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AGV Products Corporation



2022 Annual Report

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VIII. Exchange information on offshore transactions of the company's securities: None.

IX. Official website: <https://www.agv.com.tw/>

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One. Letter to Shareholders

I. Letter to Shareholders from the Chairman

I would like to thank all of you – shareholders, distinguished guests, senior managers, representatives – for joining the 2023 annual shareholders’ meeting of AGV. On behalf of the Board of Directors and our operations team, I wish to extend my warm welcome and sincere appreciation to you.

Since the COVID-19 pandemic broke out in 2020, we are currently in the fourth year where domestic and international political and economic situations remain unpredictable and changeful. Apart from the short-term anti-pandemic war, and trade war, long-term climate changes, food shortages, and energy crises have posed unprecedented challenges to business operations. The operations team of AGV was faced with not only the threat of upsurges in the costs of procurement and raw materials in the upstream, the costs of manufacturing and operations in the midstream, and the expenses of channels and sales in the downstream, but also the pressure of tightened consumer spending in the consumer market due to political, economic, pandemic, and other factors. Fortunately, with the joint efforts of our R&D, production, and sales teams, suppliers, channel partners, consumers, government agencies, industrial partners, and brands of international strategic alliances, we were able to overcome difficulties arising from the political and economic environment with forward-looking operating strategies. We adopted a brand strategy precisely to create a rigid demand in the consumer market and develop flexible management tactics to achieve stable and positive performance. In 2022, we recorded a consolidated shareholders’ equity totaling NTD7,517,472 thousand (an increase of NTD120,103 thousand), a consolidated revenue of NTD4,800,625 thousand (an increase of NTD89,745 thousand), a consolidated net profit for the current period of NTD287,793 thousand (an increase of NTD70,626 thousand), and an earnings per share of NTD0.56 (an increase of NTD0.15).

To share the results of our operations with all shareholders, we distributed a dividend of NTD0.3 per share (a dividend payout ratio of 73.17%) last year. This year, we have also decided to distribute a dividend of NTD0.4 per share (a dividend payout ratio of 71.43%), with the expectations to continue optimizing our operations and enhancing shareholders’ interests with a steady and positive approach. Founded for more than half a century, AGV has been firmly committed to its vision and mission. “For a Healthy Tomorrow”, the emphasis of our brand, is not merely a slogan, but the unwavering commitment and principle of the first founders of AGV toward the country and society they grew up with. AGV’s brand embodies the business philosophy of “LOHAS, eco-friendliness, greenness, and healthiness”, the corporate DNA of “safety, health, functionality, convenience, and innovation”, and the entrepreneurial spirit of “Love, integrity and harmony”. As a company of love, AGV treats consumers as its family and spares no effort in R&D and innovation, food safety control, service improvement, employee care, and fulfillment of its responsibilities based on the belief of “in the name of love, starting from love, and managing business with love”. As a promise to our shareholders, AGV will continue to strive to become a role model for Taiwan’s food industry in the future!

Again, I would like to thank all of you – shareholders, distinguished guests, senior managers, and representatives – for joining the meeting today. I wish everyone good health and all the best.

Sincerely,

Chairman Kuan-Han Chen

June 9, 2023

II. Business Report

(I) 2022 Business Report

Unit: NTD thousand

Item	2022	%	2021	%	Growth rate of amount (%)
Operating revenue	4,800,625	100.0	4,710,880	100.0	1.9
Gross sales margin	1,436,950	29.9	1,459,388	31.0	-1.5
Operating expense	1,265,682	26.4	1,287,853	27.3	-1.7
Net operating profit	171,268	3.6	171,535	3.6	-0.2
Pre-tax profit	303,262	6.3	285,244	6.1	6.3
Net profit	287,793	6.0	217,167	4.6	32.5

In 2022, AGV recorded a consolidated operating revenue of NTD4,800,630,000, an increase of NTD89.75 million from the previous year at a growth rate of 1.9%. Due to higher costs of raw materials, the gross profit margin declined by 1.1% compared to the same period of the previous year, resulting in a decrease of NTD22.44 million in the gross profit. As a result of overall proper control of the operating expenses, the expense ratio decreased by 0.9%, generating a net operating profit of NTD171,270,000, which was NTD270,000 less compared to the same period of the previous year. Due to factors such as profits from reinvestment, the non-operating revenues and expenses saw an increase of NTD18.29 million compared to the same period of the previous year. The pre-tax profit was NTD303,260,000, and the net profit less the income tax expense was NTD287,790,000.

(II) Summary of the 2023 Business Plan

The following is a summary of the four major business strategies of AGV in 2022:

1. Enhancing corporate values and focusing on sustainable development
 - (1) Growth in the operating revenue, increases in three margins (gross profit margin, operating profit margin, and net profit margin), and enhanced market values of AGV to ensure the interests of shareholders and investors.
 - (2) Quality control, consumer satisfaction, and strict food safety management to ensure the interests of consumers and customers.
 - (3) Fulfillment of CSR, implementation of ESG, and protection of the environment to ensure social responsibilities and corporate governance.
 - (4) Increasing revenue, minimizing expenditures, joint price negotiation, and development of new suppliers to ensure control and restriction of the costs of raw materials.
 - (5) Capital expenditures, replacement of old products with new ones, and reduction of production costs to ensure production and sales efficiency and competitive advantages.
 - (6) Integration of the group, rolling adjustments, and implementation of the operating budget to ensure stable growth in the post-pandemic era.
2. Optimizing operations management and connecting the benefits of management
 - (1) Optimizing production management by connecting procurement, production, manufacturing, and quality control with information technology to pursue cost and quality efficiency.
 - (2) Optimizing sales management by using a remote system for communication in

- planning, sales, and operations management to enhance the effectiveness of integration and cooperation.
- (3) Optimizing human resource management by managing the processes for selection, promotion, and retention of talents through digital platforms to strengthen human resources.
 - (4) Optimizing innovation management by strengthening R&D and planning brainstorming with trend analysis to manage and utilize intellectual property.
 - (5) Optimizing financial and accounting management by introducing GCRS and FNDS accounting information systems to enhance the management of financial statements.
 - (6) Optimizing information management by integrating information management platforms across systems to improve management efficiency according to the needs of each department.
3. Creating niche advantages and establishing a strong position
- (1) Creating market niches by utilizing market strengths in market share, channel share, and store share to transform old products into new ones for successful market release.
 - (2) Creating group niches by utilizing integration strengths in food, supplies, and leisure to enhance complementarity and cooperation of resources for channel negotiation.
 - (3) Creating advertising niches by utilizing communication strengths online, offline, and in social media to increase the loyalty of consumers for brands they have purchased.
 - (4) Creating demand niches by utilizing strengths in the event of a pandemic, disaster, or environmental protection to engage in opportunistic marketing to penetrate special segments.
 - (5) Creating industrial niches by utilizing the industrial strengths of trade academic and industrial associations to revitalize industrial momentum and loosen regulatory constraints.
 - (6) Creating technological niches by utilizing intellectual property in R&D, patents, and manufacturing processes to keep competing for markets of high-quality and high-margin products.
4. Step-by-step growth strategies for the short, medium, and long terms
- (1) Existing products and new markets: New product applications and new market demand.
 - (2) New products and existing markets: New demand due to the pandemic and rise of the stay-at-home economy.
 - (3) Channel cooperation and brand promotion: Seasonal products and limited editions of souvenirs.
 - (4) Co-branding and strategic alliances: Co-branding with peers and with other industries.
 - (5) Long-term investment and biotech park: Dapumei Park and plant-based development.

