprehensive income – non-current | 6,171 | 116,138 | - | 116,138 | |
| | | Preferred share / Nice Capital & Finance Corp. – 2017 | De facto related party of the Company | Financial assets measured at fair value through other comprehensive income – non-current | 4,733 | 89,075 | - | 89,075 | |
| | | Preferred shares / Tangli Culture Media Co., Ltd. – Class A | De facto related party of the Company | Financial assets measured at fair value through other comprehensive income – non-current | 15,000 | 187,350 | - | 187,350 | |

| No. | Holder | Type and name | Relationship with the security issuer | Account title | End of year | | | | Remarks |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | Shares (unit) | Book amount | Shareholding ratio | Fair value | |
| | | Preferred shares / Tangli Culture Media Co., Ltd. – Class C | De facto related party of the Company | Financial assets measured at fair value through other comprehensive income – non-current | 5,500 | 65,340 | - | 65,340 | |
| | | Preferred share / NICECO International Corp. | The chairman of the company is the second-degree relative of the Company's Chairman | Financial assets measured at fair value through other comprehensive income – non-current | 3,000 | 24,540 | - | 24,540 | |
| | | Preferred share / Kuo Cheng Investment Development Corp. | Associate | Financial assets measured at fair value through other comprehensive income – non-current | 2,484 | 36,267 | - | 36,267 | |
| | | Preferred share / Sontenkan Resort Development Co., Ltd. – Class D | Subsidiary of the Company | Financial assets measured at fair value through other comprehensive income – non-current | 2,784 | 22,437 | - | 22,437 | |
| | | Preferred share / Taiwan Aibaonuo Biotech Co., Ltd. | — | Financial assets measured at fair value through other comprehensive income – non-current | 600 | 3,840 | - | 3,840 | |
| | | Preferred shares/Koya Biotech Corp. – Class A | Associate | Financial assets measured at fair value through other comprehensive income – non-current | 8,790 | 256,404 | - | 256,404 | |
| | | Total | | | | 1,113,167 | | 1,113,167 | |
| | | Share / IBF Financial Holdings Co., Ltd. | — | Financial assets at fair value through profit or loss – current | 4,458 | 50,377 | 0.13% | 50,377 | |
| 1 | Mascot International (BVI) Corporation | Share / Four Seas Efood Holdings Ltd. | — | Financial assets at fair value through profit or loss – current | 350 | 854 (USD29) | - | 854 (USD29) | |
| 2 | Aco Distribution Corp. | Share / IBF Financial Holdings Co., Ltd. | — | Financial assets at fair value through profit or loss – current | 481 | 5,438 | 0.01% | 5,438 | |
| 3 | Hope Choice Distribution Corp. | Share / IBF Financial Holdings Co., Ltd. | — | Financial assets at fair value through profit or loss – current | 985 | 11,131 | 0.03% | 11,131 | |
| | | Preferred share / Nice Capital & Finance Corp. – 2019 | De facto related party of the Company | Financial assets measured at fair value through other comprehensive income – non-current | 1,000 | 18,820 | - | 18,820 | |
| 4 | Sontenkan Resort | Share / Goldbank Investment Development Corp. | — | Financial assets measured at fair value through other comprehensive income – non-current | 43 | 337 | 0.22% | 337 | |

| No. | Holder | Type and name | Relationship with the security issuer | Account title | End of year | | | | Remarks |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | Shares (unit) | Book amount | Shareholding ratio | Fair value | |
| | Development Co., Ltd. | Share / Lijing Entertainment Co., Ltd. | — | Financial assets measured at fair value through other comprehensive income – non-current | 650 | 30 | 2.41% | 30 | |
| | | Preferred share / Eastern Taiwan Cultural & Creative Co., Ltd. | The chairman of the Company is a relative of a director of the Company within the second degree of consanguinity | Financial assets measured at fair value through other comprehensive income – non-current | 3,000 | 15,780 | - | 15,780 | |
| | | Preferred share / Tangli Culture Media Co., Ltd. | De facto related party of the Company | Financial assets measured at fair value through other comprehensive income – non-current | 4,000 | 49,680 | - | 49,680 | |
| | | Preferred share / Kuo Cheng Investment Development Corp. | Associate | Financial assets measured at fair value through other comprehensive income – non-current | 2,116 | 30,894 | - | 30,894 | |