Since the COVID-19 pandemic broke out in 2020, we are currently in the fourth year where changes in domestic and international political and economic situations affect people's livelihoods and the economy. Although the pandemic, political strife, and regional wars are crises that can be resolved in the short term, they have caused lasting effects on inflation, the job market, spending willingness, the supply of raw materials, energy shortages, and other aspects due to the unique psychological factors and deferred effects of the economic market. As a result, business operations are faced with increasingly greater difficulties and challenges. In the future, our operations team is likely to face not only the threat of upsurges in the costs of procurement and raw materials in the upstream, the costs of manufacturing and operations in the midstream, and the expenses of channels and sales in the downstream, but also the pressure of tightened consumer spending in the consumer market due to political, economic, pandemic, and other factors. Therefore, the team's business policies for 2023 will be reoriented according to recent variables in the overall environment and uncertainties in the aspects of politics, the economy, the pandemic, and people's livelihoods. After a thorough analysis and detailed planning, the policies will be oriented to four strategies:

1. [Corporate values] Focusing on sustainable development and fulfilling corporate social responsibilities
 - (1) Increasing revenues and profits: Increasing revenues, profits, and shareholders' equity to fulfill the responsibilities of a public company regarding financial performance.
 - (2) Enhancing operations management: Increasing revenue, minimizing expenditures, and optimizing the cost structure to improve the functions concerning human resources, R&D, procurement, production, QA, planning, marketing, finance, and accounting.
 - (3) Fulfilling corporate social responsibilities: Focusing on the four issues of environmental protection, society, governance, and commitment to enhance the non-financial value of AGV.
2. [Competitive advantages] Strengthening R&D, production, planning and marketing, and building competitive barriers
 - (1) Strengthening R&D advantages: Investing in professional talents and high-end equipment, and creating leading advantages in international patents and awards.
 - (2) Strengthening production and manufacturing advantages: Upgrading existing equipment and installing new equipment, and making good use of complementary production lines to improve quality.
 - (3) Strengthening planning and marketing advantages: Utilizing the position and market advantages of AGV's brand to increase its lead in sales and market share.
3. [Growth momentum] Exploring blue ocean platforms and leading the consumption trend
 - (1) Seeking cross-industry cooperation: Using the synergy concept of "one plus one is greater than two" to form alliances and co-brands with peers and other industries to compete for the market.
 - (2) Satisfying consumer demand: Pursuing innovation, convenience, uniqueness, and experience, and expanding the functionality of the Premium Oat Drink products.

4. [Resource integration] Combining the industry, government, academia, and private sector to enhance the synergy of a win-win situation
 - (1) Integrating the resources of the group: Constructing a base of oat materials at the Dapumei Plant, and exploring new markets to increase profits during winter.
 - (2) Integrating industrial resources: Taking advantage of resources and new knowledge of the industry, government, and academia to promote industrial cooperation and exchange and maintain our lead in new technologies.
 - (3) Integrating government resources: Supporting government policies and promotions at home and abroad, as well as seizing new opportunities of preferential policies to achieve more results with less efforts.

The following is a summary of the 2023 business plan:

Even in the FMCG food industry, which is driven by creativity, innovation, and consumer demand, almost all companies have been clouded by environmental variables relating to politics, the economy, the pandemic, and people's livelihoods since the COVID-19 pandemic broke out in 2020. Uncertainties of the relevant variables have also affected the styles of living and consumer spending, with both brands and consumers facing unpredictable changes in decision-making. However, the FMCG industry is much closer to the lives of consumers than other industries. Once the consumer bubble is removed with a return to the core and essence of demand, rational consumer behavior and decision-making will gradually push the market back to the right track, and consumers will focus more on substantive aspects such as the functions, convenience, quality, safety, and values of products.

Our operations team has integrated the reports on global food consumption trends in 2023 published by renowned food companies and market research institutions around the world, including Innova Market Insights, Amazon's Whole Foods Market, the organic food retailer Natural Grocers, the U.S. company ADM (Archer Daniels Midland), KeHe, Kerry Group, Mintel, Spoonshot, Trend Hunter, and LINCHPIN. Through these reports, the team is able to thoroughly observe consumer behaviors in the food market and trends of the food industry, conduct an in-depth analysis of domestic and foreign cases of product innovation, and summarize the latest consumption trends and their direction with the greatest potential of the food and beverage industry in 2023, in order to provide new ideas for annual R&D regarding new products and help the team develop new strategies in line with future trends and consumer demand, indicated as follows:

- Trend 1: Return of values: Prudent spending, brand trust, nutritional functions, prioritizing convenience
- Trend 2: Personal health care: Personalization, gastrointestinal health, oral cosmetology, concept of subtraction
- Trend 3: Sustainable development: Natural ingredients, carbon neutrality, glocalization, farming for the future
- Trend 4: Food substitution: Plant-based products, optimized substitution, multiple choices, balanced, and healthy foods
- Trend 5: Enjoyment: Emotional food, ethnic cuisines, reintroduction of traditional foods, affordable enjoyment

Trend 6: Warm technology: Organic and green products, clean labeling, transparent traceability, one-stop experience

Trend 7: Modern trends: Popular health knowledge, digital age, ethnic health, Earth friendliness

Taiwan is at the forefront of the global food industry with a developed food industry, advanced R&D capabilities, and advanced production and manufacturing technologies, while its market openness has given rise to a diverse range of food manufacturers, retail channels, and consumers. Restrictive policies and pro-openness incentives are present simultaneously, and foreign and local manufacturers, public companies, and SMEs coexist with a mixture of physical, virtual, special, and closed channels. Consumers are loyal to brands and also willing to try new things, with diversity in knowledge levels, consumer groups, and living standards. They are highly receptive to new products and concepts, and their spending behavior is largely influenced by their own living habits, buying mentality, product preferences, and spending ideas. Moreover, recent variables in the overall environment, such as soaring prices, inflation, and a transitional market in the post-pandemic era, have made the tasks of brand management, product development, and meeting consumer demands more complex and challenging. Our team possesses strong capabilities in the one-stop integration of R&D, production, planning, and marketing in the areas of market research, product R&D, production, manufacturing, quality control, marketing, advertising and sales. In response to internal/external political as well as economic variables, competition, consumption trends, market trends, and government regulations, our professional talents are able to determine the direction of new product development for the following main products through inter-departmental R&D, production and sales meetings, as well as weekly, monthly, and quarterly operational meetings, in accordance with our annual operating strategy:

(1) Cultural cuisines:

- Korean Kimchi Tofu Stew: A classic Korean dish mixing spicy kimchi with soft tofu.
- Almond Jelly: As the most beautiful childhood memory, it is high-fiber and low-cholesterol with reduced sugar, but also delicious.

(2) Healthy drinks:

- Premium Oat Drink (Easy Sleep): Sesamin and GABA can solve sub-health and sleep problems.
- Honey Oatmeal Drink: Natural longan honey is combined with premium oats to form antioxidants, enhance immunity, and mitigate “three hypers” (hypertension, hyperlipidemia, and hyperglycemia).

(III) Prospect for the Future:

In 2022, in response to changes in the political and economic environments as well as market trends at home and abroad, our team completed four major business strategies to lay a firm foundation for corporate sustainable management for the purpose of achieving our operating targets and maximizing shareholders’ interests, taking into account our short-, medium-, and long-term operational missions and visions:

1. Enhancing corporate values and focusing on sustainable development (financial performance, non-financial values, shareholders’ interests, and social responsibilities)

2. Optimizing operations management and connecting the benefits of management (benefits of management: production, sales, human resources, innovation, finance and accounting, and information)
3. Creating niche advantages and establishing a strong position (niche advantages: market, group, advertising, demand, industry, and technology)
4. Step-by-step growth strategies for the short, medium, and long terms (existing products+new products, channels+co-brands, strategic alliances, and biotech park)

In the post-pandemic era, the fulfillment of a company's social responsibilities has evolved from an appeal to a requirement, or even been set out by legislative regulations at home and abroad. For example, the EU has required packaged foods imported into Europe to have labeling and data for carbon emissions from 2027. AGV recognizes that rather than being a burden, corporate social responsibilities are the force driving business owners and the public to broaden their views and enhance their vision concerning business management. In the future, our team will uphold and implement a sustainable development strategic layout (SDSL), while simultaneously meeting the needs of corporate development regarding corporate social performance (CSP) and corporate financial performance (CFP). Our team will make adjustments from time to time, contingent upon changes in domestic and foreign trends, systems, or laws. We believe that this is the only way to fulfill our greatest responsibilities as a corporate citizen toward our company, shareholders, employees and related parties, and even the country and society where we grow up.