| No. | Holder | Type and name | Relationship with the security issuer | Account title | End of year | | | | Remarks |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | Shares (unit) | Book amount | Shareholding ratio | Fair value | |
| | | Preferred share / NICECO International Corp. | The chairman of the company is the second-degree relative of the Company's Chairman | Financial assets measured at fair value through other comprehensive income – non-current | 2,000 | 16,380 | - | 16,380 | |
| | | Preferred share / Zitong International Corp. | — | Financial assets measured at fair value through other comprehensive income – non-current | 7,200 | 54,000 | - | 54,000 | |
| | | Preferred share / Liantong Developments, Co., Ltd. | The director of the company is the Director of the Company given above | Financial assets measured at fair value through other comprehensive income – non-current | 5,000 | 36,750 | - | 36,750 | |
| | | Share / New Takayama Leisure and Entertainment Co., Ltd | — | Financial assets measured at fair value through other comprehensive income – non-current | 380 | 1,196 | 19.00% | 1,196 | |
| 5 | Aiken Biotechnology International Co., Ltd. | Share / IBF Financial Holdings Co., Ltd. | — | Financial assets at fair value through profit or loss – current | 812 | 9,177 | 0.02% | 9,177 | |
| | | Share / B&B International Development Co., Ltd. | — | Financial assets measured at fair value through other comprehensive income – non-current | 3,000 | 34,817 | 2.06% | 34,817 | |
| | | Share / Zhengda Fenghuang Shanzhuang Co., Ltd. | De facto related party of the Company | Financial assets measured at fair value through other comprehensive income – non-current | 54 | 527 | 18.00% | 527 | |
| | | Preferred share / AGV First Biotech Food (BVI) Limited. | Subsidiary of the Company | Financial assets measured at fair value through other comprehensive income – non-current | 100 | 1,925 | - | 1,925 | |
| | | Share / Janfusun Fancyworld Corp. | De facto related party of the Company | Financial assets measured at fair value through other comprehensive income – non-current | 336 | 988 | 0.11% | 988 | |
| | | Preferred share / Nice Capital & Finance Corp. – 2017 | De facto related party of the Company | Financial assets measured at fair value through other comprehensive income – non-current | 1,617 | 30,432 | - | 30,432 | |
| | | Preferred share / Nice Capital & Finance Corp. – 2019 | De facto related party of the Company | Financial assets measured at fair value through other comprehensive income – non-current | 500 | 9,410 | - | 9,410 | |
| 6 | Hopeland Distribution Corp. | Share / IBF Financial Holdings Co., Ltd. | — | Financial assets at fair value through profit or loss – current | 286 | 3,229 | 0.01% | 3,229 | |
| | | Preferred share / Nice Capital & Finance Corp. – 2019 | De facto related party of the Company | Financial assets measured at fair value through other comprehensive income – non-current | 300 | 5,646 | - | 5,646 | |

| No. | Holder | Type and name | Relationship with the security issuer | Account title | End of year | | | | Remarks |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | Shares (unit) | Book amount | Shareholding ratio | Fair value | |
| 7 | Shandong AGV Food Technology Co., Ltd. | Share / Jinan AGV Products Corporation | De facto related party of the Company | Financial assets measured at fair value through other comprehensive income – non-current | 902 | - | 18.00% | - | |
| 8 | Rosahill Leisure Industry Co., Ltd. | Share / IBF Financial Holdings Co., Ltd. | — | Financial assets at fair value through profit or loss – current | 601 | 6,788 | 0.02% | 6,788 | |
| | | Preferred share / Nice Capital & Finance Corp. – 2017 | De facto related party of the Company | Financial assets measured at fair value through other comprehensive income – non-current | 80 | 1,506 | - | 1,506 | |
| | | Preferred share / Nice Capital & Finance Corp. – 2019 | De facto related party of the Company | Financial assets measured at fair value through other comprehensive income – non-current | 1,800 | 33,876 | - | 33,876 | |
| 9 | Yunlin Dairy Technology Corp. | Preferred share / Nice Capital & Finance Corp. – 2019 | De facto related party of the Company | Financial assets measured at fair value through other comprehensive income – non-current | 1,000 | 18,820 | - | 18,820 | |
| | | Preferred share / Nice Capital & Finance Corp. – 2017 | De facto related party of the Company | Financial assets measured at fair value through other comprehensive income – non-current | 1,100 | 20,702 | - | 20,702 | |
| 10 | Defender Private Security Inc. | Preferred share / Nice Capital & Finance Corp. – 2019 | De facto related party of the Company | Financial assets measured at fair value through other comprehensive income – non-current | 200 | 3,764 | - | 3,764 | |

(Note): The above transactions between the parent company and subsidiaries have been written off in the consolidated statements.

Table 4

AGV Products Corporation and its Subsidiaries

Amount on acquisition of property reaching NTD 300 million or more than 20% of the paid-in capital

January 1 to December 31, 2022

Unit: RMB thousand

| Company disposing property | Asset name | Date of occurrence | Transaction amount | Payment of proceeds | Counterparty | Relationship | Information about the previous transfer, if the trading counterpart is a related party. | | | | Reference for price determination | Purpose and status | Other covenants |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Owner | Relationship with the issuer | Date of transfer | Amount | | | |
| Shandong AGV Food Technology Co., Ltd. | Plant | During December 2012 | RMB188,514 | RMB153,174 | Shandong Taian Construction Group Co., Ltd. and Fujian Liantai Construction Co., Ltd. | — | — | — | — | — | Contract made after price comparison | For operation and production / construction suspended | (Note) |

Note: For a description of said suspended construction and unpaid amounts, please refer to the consolidated Note 9(6).