Therefore, our overall business policies for 2023 will be oriented toward four strategies:

1. [Corporate values] Focusing on sustainable development and fulfilling corporate social responsibilities
2. [Competitive advantages] Strengthening R&D, production, planning and marketing, and building competitive barriers
3. [Growth momentum] Exploring blue ocean platforms and leading the consumption trend
4. [Resource integration] Combining the industry, government, academia, and private sector to enhance the synergy of a win-win situation

Chairman:

President:

Accounting Officer:

Two. Company Profile

I. Company Profile

Establishment Date: June 26, 1971

1. Establishment: (1) Mr. Ching-tsun Chen established the Company to produce feed for pigs and chickens in June, 1971. The original name of the Company was Guoben Industrial Co. Ltd. and the paid-in capital was NTD 3,000,000. The canned pickle factory was completed in 1977 to produce pickled cucumber, spicy cucumber, daikon in bean paste, pickling melon in sauce and black bean products. The Company was renamed to AGV Products Corporation in September, 1983 and operates to this day.
(2) From 1972 to 1985, there were 5 cash capital increases, one recapitalization from capital surplus, and one recapitalization of earning and merger of AGV Products Corporation. The capital increase from the merger totaled NTD 177,000,000 and the capital after increase reached NTD 180,000,000.
2. 1986: (1) Merger of Ai-xin-wu Co., Ltd. The capital increase from the merger was NTD 4,992,000 and the capital reached NTD 184,992,000. The cash capital increase was NTD 31,008,000 and the total capital was NTD 216,000,000.
(2) Introduction of new product Neo Neo Ten Huba.
3. 1987: Introduction of new products such as ginseng vinegar, apple vinegar, instant drinks and spicy pickled cucumber.
4. 1988: (1) The cash capital increase was NTD 190,000,000, the recapitalization of earnings was NTD 54,000,000 and the total capital was NTD 460,000,000.
(2) Construction of fast food factory in response to rapid growth and new product development.
(3) Introduction of new products such as Missik, pearl sago and mustard.
5. 1989: (1) The cash capital increase was NTD 229,000,000 and the recapitalization of earnings was NTD 100,000,000. The total capital was NTD 789,000,000 and the Company was listed as a public company approved by competent authority in October 28.
(2) Extension of food factory, finished product warehouse and construction and purchase of business location; extension of pig house and Song-Shan-Ling farm to develop the pig industry.
(3) Introduction of new products such as mapo tofu and vegetarian barbecue sauce.
6. 1990: (1) The recapitalization from capital surplus was NTD 211,000,000 and the total capital was NTD 1 billion.
(2) Introduction of new products such as delicious food sauce, longan tofu pudding, peanut tofu pudding, Laqi, honey herbal jelly, iced mung bean cake, milk peanut soup, coffee and chocolate.
7. 1991: (1) Recapitalization from capital surplus was NTD 198,000,000 and the preferred share issued by increased cash capital was NTD 350,000,000. The total capital was NTD 1,548,000,000.
(2) Introduction of Chinese prepared foods such as pig's feet with potatoes, braised pork ball in brown sauce, braised beef, braised pork with pickled vegetables and pork with pickling melon; canned vegetarian foods such as vegetarian braised mushroom, vegetarian braised pork and vegetarian mapo tofu. Introduction of canned drinks

- such as nectar black tea, rhinacanthus nasutus tea, starfruit juice, V21 mixed juice, plum juice and Xiao Xian-Zhu.
8. 1992:
 - (1) The recapitalization from capital surplus was NTD 71,880,000 and the total capital was NTD 1,619,880,000.
 - (2) Introduction of drinks such as white gourd drink and wheat black tea and canned prepared food such as curry vegetarian meat, steamed pork ribs with black bean sauce, pork ribs with bitter gourd and curry pork.
 9. 1993:
 - (1) Introduction of canned drink series such as coconut jelly, almond pie, peanut pie, papaya pearl and oolong.
 - (2) To improve business efficiency, the feed and livestock business was terminated in the first quarter of 1993 due to its low added value of products and high costs for pollution prevention.
 - (3) To develop diversified operation and make effective use of the Company's land resources, the construction department was established in 1993.
 - (4) The recapitalization from capital surplus was NTD 126,988,000 and the cash capital increase was NTD 120,000,000. The total capital was NTD 1,866,866,000.
 10. 1994:
 - (1) The recapitalization from capital surplus was NTD 163,132,000 and the total capital was NTD 2.03 billion.
 - (2) The food department introduced canned prepared food mutton stewed with angelicae radix and drinks including carton-pack lemon tea, osmanthus oolong and green tea as well as bottled oolong and Sasaya coconut drink.
 - (3) The construction department built the "Ai-Jia-Cun" garden villa with 19 households.
 11. 1995:
 - (1) Introduction of canned red bean soup with jelly cake, vegetable stock, canned tuna and canned drink series such as wheat tea, roselle tea, herb tea, sports drinks and apple soda.
 - (2) The recapitalization from capital surplus was NTD 168,000,000 and the recapitalization of earning was NTD 168,000,000. The total capital was NTD 2,366,000,000.
 12. 1996:
 - (1) The recapitalization of earnings was NTD 141,120,000 and the total capital was NTD 2,507,120,000.
 - (2) Introduction of products such as kumquat lemon juice, salted mackerel with ginger and teriyaki fish fillet.
 13. 1997:
 - (1) The recapitalization from capital surplus was NTD 125,350,000 and the recapitalization of earning was NTD 250,710,000. The total capital was NTD 2,883,180,000.
 - (2) Introduction of products such as Taiwanese kimchi, Korean kimchi, sliced burdock, soybean milk, Hawaiian juice, cane asparagus juice, coconut with cane & asparagus, herb tea with white gourd, Sasaya pomelo, roselle nectar, kumquat honey, four flavor juice and milk oatmeal.
 14. 1998:
 - (1) The recapitalization from capital surplus was NTD 161,450,000 and the recapitalization of earning was NTD 256,600,000. The total capital was NTD 3,301,250,000.
 - (2) Introduction of peeled chili pepper, konjac mung bean soup with jelly cake, malt beverage and nable came asparagus juice.
 15. 1999:
 - (1) The recapitalization from capital surplus was NTD 92,430,000 and

- the recapitalization of earning was NTD 72,630,000. The total capital was NTD 3,466,310,000.
16. 2000:
- (2) Introduction of red bean milk, peanut milk, lemon asparagus juice, braised potatoes and a Hello Kitty series of products.
 - (1) The recapitalization from capital surplus was NTD 103,990,000 and the recapitalization of earning was NTD 69,330,000. The total capital was NTD 3,639,630,000.
 - (2) Introduction of products such as New Zealand milk tea, green tea with milk, burdock tea, chutney, vegetarian barbecue sauce and Wang-Ke.
17. 2001:
- (1) Introduction of products such as crystal sugar seaweed with honey, crystal sugar seaweed with plum, laver sauce, hot pot-Kimchi hotpot, spicy stinky tofu hotpot, konjac pearl, pearl milk tea, hawthorn plum juice, orange juice, guava juice, PET2000 fresh green tea and fresh oolong.
 - (2) Packaged products for business: products such as tree mushroom and needle mushroom, pot-stewed bamboo shoot and sliced cucumber.
 - (3) A shareholders' meeting was held to re-elect directors and the change reached above one-third of the directors. The Company has conducted the announcement and report based on relevant regulations of the competent authority; a new general manager was newly hired on June 12 and served concurrently as the spokesperson.
18. 2002:
- Introduction of products such as yam gluten, CPP milk peanut soup, fresh tomato juice series, bulk coconut milk for catering, king of green tea, fresh sliced cucumber and Japanese dried bamboo shoots.
19. 2003:
- Introduction of products such as fresh fruit and vegetable juice, fresh orange juice, healthy oil, olive and grape seed oil, Chin Lung 28 °C kaoliang spirit, captain cook coffee, roselle capsules, tomato stock hotpot, spicy tomato hotpot, highland milk yogurt drink, popsicle and ice cream.
20. 2004:
- Introduction of anthocyanin grape seed, red guava juice, roselle health drink, roselle health beverage, barley tea, mini-tuna fillet, healthy sunflower grape seed oil, highland fresh milk, zero fat yogurt drink, red guava juice, kumquat orange juice, mango juice, highland whole milk, highland low-fat milk and roselle capsules.
21. 2005:
- (1) Capital increase of NTD 68,630,000 due to the transferring of overseas convertible corporate bonds to common stock. The total capital was NTD 3,708,260,000.
 - (2) Introduction of products such as healthy oil-cut green tea, healthy oil-cut puerh tea, William milk tea, apple polyphenols beauty juice, spicy sauce, golden grape seed oil, Niu Mama whole milk, hami melon flavored milk, hazelnut chocolate flavored milk, light lemon fermented milk, light apple fermented milk, original fermented milk, raspberry mixed berry juice, pineapple tomato juice, healthy sugar-free tea (Gyokuro green tea), fruit and vegetable flavored milk, Niu Mama juice flavored milk, Niu Mama malt flavored milk and Niu Mama chocolate flavored milk.
22. 2006:
- (1) Capital increase of NTD 68,630,000 due to the transferring of overseas convertible corporate bonds to common stock. The total capital was NTD 3,776,890,000.
 - (2) Introduction of pickled needle mushroom, low-sugar tea-Gyokuro green tea, low-sugar tea-chin-shin-oolong, low-sugar tea-jasmine green tea, oil-cut green tea, golden green tea, golden oolong, golden

- oil-cut green tea, golden oil-cut oolong, CLIO charcoal-filtered water, Sasaya coconut milk, puerh tea, golden grape seed oil, pineapple tomato juice, plum tomato juice, oligo wheat tea, highland vegetable and fruit milk, colostrum milk, Healthy Reason “natto kinase” and Healthy Magnate “three-in-one lycopene powder.”
23. 2007: Introduction of Okinawa brown sugar eight treasures, agar low-sugar-high-mountain green tea, agar oil-cut golden oolong, golden teapot herbal tea, Yu zhen-gu pickles, Northern Europe mackerel, tomato juice (dietary fiber strengthening), catechin healthy oil-cut green tea, corn milk, blueberry litchi, three-leaf tea (roasted oolong, ice brew green tea), Chinese Teahouse (herb tea, white gourd tea), agar lemon, agar passion fruit green tea, Lan Xin-mei black currant cranberry juice, agar grass jelly, agar brown sugar white gourd jelly, healthy low-sugar light capsule, Aiken light capsule, healthy low-sugar light tea bag, healthy low-sugar light temple tea bag, Aiken burdock health capsules, Aiken GOBO burdock extract and AGV all-in-one glucosamine health capsules.
24. 2008: (1) The cash capital increase was NTD 700,000,000 and the total capital was NTD 4,476,890,000.
 (2) Introduction of products such as AGV agar drink, 3A straight healthy capsule, agar yakult, iced grass jelly, lemon plum green tea, three-leaf tea-Shizuoka (sugar-free), oil-cut digesting tea, agar honey green tea, agar guava green tea, dense mesona tea, oil-cut coffee (sugar-free, light sugar), pure dense oats (original, milk flavor), Redgold Bank tomato drink, AGV kakorot health caplet, Okinawa slimming tea, AGV 3A visual element health capsules, Aiken lycopene health capsule, Aiken slimming capsules, healthy oil-cut catechin slimming capsules and AGV healthy sugar-cut tea.
25. 2009: (1) Mr. Je-fang Chen was re-elected as chairman and Mr. Ching-tsun Chen as permanent founder in September 29, 2009.
 (2) Introduction of products such as agar dense mesona, red bean oats, honey oats, agar orange, agar lemon black tea, agar coffee jelly, agar milk tea jelly, pure dense oats (red bean, honey) PET350, grain milk, grain milk OligoPET1000, coconut jelly pickles (Jeju Island spicy flavor, Hokkaido cheese flavor), olive and grape seed oil, ultra-low soot healthy oil, Redgold Bank viable bacteria capsules, Redgold Bank oil-cut slimming probiotics, Aiken slimming capsule, king trumpet mushroom vegetarian meat (180g, 370g), vegetarian Korean kimchi series (180g, 360g), happy pickle gift box, adlay soup 340g, agar dense mesona series (600g, 990g), olive and grape seed oil 1.5L and ultra-low soot healthy oil 2.6L.
26. 2010: Introduction of products such as grain milk OligoPET350, vegetarian braised pork with mushroom 350g, Kampo spicy chili sauce165g、vegetarian fried bean sauce 250g, brown sugar walnut with dried longan, brown sugar black glutinous rice with red bean, white yam with adlay, milk oats with adlay, agar white grape aloe 330g, premium adlay drink 1000g and 350g, agar traditional mesona PP460, agar white gourd PP460.
27. 2011: (1) Secured convertible corporate bonds of NTD 1.1 billion was first issued in the nation; the second unsecured convertible corporate bonds issued in the nation was NTD 300 million.
 (2) The cash capital increase was NTD 500,000,000 and the total capital was NTD 4,976,890,000.

- (3) Introduction of products such as Sasaya Besame coffee latte (espresso tea latte), AGV oil-cut coffee (sugar-free), HappyRanch healthy milk PET900, fresh tomato sauce, Sukiyaki eel (teriyaki, spicy flavor), Japanese barbecue sauce, traditional salty congee, English digesting tea, kakorot digesting tea, Super Functional Tea Drink-English black tea, peaceful fazi tea 540g, oil-cut black tea, adlay wheat tea, purple perilla dark plum drink, jasmine tea, plum starfruit juice, plum tomato juice and Japanese green tea. Oligo tomato juice, fresh tomato juice, OEMGA golden blending oil, quality canola high-temperature resistant blending oil, Aiken lycopene-the power of seeds, AGV brightening 3-in-1 caplet and natto kinase new generation compound capsules.
28. 2012: Introduction of products such as HappyRanch healthy milk PE1837, HappyRanch French chestnut flavor and walnut chocolate flavor PET900, purple sweet potato, fresh tomato juice PP450, pure dense oats-original flavor (PET880, 300), pure dense oats (red bean, milk, honey) PET880, grain milk PET880, premium adlay drink PET300, Korean (Italian) mackerel, IQ Walnut milk, wheat tea (bag), CLIO natural glacier water, Super Functional Tea Drink- French white tea, digesting tea (turmeric), peaceful fazi tea 1000g, coconut milk (light formula) 600g, coconut milk (tetra prisma aseptic) 250g, Chao Jiang (165g and 360g), wheat tea 540g, AAA tuna 150g and Aiken top-class fish oil.
29. 2013: (1) The third domestic unsecured convertible corporate bonds amounting to NTD 1 billion was issued.
(2) Introduction of pickled cucumber 380g, golden ratio (2.0L, 2.6L), European cold pressing (2.0L, 2.6L), red bean oats TPA250g, grain oats TPA250g, grape cranberry juice 1000g, wheat tea 2000g, brightening 3-in-1 caplet, bamboo shoot with Alishan camellia oil and Happy nutrition brewing pack.
30. 2014: Introduction of black fungus bamboo shoot 190g, fruit pickles 190g, sweet chili sauce hose 390g, AAA tuna 170g, tomato TPA250, lite-lemon tea 530ml, grapefruit green tea 600g, healthy oil-cut 500g, mate digesting tea 600g, Super Functional Tea Drink PET1000, tomato red guava PET1000, pure dense oats (milk) TPA250, William Arabica coffee TPA250, William Ceylon milk tea TPA250, agar jelly drink-mesona, lemon, passion fruit green tea, dark plum PP400 and red secret code lycopene capsules.
31. 2015: (1) The canceled treasury stock was NTD 104,840,000 and the capital after cancellation was NTD 4,872,050,000.
(2) Introduction of fresh pickled cucumber 3kg, fresh choy sum 3kg, pickled bamboo shoot 3kg, QQ gluten 3kg, sweet chili sauce squeeze bottle 390g(hose), red bean panna cotta CAN340g, thick sliced tuna 170g, AZUKI red bean water PET540g, HATOMUG adlay water PET540g, classic apple lemon juice PET300, classic blueberry grape juice PET300, classic apple pomegranate juice PET300, lemon coconut sport drink PET590, apple coconut sport drink PET590, mango oats PET290, mango oats PET880, kiwifruit oats PET290, kiwifruit oats PET880 and Hong Shen-xian roselle health capsules.
32. 2016: (1) The recapitalization from capital surplus was NTD 73,080,000 and the total capital was NTD 4,945,130,000.
(2) Introduction of black soy bean and pickling melon 130g, konjac red bean soup with jelly cake CAN340g, Dan Dong-hong red gold