Table 5

AGV Products Corporation and its Subsidiaries

Purchase/sale amount of transactions with the related party reaching NTD 100 million or more than 20% of the paid-in capital

January 1 to December 31, 2022

Unit: NTD thousand

| Purchasing (selling) company | Counterparty | Relationship | Transaction status | | | | Distinctive terms and conditions of trade and the reasons | | Notes/accounts receivable (payable) | | Remarks |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Purchase (sale) | Amount | Percentage in purchase (sales) amount | Duration | Unit price | Duration | Balance | Percentage in total accounts/notes receivable (payable) | |
| AGV Products Corporation | Taiwan First Biotechnology Corp. | Invested company evaluated under the equity method | Purchase | 1,113,256 | 41.68% | O/A 60 days | Equivalent | The grace period was extended for 1–5 months after the agreement of both parties | Accounts payable 436,864 | 83.08% | |
| | NICECO International Corp. | The chairman of the company is the second-degree relative of the Company's Chairman | Purchase | 308,275 | 11.54% | Partial payment for goods was made in advance, balance paid in full in the following month upon the receipt of goods | Equivalent | Equivalent | Accounts payable 10,877 | 2.07% | |
| | | | Sale | 108,337 | 2.70% | O/A 90 days | Equivalent | Equivalent | Notes receivable 16,724<br>Accounts receivable 8,586 | 64.90%<br>1.34% | |
| | Hope Choice Distribution Corp. | Subsidiary of the Company | Sale | 640,508 | 15.96% | O/A 45–60 days | Equivalent | Equivalent | Accounts receivable 49,331 | 7.68% | |
| | Aco Distribution Corp. | Subsidiary of the Company | Sale | 194,617 | 4.85% | O/A 45–60 days | Equivalent | Equivalent | Accounts receivable 32,671 | 5.08% | |

Note: Said transactions between the parent company and the subsidiaries had been written off in the consolidated statements.

Table 6

AGV Products Corporation and its Subsidiaries

Accounts receivable from the related party reaching NTD 100 million or more than 20% of the paid-in capital

December 31, 2022

Unit: NTD thousand

| Stated company of account receivable | Name of the counterparty | Relationship | Balance of receivable accounts from the related party | Turnover rate | Overdue accounts receivable of the related party | | Subsequently recovered amount of accounts receivable from the related party (Note 5) | Allowance for bad debt |
|---|---|---|---|---|---|---|---|---|
| | | | | | Amount | Treatment | | |
| Apoland Development (Singapore) Pte Ltd. | Shanghai AGV Foods Co., Ltd. | Subsidiary of the Company | 414,611 (Note 2) | (Note 4) | - | (Note 1) | - | - |
| Taiwan First Biotechnology Corp. | Shandong AGV Food Technology Co., Ltd. | Subsidiary of the Company | 157,648 (Note 3) | (Note 4) | - | (Note 1) | - | - |

(Note 1): The collections of the Company made from the related party follow the example of the collection policy of similar transactions made with the non-related party in principle. However, in case said policy cannot be executed due to insufficient funds or losses of the related party, the Company may defer the collection because the full support of subsidiaries by the Company to achieve the global business target of the Company is a more important consideration.

(Note 2): This includes NTD 385,103 thousand in financing receivables, NTD 15,986 thousand in machine and equipment accounts receivable, and NTD 13,522 thousand in other receivables.

(Note 3): This is financing receivables in the amount of NTD 157,648 thousand.

(Note 4): This mainly refers to other accounts receivable and therefore the turnover rate calculation does not apply.

(Note 5): Amount recovered as of March 13, 2023.

(Note 6): Said transactions between the parent company and the subsidiaries have been written off in the consolidated statements.

Table 7

AGV Products Corporation and its Subsidiaries

Business relationship and important transactions between parent company and subsidiaries

December 31, 2022

Individual transactions with amounts less than NTD 100 million (inclusive) are not disclosed; they are disclosed in the aspect of assets and revenue while the corresponding transactions are not disclosed.

Unit: NTD thousand

| No. (Note 1) | Name of trader | Trading counterparty | Relationship with the counterparty (Note 2) | Transaction | | | |
|---|---|---|---|---|---|---|---|
| | | | | Title | Amount | Trading conditions | Percentage in total consolidated revenue or assets (Note 3) |
| 0 | AGV Products Corporation | Hope Choice Distribution Corp. | 1 | Sales revenue | 640,508 | Equivalent to the price of the distributor, the collection period is O/A 45-60 days | 13.34% |
| | | Aco Distribution Corp. | 1 | Sales revenue | 194,617 | Equivalent to the price of the distributor, the collection period is O/A 45-60 days | 4.05% |
| 1 | AGV First Biotech Food (BVI) Limited | Shandong AGV Food Technology Co., Ltd. | 1 | Other accounts receivable | 21,497 | N/A | 0.16% |
| | | | | Long-term receivables | 136,151 | N/A | 0.99% |
| 2 | Apoland Development (Singapore) Pte Ltd. | Shanghai AGV Foods Co., Ltd. | 1 | Other accounts receivable | 411,611 | N/A | 2.99% |

Note 1: Transactions between parent company and its subsidiaries are numbered as follows:

1. 0 for the parent company.
2. The subsidiaries are numbered in sequential order from 1 and so on.

Note 2: Related-party transactions are divided into the three categories as follows:

1. Parent company to subsidiaries.
2. Subsidiaries to parent company.
3. Subsidiaries to subsidiaries.

Note 3: For computing the ratio of trade amount to total sales revenue or total assets, if it is for the asset and liability account, the computation is based on the ratio of the ending balance to the total consolidated assets; however, if it is for the income and expense account, the computation is based on the ratio of the interim cumulative amount to the total consolidated revenue.

Note 4: Said transactions between the parent company and the subsidiaries have been written off in the consolidated statements.

Table 8

AGV Products Corporation and its Subsidiaries

Information Related to Reinvested Enterprises

December 31, 2022

Unit: Thousand shares; NTD thousand

| Name of investor | Name of invested company | Address | Principal business | Original investment cost | | Holdings at end of year | | | Net income of investee | Recognized investment profit or loss | Remarks |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | End of the current period | The last year end | Shares | Ratio % | Book amount | | | |
| AGV Products Corporation | Apoland Resource International (BVI) Corp. | British Virgin Islands | Re-investment business | 377,745 | 377,745 | 11,510 | 100.00 | 103,713 | (2,532) | (2,532) | |
| | Defender Private Security Inc. | Chiayi City | Security business | 45,409 | 45,409 | 4,000 | 100.00 | 58,587 | 3,552 | 3,552 | |
| | Koya Biotech Corp. | Yunlin County | Gardening | 276,585 | 91,949 | 9,219 | 42.90 | 273,146 | (9,330) | (7,563) | (Note 2) |
| | Aco Distribution Corp. | Chiayi City | Proprietary business | 40,023 | 40,023 | 5,472 | 100.00 | 102,760 | 6,098 | 6,127 | |
| | Sasaya Vitagreen Co., Ltd. | Chiayi City | Proprietary business | 5,000 | 5,000 | 500 | 100.00 | 4,484 | 5 | 5 | |
| | AGV International (BVI) Limited | British Virgin Islands | Re-investment business | 13,397 | 13,397 | 460 | 100.00 | 14,241 | 7 | 7 | |
| | Sontenkan Resort Development Co., Ltd. | Chiayi City | Leisure and recreation business | 1,486,952 | 1,406,952 | 160,181 | 100.00 | 1,663,244 | (59,010) | (59,010) | |
| | Alpha International Developments Limited | British Virgin Islands | Re-investment business | 73,885 | 73,885 | 2,433 | 100.00 | 27,232 | (1,076) | (1,076) | |
| | Hope Choice Distribution Corp. | Chiayi City | Proprietary business | 66,948 | 66,948 | 6,500 | 100.00 | 85,715 | 3,861 | 3,760 | |
| | Mascot International (BVI) Corporation | British Virgin Islands | Re-investment business | 295,682 | 295,682 | 9,413 | 96.91 | 58,966 | (6,837) | (6,626) | |
| | Apoland Development (Singapore) Pte Ltd. | Singapore | Re-investment business | 1,342,839 | 1,331,805 | 55,038 | 93.16 | 154,341 | (105,695) | (98,337) | |
| | Hopeland Distribution Corp. | Taipei City | Proprietary business | 12,665 | 12,665 | 1,215 | 81.00 | 18,218 | 1,636 | 1,325 | |
| | Yunlin Dairy Technology Corp. | Yunlin County | Dairy manufacturing | 35,597 | 35,597 | 4,755 | 75.83 | 122,064 | 26,877 | 20,437 | |
| | Taiwan First Biotechnology Corp. | Chiayi County | Food manufacturing | 974,348 | 974,348 | 54,757 | 41.28 | 1,241,018 | 255,017 | 101,305 | (Note 1) |
| | AGV Biohealthy Food Limited | British Virgin Islands | Re-investment business | 23,311 | 23,311 | 783 | 29.75 | 18,598 | (750) | (223) | |
| | Aiken Biotechnology International Co., Ltd. | Chiayi City | Biotechnology service | 48,000 | 48,000 | 5,757 | 53.77 | 84,838 | 5,832 | 2,973 | |
| | AGV First Biotech Food (BVI) Limited. | British Virgin Islands | Re-investment business | 720,602 | 715,085 | 28,013 | 100.00 | 134,048 | (52,633) | (52,633) | |
| | Yanjing AGV International Company Limited | Taipei City | Proprietary business | 25,000 | 25,000 | 2,500 | 50.00 | 2,092 | (4,903) | (2,451) | |
| | Heding International Development Co., Ltd. | Chiayi City | Re-investment business | 201,836 | 201,836 | 16,788 | 48.98 | 152,742 | 5,532 | 2,710 | |