- treasure deluxe congee CAN340g, mung bean with adlay dessert soup CAN340g, black soy bean water PET530g, roselle fiber drink PET530g, Nestea lemon tea TBA300, Nestea lemon tea PET530, Nestea lemon tea PET990, Nestea lemon tea PET1250, Frescafina apple juice PET530, Frescafina watermelon juice PET530, Frescafina kakorot juice PET530, Frescafina-100% Floeida premium orange juice PET268, Frescafina-100% apple juice PET268, peanut milk latte PET880 and Aiken type 2 collagen health capsules.
33. 2017: Introduction of kumquat sweet & sour sauce 165g, deli style tuna 110g, Imperial Harvest whole kernel sweet corn 340g (12oz), brown sugar mesona 340g, AGV wheat tea PET590 (new), Nestea Assam simmered milk tea TBA250, Nestea honey lemon premium tea TBA300, Nestea honey lemon premium tea PET530, Nestea honey lemon premium tea PET1250, Nestea Ceylon black tea PET530, milk oats PET290, milk oats PET880, quinoa royal PET280, quinoa royal PET880 and Aiken burdock extract 60 caplets.
34. 2018: (1) Mr. Kuan-han Chen was re-elected as chairman and Mr. Je-fang Chen as founder and honorary chairman in June 14, 2018.
 (2) Introduction of Green Beauty peeled chilis (glass) 200g, AGV Seakuasa chili sauce (glass) 165g, AGV Sasaya viva coconut eight treasures CAN340g, AGV catechin power green tea PET500g, Nestea Assam simmered milk tea PET500ml, Nestea steamed organic tea PET550ml, Nestea steamed organic tea PET990ml, Nestea French milk tea PET530ml, Okara soy drink (sugar free) PET250, Okara soy drink (Oligo) PET250, Okara soy drink (sugar free) PET880, Okara soy drink (Oligo) PET880, wheat drink (sugar free) TR400, wheat tea (classic original flavor) TR400, AGV Univita smoothing caplet 180 caplets, AGV Univita royal jelly lactobacillus 30 individual packs per bag, AGV abyssal fish oil capsule 60 capsules/pack and Aiken marigold lutein capsule 60 capsules/pack.
35. 2019: Introduction of three pickles pack (potato & pickled cucumber & choy sum) 170g, AGV peanut milk CAN340g, AGV peanut eight treasures CAN340g, AGV peanut tofu pudding CAN340G, Neo Neo Ten Huba (Okinawa brown sugar flavor) CAN340g, AGV multi-fibre wheat tea (sugar-free) PET590ml, AGV Hua-dun apple soda PET600ml, Nestea lemon tea TBA330ML, OKINA Okinawa deep water PET850ML, Nestea organic chamomile tea PET550ml, Nestea Okinawa brown sugar milk tea PET530ml, Nestea double rich Assam milk tea PET530ml, AGV golden ratio pure canola oil PET1.0L, AGV golden ratio pure canola oil PET2.6L, AGV golden ratio pure canola oil PET3.0L, AGV organic pure dense oats (natural flavor) PET340ML, fresh milk tea TR400ml, fresh milk tea TR900ml, wheat tea (sugar-free) TR900ml, wheat tea (quarter sugar) TR900ml, strawberry oats PET290ml, strawberry oats PET880ml and Sasaya coconut milk TR400ml.
36. 2020: Kobe BBQ sauce (glass) 200g, Dongdaemun famous BBQ sauce (glass) 200g, Unforgettable walnut oats CAN340g, Nestea double rich chocolate milk tea PET550ml, Nestea honey flavor oolong PET590ml, OKINA probiotic water PET500ml, pure dense oats (double effect glucosamine) PET290ml, pure dense oats (oat milk for barista) PET990ML, natto kinase compound capsule 60 capsules/pack, kakorot health caplet 220 caplets/box, double effect glucosamine PET290ml, AGV oat latte

- TPA200ml, AGV milk peanut soup TP oat latte TPA200ml, AGV peanut milk latte TP400ml and AGV Sasaya coconut milk (original flavor) TR400ml.
37. 2021 Launch Mapo Tofu 250g, Imperial Harvest Brown Rice Blending Oil 1.0L and 1.5L, OKINA DEEP S12 Probiotic PET850ml, boiled tuna 185g, Soybean Milk Tofu Pudding CAN 340g: pure dense oats series (3-in-1 collagen) PET29ml, black chocolate oats PET290ml and PET880ml, Nestlé Pear Tea PET530ml, iced grass jelly 330g, new Univita royal jelly lactobacillus 30 individual packs per bag.
38. 2022 Hakka Pickled Bamboo Shoot (glass jar) 120g, Curry Tofu CAN 250g, Ice Brew Barley Drink (Unsweetened) PET 590ml, Ice Brew Barley Drink (Unsweetened) PET 990ml, Unsweetened Activate Green Tea PET 590ml (bottle), OKINA Deep Natural Electrolyte Water PET 450ml, Nestea French Cocoa Mousse Milk Tea PET 500ml, Nestea Italian Panna Cotta Milk Tea PET 500ml, Premium Blend Cooking Oil (containing Omega-3) 2.6L, Premium Blend Cooking Oil (containing Omega-3) 3.0L, Premium Oat Drink (Barista Oat Latte) PET 250ml, Premium Oat Drink (Sesamin Easy Sleep Plus) PET 290ml, Sasaya Coconut Drink (Original) PET 250ml, and Premium Oat Drink (co-branded with Taipei Zoo) TPA200ml.
39. 2023 Honey Oatmeal Drink 290g.

II. Company History

- (I) Merger and reorganization of the Company in the most recent year up to the publication date of the annual report:
None.
- (II) Any investments in affiliates in the most recent year up to the publication date of the annual report:
For the investments in affiliates, please refer to Page 89-90 of the Annual Report.
- (III) Major quantity of shares belonging to a director, supervisor, or shareholder holding more than 10% of shares has been transferred or changed hands, and changes of management control in the most recent year up to the publication date of the annual report:
Please refer to Page 87 of the annual report for transfer of shares; there are no changes in management control.
- (IV) Material change in operating methods or type of business in the most recent year up to the publication date of the annual report:
None.
- (V) Other matters of material significance that could affect shareholders' equity and its impact on the Company in the most recent year up to the publication date of the annual report:
None.

Three. Corporate Governance Report

I. Organization System

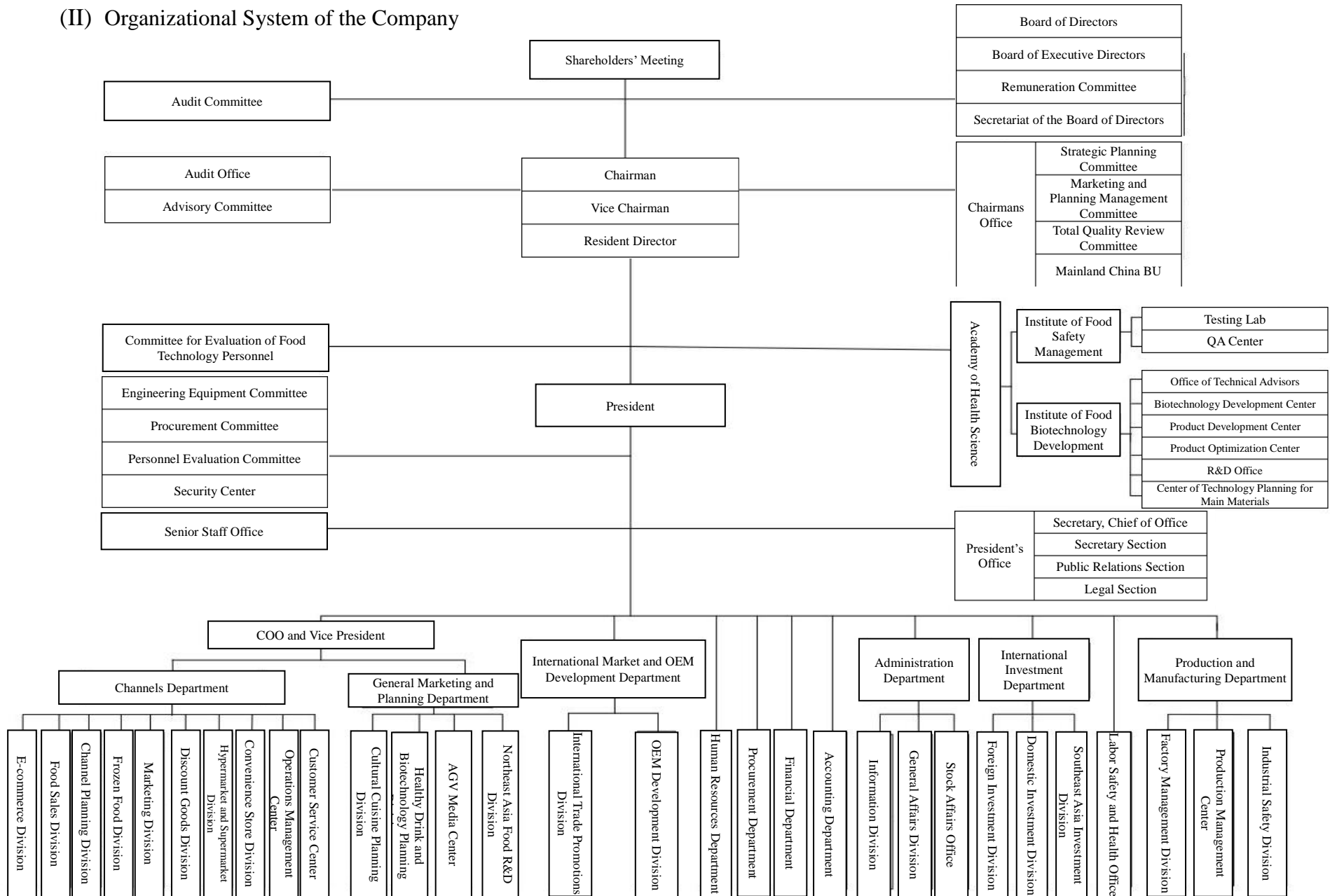
(I) Responsibilities of Main Departments

Name of the department	Responsibilities
Chairmans Office	Planning, promotion, coordination, maintenance, and management with respect to the operations and management of the Company in accordance with the resolutions of the shareholders' meeting and the Board of Directors.
Academy of Health Science	<ul style="list-style-type: none"> * Institute of Food Biotechnology Development: <ul style="list-style-type: none"> - Office of Technical Advisors: Consultation and advice for of the Company's products and technologies. - Biotechnology Development Center: Development of proprietary technologies, application for domestic and foreign awards, and research on projects concerning technologies and materials. - Product Development Center: Research and development of new products, technologies, and materials. - Product Optimization Center: Maintaining the competitiveness of new and existing products. - R&D Office: Management of files concerning product formulas and technologies. - Center of Technology Planning for Main Materials: Specifications of new materials, contract production of agricultural products, and cultivation management. * Institute of Food Safety Management: <ul style="list-style-type: none"> - Testing Lab: Testing and analysis of raw materials, samples, and finished products. - QA Center: Inspection of product materials and finished products, quality control and maintenance, product safety, and promotion of improvement for production processes.
President's Office	<ul style="list-style-type: none"> - Legal Section: Managing contracts, litigation, and intellectual property rights. - Public Relations Section: Maintaining corporate culture, improving corporate image, managing customer satisfaction, and enhancing corporate reputation. - Secretary Section: Internal and external liaison and communication, and arrangement of matters for the President.
Senior Staff Office	Conducting reviews or consultation, and providing opinions to decision-makers for reference or judgment.
Audit Office	Supervision of regular inspections by internal departments and subsidiaries of their internal control systems, promotion of effective management of corporate organizations, and strengthening of corporate governance.
Labor Safety and Health Office	Planning of the labor safety and health system, and promotion of occupational safety and health management, to build a safe and healthy workplace.
Channels Department	<ul style="list-style-type: none"> - Convenience Store Division: Drawing up and achieving the targets of departmental budgets, and developing and

	<ul style="list-style-type: none"> - maintaining the business of convenience store channels. - Hypermarket and Supermarket Division: Drawing up and achieving the targets of departmental budgets, and developing and maintaining the business of hypermarket and supermarket channels, including product display, shelf management, promotion, and other activities. - Discount Goods Division: Drawing up and achieving the targets of departmental budgets, and developing and maintaining the business of the PX Mart, including product display, shelf management, promotion, and other activities. - Marketing Division: Drawing up and achieving the targets of departmental budgets, and developing and managing the business of market channels. - Frozen Food Division: Drawing up and achieving the targets of departmental budgets, and developing the business of channels for refrigerated and frozen foods. - Channel Planning Division: Achievement of performance targets, channel promotion, cost control, price planning, end arrangement, and price checking. - Food Sales Division: Drawing up and achieving the targets of departmental budgets, and developing, maintaining and executing the business of channels for food sales. - E-commerce Division: Drawing up and achieving the targets of departmental budgets, promotion and operation of websites, and planning of dietary supplements. - Operations Management Center: Control of credit lines, management of shipments and accounts, control of stocks at outlets, statistical analysis of sales performance, provision of information regarding the coordination of production/sales, and analysis of the gross profits from products. - Customer Service Center: Handling of customer complaints.
General Marketing and Planning Department	<ul style="list-style-type: none"> - Cultural Cuisine Planning Division: Development of proposals for new products, advertisement and media planning, creative ideas, and marketing planning with respect to the series of cultural cuisines in the channels in Taiwan. - Healthy Drink and Biotechnology Planning Division: Development of proposals for new products, advertisement and media planning, creative ideas, and marketing planning with respect to the series of healthy drinks, biotechnology products, and international brands in the channels in Taiwan. - Northeast Asia Food R&D Division: Planning of product and advertising strategies for development in overseas regions.
International Market and OEM Development	<ul style="list-style-type: none"> - International Trade Promotions Division: Development of foreign markets, and expansion of international trade and

Department	<p>export.</p> <ul style="list-style-type: none"> - OEM Development Division: Drawing up and achieving the targets of departmental budgets, and developing and maintaining OEM businesses with peers.
Human Resources Department	Planning of human resources strategies and company-wide recruitment, employment, training, and development of talents.
Procurement Department	Planning and execution of procurement activities, and contact with and control of suppliers.
Financial Department	Funding arrangement, application for bank limits, and maintenance of relationship with banks.
Accounting Department	Accounting treatment, cost analysis, calculation of profits/losses, budget preparation, and other related matters.
Administration Department	<ul style="list-style-type: none"> - Information Division: planning of Information strategies, development and maintenance of ERP system, and management and maintenance of software and hardware. - General Affairs Division: Environmental health and safety, fixed assets (including vehicles) and equipment, warehouse management, and other general management and maintenance. - Stock Affairs Office: Negotiation with the Shareholder Service Department regarding its work requirements, preparation for the shareholders' meeting, consultation regarding shareholder services, and matters relating to public disclosure.
International Investment Department	<ul style="list-style-type: none"> - Foreign Investment Division: Evaluation and analysis of foreign investments, and supervision of foreign investee companies. - Domestic Investment Division: Evaluation and analysis of domestic investments, and supervision of domestic investee companies. - Southeast Asia Investment Division: Evaluation and analysis of investments in Southeast Asia.
Production and Manufacturing Department	<ul style="list-style-type: none"> - Factory Management Division: Product manufacturing, and maintenance of machinery and equipment. - Production Management Center: Development of production plans and their tracking, implementation of product control, and coordination of production/sales. - Industrial Safety Division: Management and supervision of industrial safety, and maintenance and management of facilities.