| Name of investor | Name of invested company | Address | Principal business | Original investment cost | | Holdings at end of year | | | Net income of investee | Recognized investment profit or loss | Remarks |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | End of the current period | The last year end | Shares | Ratio % | Book amount | | | |
| | Alpha Biotech Development (BVI) Limited | British Virgin Islands | Re-investment business | 797 | 797 | 25 | 49.00 | 765 | 4 | 2 | |
| | Kuo Cheng Investment Development Corp. | Taipei City | Investment business | 50,000 | 50,000 | 5,000 | 47.62 | 97,268 | 10,692 | 5,091 | |
| | Hopeman Distribution Co., Ltd. | Taipei City | Logistics business | 69,518 | 69,518 | 6,950 | 43.44 | 58,965 | 7,898 | 3,431 | |
| | Nice Investment Development Ltd. | Taipei City | Investment business | 48,000 | 48,000 | 4,800 | 36.64 | 151,674 | 36,866 | 13,508 | |
| | Nicostar Capital Investment (BVI) Ltd. | British Virgin Islands | Re-investment business | 51,095 | 51,095 | 1,764 | 36.21 | 25,673 | (2,343) | (848) | |
| | Eastern Formosa Resource Development Corporation | Taipei City | Entertainment business | 58,800 | 58,800 | 5,880 | 32.94 | 34,643 | 724 | 239 | |
| | Tongjitang Medicinal Biotech Corp. | Taipei City | Medical biotechnology | 50,000 | 50,000 | 5,000 | 26.27 | 50,097 | 1,573 | 413 | |
| | NICE Enterprise Co., Ltd. | Chiayi County | Household chemicals | 625,910 | 625,910 | 49,224 | 28.24 | 1,188,570 | 50,646 | 13,049 | |
| | Tai Fu International Corp. | New Taipei City | Food manufacturing | 72,970 | 72,970 | 8,615 | 24.83 | 122,935 | 1,255 | 312 | |
| Apoland Resource International (BVI) Corp. | AGV & NICE (USA) | U.S. | Marketing business | 1,228 (USD40) | 1,228 (USD40) | 40 | 57.14 | - | - | - | |
| | Apoland Development (Singapore) Pte Ltd. | Singapore | Re-investment business | 14,679 (USD478) | 14,679 (USD478) | 1,320 | 2.23 | 3,685 (USD120) | (105,695) (USD-3,546) | (2,362) (USD-79) | |
| | Mascot International (BVI) Corporation | British Virgin Islands | Re-investment business | 5,743 (USD187) | 5,743 (USD187) | 300 | 3.09 | 1,870 (USD61) | (6,837) (USD-229) | (211) (USD-7) | |
| Mascot International (BVI) Corporation | Asia Pacific Product Development Co. | Vietnam | Processing and export of vegetables | 55,867 (USD1,819) | 55,677 (USD1,813) | 1,903 | 100.00 | 2,939 (USD96) | (1,568) (USD-53) | (1,518) (USD-51) | |
| | New Zealand Cosmetic Laboratories Limited | New Zealand | Cosmetics | 12,468 (USD406) | 12,468 (USD406) | 639 | 28.71 | - | - | (1,400) (USD-47) | |
| | Bioken Laboratories Inc. | U.S. | Biotechnology | 1,228 (USD40) | 1,228 (USD40) | 40 | 26.67 | - | - | - | |
| | Apoland Development (Singapore) Pte Ltd. | Singapore | Re-investment business | 36,729 (USD1,196) | 36,729 (USD1,196) | 2,721 | 4.61 | 7,596 (USD247) | (105,695) (USD-3,546) | (4,870) (USD-163) | |
| Asia Pacific Product Development Co. | Xingrong Limited | Vietnam | Gardening | 3,082 | 2,759 | - | 100.00 | - | (123) | (123) | |