(II) Organizational System of the Company



II. Information concerning directors, supervisors, president, vice presidents, assistant vice presidents and department and branch managers

(I) Director information

March 31, 2023

Title	Nationality/place of registration	Name	Gender Age	Date of Election (Appointment)	Term (years)	First elected date	Shareholdings when elected		Current shareholdings		Current shareholdings by spouse and minor children		Shareholdings under the names of others		Education and work experience	Concurrent positions in the Company and in other companies	Other managers, directors or supervisors who are spouses or within two degrees of kinship			Remarks (Note)
							Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio			Title	Name	Relationship	
Director	R.O.C.	Taiwan First Biotechnology Corp.	—	2022.06.24	3 years	2016.06.28	3,075,450	0.62	10,075,450	2.04	0	0.00	0	0.00	—	—	—	—	—	None
	R.O.C.	Representative: Kuan-Han Chen	Male 41-50 years old	—	—	—	—	—	5,676,180	1.15	0	0.00	4,281,000	0.87	Post-Doctoral Program of Food Science Graduate School, Cornell University Adjunct Assistant Professor of Institute of Food Science and Technology, National Taiwan University President of Taiwan Canners Association (T.C.A)	Chairman of the Company President of Institute of Health Science of the Company Chairman of Taiwan First Biotechnology Corp.	Director	Michael Chen	Brothers	None
Director	R.O.C.	Yueshan Investment Co., Ltd.	—	2022.06.24	3 years	2022.06.24	6,017,049	1.22	6,017,049	1.22	0	0.00	0	0.00	—	—	—	—	—	None
	R.O.C.	Representative: Ching-Jen Chen	Male 71-80 years old	—	—	—	—	—	1,673,563	0.34	901,873	0.18	0	0.00	MBA of Department of Business Administration, National Cheng Kung University; President of AGV Products Corporation	Vice Chairman of the Company Vice Chairman of Janfusun Fancyworld Corp.	Vice President Director-general	Kuan-Hua Chen Hsuan-Hui Chen	Father and son Father and daughter	None

Title	Nationality/place of registration	Name	Gender Age	Date of Election (Appointment)	Term (years)	First elected date	Shareholdings when elected		Current shareholdings		Current shareholdings by spouse and minor children		Shareholdings under the names of others		Education and work experience	Concurrent positions in the Company and in other companies	Other managers, directors or supervisors who are spouses or within two degrees of kinship			Remarks (None)
							Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio			Title	Name	Relationship	
Director	R.O.C.	NICE Enterprise Co., Ltd.	—	2022.06.24	3 years	2004/06/01	20,780,494	4.20	20,780,494	4.20	0	0.00	0	0.00	—	—	—	—	—	None
	R.O.C.	Representative: Michael Chen	Male 51-60 years old	—	—	—	—	—	4,465,482	0.90	678,780	0.14	0	0.00	Master, The London School of Economics and Political Science Standing Director, Bowa Commercial Bank Ltd.	Director of the Company Director and Vice President, International Bills Finance Corporation	Chairman	Kuan-Han Chen	Brothers	None
Director	R.O.C.	Fang Tien Enterprise Co., Ltd.	—	2022.06.24	3 years	2022/06/24	2,578,000	0.52	4,021,000	0.81	0	0.00	0	0.00	—	—	—	—	—	None
	R.O.C.	Representative: Huai-Hsin Liang	Male 51-60 years old	—	—	—	—	—	0	0.00	0	0.00	0	0.00	Master of Law, Fu Jen Catholic University	Licensed Attorney	None	None	None	None
Director	R.O.C.	Yin-Ji-Li International Consulting Corp.	—	2022.06.24	3 years	2010/06/17	8,210,007	1.66	8,611,007	1.74	0	0.00	0	0.00	—	—	—	—	—	None
	R.O.C.	Representative: Hsien-Chueh Hsieh	Male 61-70 years old	—	—	—	—	—	1,718	—	40,000	0.01	0	0.00	Bachelor of Department of Electronic Engineering, Chung Yuan Christian University; Chief Internal Auditor, Assistant Vice President of Administration Dept. and Manager of Information Dept. of AGV Products Corporation	Director of the Company Chairman of Yunlin Dairy Technology Corp.	None	None	None	None

Title	Nationality/place of registration	Name	Gender Age	Date of Election (Appointment)	Term (years)	First elected date	Shareholdings when elected		Current shareholdings		Current shareholdings by spouse and minor children		Shareholdings under the names of others		Education and work experience	Concurrent positions in the Company and in other companies	Other managers, directors or supervisors who are spouses or within two degrees of kinship			Remarks (None)
							Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio			Title	Name	Relationship	
Director	R.O.C.	Cunyuan Heye Co., Ltd.	—	2022.06.24	3 years	2010.06.17	2,982,196	0.60	2,982,196	0.60	0	0.00	0	0.00	—	—	—	—	None	
	R.O.C.	Representative: Chih-Chan Chen	Male 41-50 years old	—	—	—	—	—	2,556,324	0.52	193,865	0.04	0	0.00	MBA of University of Nottingham Vice President of AGV Products Corporation	President of the Company	None	None	None	None
Independent Director	R.O.C.	Yung-Fu Tseng	Male 71-80 years old	2022.06.24	3 years	2016.06.28	0	0.00	0	0.00	0	0.00	0	0.00	Bachelor of Laws, National Taiwan University Minister of Ministry Of Justice	Independent Director of Chun Yuan Steel Industry Co., Ltd	None	None	None	None
Independent Director	R.O.C.	Yung-Chien Wu	Male 61-70 years old	2022.06.24	3 years	2016.06.28	0	0.00	0	0.00	0	0.00	0	0.00	Doctor of Laws, University of Washington	President of Shih Hsin University Convener of Audit Committee of the Company	None	None	None	None
Independent Director	R.O.C.	Wei-Lung Chen	Male 61-70 years old	2022.06.24	3 years	2019.06.27	0	0.00	0	0.00	0	0.00	0	0.00	MBA, National Taiwan University Deputy Director-General, Securities and Futures Bureau, FSC Chairman of SinoPac Securities Investment Trust Company Chairman of SinoPac Securities	Convener of Remuneration Committee of the Company Independent Director of IBF Financial Holdings Co., Ltd. Independent Director of Janfusun Fancyworld Corp.	None	None	None	None

Note : If the Chairman, President or personnel with equivalent position (senior managers) are the same person, have spouse relationship or are relatives within the first degree of kinship, the reason, rationality, necessity and countermeasures (including increasing independent director seats and having a majority of directors who do not concurrently serve as employees or managers) thereof shall be explained.

1. Directors being a corporate shareholder among top 10 shareholders

March 31, 2023

Name of corporate shareholder	Major shareholders of corporate shareholders
Taiwan First Biotechnology Corp.	AGV Products Corporation 41.28%, Paolyta Co., Ltd. 8%, BHL Taipei Limited 8%, NICE Enterprise Co., Ltd. 6.1%, DA TAI INVESTMENT CO., LTD 4%, Ho Yuan Investment Co., Ltd. 3.62%, Nice Capital & Finance Corp. 2.05%, Yun Ku 1.57%, Defender Private Security Inc. 1.47%, Teng-Fei Lin 1.28%
Yueshan Investment Co., Ltd.	Ya-Hsin Cheng 24.00%, Hsuan-Hui Chen 24.00%, Lan-Hsin Yeh 16.00%, Kuan-Hao Chen 8.00%, Su-Mei Yuan 4.00%, Kuan-Hua Chen 4.00%
NICE Enterprise Co., Ltd.	AGV Products Corporation 28.24%, Ho Yuan Investment Co., Ltd. 20.58%, Taiwan First Biotechnology Corp. 10.83%, Taiwan NJC Corporation 6.41%, Heding International Development Co., Ltd. 4.21%, Cunyuan Heye Co., Ltd. 3.20%, Yueshan Investment Development Corp. 3.09%, Yu-Ying Hung 3.06%, Chih-Hung Chen 2.70%, Yin-Ji-Li International Consulting Corp. 2.38%
Fang Tien Enterprise Co., Ltd.	Yu-Ying Hung 24.00%, Kuan-Ju Chen 24.00%, Michael Chen 24.00%, Kuan-Han Chen 24.00%, Chiu-Wen Li 4%
Yin-Ji-Li International Consulting Corp.	Yu-Ying Hung 31.60%, Kwan-Ju Chen 24.00%, Kuan-Han Chen 24.00%, Kuan-Chou Chen 19.60%, Yu-Nu Hung 0.40%, Chiu-Wen Li 0.40%
Cunyuan Heye Co., Ltd.	Chih-Hung Chen 28.00%, Chang-Chiao Hu 20.00%, Chih-Chan Chen 15.00%, Chih-Lun Chen 15.00%, Yuan-Hui Wang 13.50%, Hsiao-Tzu Chen 2.84%, Hsiao-He Chen 2.83%, Hsiao-Wei Chen 2.83%