| Name of investor | Name of invested company | Address | Principal business | Original investment cost | | Holdings at end of year | | | Net income of investee | Recognized investment profit or loss | Remarks |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | End of the current period | The last year end | Shares | Ratio % | Book amount | | | |
| AGV Biohealthy Food (BVI) Limited | Dongruntang Biotech Corp. | China | Food | 65,382 (USD2,129) | 65,382 (USD2,129) | 13,971 | 29.53 | 46,894 (USD1,527) | (2,680) (USD-90) | (791) (USD-27) | |
| Aco Distribution Corp. | Tai Fu International Corp. | New Taipei City | Food manufacturing | 15,000 | 15,000 | 4,956 | 14.29 | 71,339 | 1,255 | 179 | |
| | Taiwan First Biotechnology Corp. | Chiayi County | Drink manufacturing | 20,600 | 20,600 | 969 | 0.73 | 25,533 | 255,017 | 1,819 | |
| Koya Biotech Corp. | Yunlin Dairy Technology Corp. | Yunlin County | Dairy manufacturing | 513 | 513 | 65 | 1.04 | (Note 3) | (Note 3) | 222 | (Note 3) |
| Hope Choice Distribution Corp. | Taiwan First Biotechnology Corp. | Chiayi County | Drink manufacturing | 10,350 | 10,350 | 459 | 0.35 | 12,669 | 255,017 | 858 | |
| Defender Private Security Inc. | Taiwan First Biotechnology Corp. | Chiayi County | Drink manufacturing | 35,340 | 35,340 | 1,945 | 1.47 | 43,930 | 255,017 | 3,657 | |
| | Yunlin Dairy Technology Corp. | Yunlin County | Dairy manufacturing | 314 | 314 | 44 | 0.70 | 1,127 | 26,877 | 188 | |
| Sontenkan Resort Development Co., Ltd. | Zhuqi Lionhead Mountain Leisure Development Co., Ltd. | Chiayi County | Landscape and interior design | 400 | 400 | 40 | 40.00 | 234 | (12) | (5) | |
| | Liantong Developments, Co., Ltd. | Chiayi City | Housing construction and building rental and sales | 32,663 | 32,663 | 5,188 | 30.52 | 27,357 | (2) | (1) | |
| | Bravo Bakery Corp. | Taipei City | Food manufacturing and sales | 20,943 | 20,943 | 2,400 | 24.00 | - | - | - | |
| | Eastern Formosa Resource Development Corporation | Taipei City | Entertainment business | 5,971 | 5,971 | 930 | 5.21 | 5,479 | 724 | 37 | |
| | Qixing Resort Co., Ltd. | Yunlin County | Tourism and recreation | 90,000 | 90,000 | 9,000 | 34.68 | 89,652 | (130) | (45) | |
| | Nice Plaza Co., Ltd. | Chiayi City | Department store, hotel | 610,924 | 581,874 | 60,200 | 34.84 | 493,740 | (94,961) | (32,186) | |
| Aiken Biotechnology International Co., Ltd. | Acts Bioscience Inc. | Chiayi City | Health food and sales | 121 | 121 | 13 | 21.00 | 153 | (10) | (2) | |
| | Rosahill Leisure Industry Co., Ltd. | Chiayi City | Proprietary business | 17,500 | 17,500 | 1,750 | 70.00 | 41,176 | 7,466 | 5,226 | |
| | Songshan Village Co., Ltd. | Chiayi City | Floriculture | 2,921 | 2,921 | 292 | 22.45 | 360 | (228) | (51) | |
| | AGV Biohealthy Food Limited | British Virgin Islands | Re-investment business | 25,856 | 25,856 | 800 | 30.38 | 18,995 | (750) | (228) | |

| Name of investor | Name of invested company | Address | Principal business | Original investment cost | | Holdings at end of year | | | Net income of investee | Recognized investment profit or loss | Remarks |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | End of the current period | The last year end | Shares | Ratio % | Book amount | | | |
| | Qixing Resort Co., Ltd. | Yunlin County | Tourism and recreation | 1,000 | 1,000 | 100 | 0.39 | 996 | (130) | (1) | |
| | Koya Biotech Corp. | Yunlin County | Gardening | 300 | - | 10 | 0.05 | 296 | (9,330) | (1) | |

(Note 1): The Company pledged 21,000 thousand shares of Taiwan First Biotechnology to the Bank of Taiwan as collateral for a syndicated loan.

(Note 2): The listed investment profits/losses include the investment loss recognized using the equity method prior to the loss of control, totaling NTD (6,890) thousand, and the investment loss recognized using the equity method after the loss of control, totaling NTD (673) thousand.

(Note 3): As of September 20, Koya Biotech Corp. was no longer a consolidated entity of the Group.

(Note 4): The above transactions between the parent company and subsidiaries have been written off in the consolidated statements.

Table 9

AGV Products Corporation and its Subsidiaries
Information on Investments in Mainland China
December 31, 2022

(1) Information on Investments in Mainland China

Unit: Foreign currency thousand; NTD thousand

| Name of investor | Name of invested company in Mainland China | Principal business | Paid-in capital | Investment method (Note 1) | Cumulative outward investment amount remitted from Taiwan – beginning of the period | Proportion of direct or indirect holdings | | Cumulative outward investment amount remitted from Taiwan – ending of the period | Net income of investee | Shareholdings of the Company's direct or indirect investment | Recognized investment Income (Note 2) | Book value of investment at ending | Investment revenue received in Taiwan in the current period |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Remitted outward | Repatriated | | | | | | |
| AGV Products Corporation | Shanghai AGV Foods Co., Ltd. | Food | 1,130,926 | (2) | 865,177 (USD28,172) | - | - | 865,177 (USD28,172) | (104,783) (USD-3,516) | 100.00% | (104,783) (USD-3,516) (2).2 | (121,358) (USD-3,952) | None |
| | Xiamen Aijian Traders Co., Ltd. | Food | 61,113 (USD1,990) | (2) | 51,900 (USD1,690) | - | - | 51,900 (USD1,690) | (1,269) (USD-43) | 84.92% | (1,078) (USD-36) (2).2 | 24,334 (USD792) | None |
| | Shandong AGV Food Technology Co., Ltd. | Food | 1,279,072 (USD41,650) | (2) | 524,575 (USD17,082) | - | - | 524,575 (USD17,082) | (52,631) (USD-1,766) | 100.00% | (52,631) (USD-1,766) (2).2 | 58,258 (USD1,897) (Note 3) | None |
| | Zhangzhou Pientzehuang AGV Biohealthy Food Limited | Food | 248,567 (USD8,094) | (2) | 45,000 (USD1,466) | - | - | 45,000 (USD1,466) | (4,604) (USD-154) | 18.11% | (834) (USD-28) (2).2 | 16,763 (USD546) | None |
| | Dongruntang Biotech Corp. | Food | 222,713 (USD7,252) | (2) | 27,480 (USD895) | - | - | 27,480 (USD895) | (2,680) (USD-90) | 16.64% | (446) (USD-15) (2).3 | 46,894 (USD1,527) | None |

| Name of investor | Name of invested company in Mainland China | Accumulated outward investments remitted from Taiwan to China at ending | Investment amount approved by Investment Commission, MOEA | Ceiling on investment in Mainland China imposed by the Investment Commission, Ministry of Economic Affairs |
|---|---|---|---|---|
| AGV Products Corporation | Shanghai AGV Foods Co., Ltd. | 865,177<br>(USD28,172) | 1,200,364<br>(USD39,087) | 4,051,795 |
| | Xiamen Aijian Traders Co., Ltd. | 51,900<br>(USD1,690) | 51,900<br>(USD1,690) | |
| | Shandong AGV Food Technology Co., Ltd. | 524,575<br>(USD17,082) | 614,121<br>(USD19,997) | |
| | Zhangzhou Pientzehuang AGV Biohealthy Food Limited | 45,000<br>(USD1,466) | 45,000<br>(USD1,466) | |
| | Dongruntang Biotech Corp. | 27,480<br>(USD895) | 82,961<br>(USD2,701) | |

Note 1: The investment method can be classified into three categories. Please specify the type:

(I) Engaged in direct investment in Mainland China.

(II) Investment in Mainland China through a third region.

Shanghai AGV Foods Co., Ltd.: This is a reinvestment in Shanghai AGV Foods Co., Ltd. by the Company and subsidiaries Mascot International (BVI) Corporation and Apoland International Corp. through reinvestment in Apoland Development (Singapore) Pte Ltd.

Xiamen Aijian Traders Co., Ltd.: This is a reinvestment in Xiamen Aijian Traders Co., Ltd. by the Company through reinvestment in Alpha International Developments Limited

Shandong AGV Food Technology Co., Ltd.: This is a reinvestment in Shandong AGV Food Technology Co., Ltd. by the Company through reinvestment in AGV First Biotech Food (BVI) Limited.

Zhangzhou Pientzehuang AGV Biohealthy Food Limited: This is a reinvestment in Zhangzhou Pientzehuang AGV Biohealthy Food Limited by the Company through reinvestment in Nicostar Capital Investment (BVI) Ltd.

Dongruntang Biotech Corp.: This is a reinvestment in Dongruntang Biotech Corp. by the Company through reinvestment in AGV Biohealthy Food Limited.

(III) Other methods.

Note 2: In the column of the investment income recognized in the current period:

(I) It shall be specified if the investment is in preparation without any investment income.

(II) The base for the recognition of investment income can be classified into three categories, and shall be specified.

1. The financial statements audited and attested by the international accounting firm associated with the ROC CPA firms;
2. Financial statements audited and attested by the CPA firm of the parent company in Taiwan
3. Others.

Note 3: This does not include the reinvestment in Shandong AGV Food Technology Co., Ltd. by Taiwan First Biotechnology Corp. through reinvestment of USD 18,100 thousand preferred shares of AGV First Biotech Food (BVI) Limited.

Note 4: The above transactions between the parent company and subsidiaries have been written off in the consolidated statements.

(2) Material transactions with the investee companies in Mainland China directly or indirectly through third areas in 2022:

1. Material transactions with the investee companies in Mainland China: See Table 6 in Note 13.
2. Financing with the invested companies in Mainland China: See Table 1 in Note 13.
3. Guarantees/Endorsements provided to the investee companies in Mainland China: See Table 2 in Note 13.

Table 10

AGV Products Corporation and its Subsidiaries

Major Shareholders Information

December 31, 2022

| Major shareholder name | Shares held | Shareholding ratio |
|---|---|---|
| Ho Yuan Investment Co., Ltd. | 30,588,258 | 6.18% |

Note: The major shareholders information in the Table is the information of the Company’s total common stocks and preferred shares with completion of non-physical delivery (including treasury stock) reaching above 5% held by the shareholders. The information is calculated by the Taiwan Depository & Clearing Corporation on the last business day at the end of each quarter. The capital stock recorded in the Company’s financial report and the non-physical share delivery actually completed by the Company may vary due to different calculation basis for preparation.

14. Segment Information

(1) General information:

The management of the Group has identified the segment to be reported based on reporting information used by the decision-makers upon establishing a decision. The decision-makers of the Group carry on the business by product type or labor service type and classify the main reportable segments as a room temperature segment, low temperature segment, international trade segment, health segment and OEM segment. Information related to the operation of partial subsidiaries is not included in the operating decision report due to their small scale of operation. Therefore, the subsidiaries are not included in the reportable segment but their business results are combined into the "Other operating segment."

(2) Measurement of segment information:

The decision-makers of the Group evaluate the performance of business segment by net income before tax excluding the impact regarding share of profit or loss of associates and joint ventures under the equity method, dividend revenue, disposition of investment profit or loss, net profit (loss) of financial assets and liabilities at fair value through profit or loss which are at fair value and profit from repurchased corporate bond. Relevant share of profit or loss of associates and joint ventures under the equity method, dividend revenue, disposition of investment profit or loss, net profit (loss) of financial assets and liabilities at fair value through profit or loss which are at fair value and profit from repurchased corporate bond are managed based on the Group without being amortized to the business segment.

(3) Financial information of segment:

2022:

| Item | Room temperature segment | Low temperature segment | International trade segment | Health segment | Other operating segments | Adjustment and elimination | Total |
|---|---|---|---|---|---|---|---|
| Revenue | | | | | | | |
| Income from external customers | $ 3,741,907 | $ 684,790 | $ 129,973 | $ 100,587 | $ 143,368 | $ - | $ 4,800,625 |
| Inter-segment income | 996,687 | 69,845 | 22,781 | 29,263 | 93,893 | (1,212,469) | - |
| Total revenues | $ 4,738,594 | $ 754,635 | $ 152,754 | $ 129,850 | $ 237,261 | $ (1,212,469) | $ 4,800,625 |
| Segment profit and loss | $ 37,675 | $ 28,424 | $ 687 | $ 11,437 | $ (65,662) | $ 1,178 | $ 13,739 |

2021:

| Item | Room temperature segment | Low temperature segment | International trade segment | Health segment | Other operating segments | Adjustment and elimination | Total |
|---|---|---|---|---|---|---|---|
| Revenue | | | | | | | |
| Income from external customers | $ 3,631,060 | $ 710,633 | $ 147,243 | $ 97,433 | $ 124,511 | $ - | $ 4,710,880 |
| Inter-segment income | 966,187 | 70,591 | 29,567 | 27,742 | 88,821 | (1,182,908) | - |
| Total revenues | $ 4,597,247 | $ 781,224 | $ 176,810 | $ 125,175 | $ 213,332 | $ (1,182,908) | $ 4,710,880 |
| Segment profit and loss | $ 96,020 | $ 41,648 | $ 8,921 | $ 9,281 | $ (77,325) | $ 1,780 | $ 80,325 |

(4) Adjustment information on segment profit or loss, assets and liabilities:

The external revenue reported to the main decision-makers adopts the same measurement method as the revenue in the statement of profit and loss.

The adjustment of segment net profit and loss and pre-tax profit from continuing operational units is as follows:

| Item | | 2022 | | 2021 |
|---|---|---|---|---|
| Net profit or loss from reportable segment | $ | 13,739 | $ | 80,325 |
| Dividend revenue | | 19,925 | | 32,631 |
| Share of profit or loss of associates and joint ventures under the equity method | | 108,155 | | 165,157 |
| Net profit (loss) on financial assets and liabilities measured at fair value through profit/loss | | (5,674) | | 10,123 |
| Profit (Loss) on disposal of investments | | 178,362 | | - |
| Impairment loss of property, plant and equipment | | (21,519) | | (8,928) |
| Profit (loss) from fair value adjustment | | 10,274 | | 5,936 |
| Profit or loss before tax | $ | 303,262 | $ | 285,244 |

(5) Information by product type and labor service type:

The information on the Group's revenue from external customers is as follows:

| Product name | | 2022 | | 2021 |
|---|---|---|---|---|
| Tradition series | $ | 1,072,374 | $ | 1,154,429 |
| Dessert series | | 744,215 | | 752,366 |
| Drink series | | 1,591,122 | | 1,453,501 |
| Oat milk series | | 1,038,732 | | 1,047,025 |
| Oil series | | 108,851 | | 91,715 |
| Health series | | 22,731 | | 21,583 |
| Others | | 222,600 | | 190,261 |
| Total | $ | 4,800,625 | $ | 4,710,880 |

(6) Information by regions:

A. Revenue from external customers (classified by the customers' countries):

| Region | | 2022 | | 2021 |
|---|---|---|---|---|
| Taiwan | $ | 4,660,694 | $ | 4,570,846 |
| Mainland China | | 139,931 | | 140,034 |
| Total | $ | 4,800,625 | $ | 4,710,880 |

B. Non-current assets:

| Region | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Taiwan | $ 8,367,690 | $ 8,684,928 |
| Mainland China | 1,111,500 | 1,158,559 |
| Others | 53,609 | 54,898 |
| Total | $ 9,532,799 | $ 9,898,385 |