2. Top 10 shareholders as a corporate shareholder (corporate shareholder in the right column of the above table) March 31, 2023

Name of Juristic Person	Names and shareholding ratios of corporate shareholders (top 10 shareholders)
BHL Taipei Limited	Beijing Holdings Limited 100%
DA TAI INVESTMENT CO., LTD	UNITECH PRINTED CIRCUIT BOARD CORP. 100%
Ho Yuan Investment Co., Ltd.	Chih-Hung Chen 23.03%, Yin-Ji-Li International Consulting Corp. 19.00%, Yu-Ying Hung 8.33%, Su-Mei Yuan 10.53%, Chih-Chan Chen 5.71%, Chih-Lun Chen 5.71%, Ching-Jen Chen 4.7%, Chang-Chiao Hu 4.45%, Wen-Na Yang 2.22%, Ching-Tan Chen 2.10%
Nice Capital & Finance Corp.	World Capital & Finance Corp. 51.24%, Paotung International Investment Corp. 34.16%, AGV Products Corporation 10.81%, Taiwan First Biotechnology Corp. 3.79%
Defender Private Security Inc.	AGV Products Corporation 100%
Taiwan NJC Corporation	New Japan Chemical Co., Ltd. 43.72%, Taiwan First Biotechnology Corp. 19.86%, NICE Enterprise Co., Ltd. 15.78%, TAIWAN FOOD INDUSTRY CO., LTD. 7.67%, I-Yen Chen 3.45%, JIA HER SHING ENTERPRISES CO., LTD. 0.70%, Ho Yuan Investment Co., Ltd. 0.58%, Yueshan Investment Development Corp. 0.40%, Cunyuan Heye Co., Ltd. 0.40%, Chia-En Chang 0.37%
Heding International Development Co., Ltd.	NICE Enterprise Co., Ltd. 49.07%, AGV Products Corporation 48.98%, He-Tian International Development Corp. 0.53%, Chih-Hung Chen 0.29%, Chang-Chiao Hu 0.29%, Yu-Ying Hung 0.29%, Su-Mei Yuan 0.29%, Global Investment Development Corp. 0.26%

3. Disclosure of information about directors' professional qualifications and independent directors' independence

Criteria		Professional qualifications and experience (Note 1)
Name		
Chairman	Taiwan First Biotechnology Corp. Representative: Kuan-Han Chen	Post-Doctoral Program of Food Science Graduate; currently, President of Institute of Health Science of the Company, Chairman of Taiwan First Biotechnology Corp., Adjunct Assistant Professor of Institute of Food Science and Technology, National Taiwan University, and President of Taiwan Canners Association (T.C.A), with the experience in commerce and finance and the work experience required by the Company's business for more than 5 years. Research and honor: Taiwan Association for Food Science and Technology Mr. Tseng Tung Memorial Invention Patent Award, Principal Investigator of Industrial Development Bureau CITC, with international perspective and experience in foods, and ability of innovation and leadership, strategic planning and business policy management, leading the Company to become the leader and pioneer in the food industry and move toward the sustainability.
Vice Chairman	Yueshan Investment Co., Ltd. Representative: Ching-Jen Chen	Studying for MBA of Department of Business Administration, National Cheng Kung University; currently, the Company's Vice Chairman, and Vice Chairman of Janfusun Fancyworld Corp.; the Company's former President, with the experience in commerce and finance and the work experience required by the Company's business for more than 5 years, and in the fields of marketing, operational management and food industry.
Director	NICE Enterprise Co., Ltd. Representative: Michael Chen	Master's, The London School of Economics and Political Science; currently, Director and Vice President, International Bills Finance Corporation; having held the position as Standing Director, Bowa Commercial Bank Ltd., with the experience in commerce and finance and the work experience required by the Company's business for more than 5 years, and specialized in finance and operational management.
Director	Fang Tien Enterprise Co., Ltd. Representative: Huai-Hsin Liang	Master of Law, Fu Jen Catholic University; currently, a Licensed Attorney, and the representative of jurist-person director of a TWSE/TPEX-listed company, with the work experience required by the Company's business for more than 5 years, specialized in laws and assisting the Company's paralegal with professional consulting service.

Name		Criteria	Professional qualifications and experience (Note 1)
Director	Yin-Ji-Li International Consulting Corp. Representative: Hsien-Chueh Hsieh		Bachelor of Department of Electronic Engineering, Chung Yuan Christian University; currently, Chairman of Yunlin Dairy Technology Corp. and President of Janfusun Fancyworld Corp.; having held the position including the Company's Chief Internal Auditor, Assistant Vice President of Administration Dept. and Manager of Information Dept., with the experience in commerce and finance and the work experience required by the Company's business for more than 5 years, and specialized in internal control management and operational management.
Director	Cunyuan Heye Co., Ltd. Representative: Chih-Chan Chen		MBA of University of Nottingham; currently, the Company's President; the Company's former Vice President, with the experience in commerce and finance and the work experience required by the Company's business for more than 5 years, specialized in finance and accounting, and experienced in planning and operational management.
Independent Director	Yung-Chien Wu		Doctor of Laws, University of Washington; The current incumbent of the Chair Professorship at the Law School, Chairman of the ROC Journalism Oversight Committee, Member and Arbitrator of Chinese Arbitration Association Court of Arbitration, and Convener of Audit Committee of the Company, with the experience in commerce and finance and the work experience required by the Company's business for more than 5 years, specialized in finance and legal affairs.
Independent Director	Yung-Fu Tseng		Bachelor of Laws, National Taiwan University; former Minister of Ministry of Justice; currently, Independent Director of Chun Yuan Steel Industry Co., Ltd., with the experience in commerce and finance and the work experience required by the Company's business for more than 5 years, specialized in laws.
Independent Director	Wei-Lung Chen		MBA, National Taiwan University; currently, Convener of Remuneration Committee of the Company, Independent Director of IBF Financial Holdings Co., Ltd., and Independent Director of Janfusun Fancyworld Corp.; former Deputy Director-General of FSC, former Chairman of SinoPac Securities Investment Trust Company and former Chairman of SinoPac Securities, with the experience in commerce and finance and the work experience required by the Company's business for more than 5 years, specialized in laws, laws & regulations and operational management.

Name		Criteria	Independence	Number of public listed companies with independent directors concurrently served by the directors
Chairman	Taiwan First Biotechnology Corp. Representative: Kuan-Han Chen		Does not meet any of the conditions specified in Article 30 of the Company Act.	0
Vice Chairman	Yueshan Investment Co., Ltd. Representative: Ching-Jen Chen		Does not meet any of the conditions specified in Article 30 of the Company Act.	0
Director	NICE Enterprise Co., Ltd. Representative: Michael Chen		Does not meet any of the conditions specified in Article 30 of the Company Act.	1
Director	Fang Tien Enterprise Co., Ltd. Representative: Huai-Hsin Liang		Does not meet any of the conditions specified in Article 30 of the Company Act.	0
Director	Yin-Ji-Li International Consulting Corp. Representative: Hsien-Chueh Hsieh		Does not meet any of the conditions specified in Article 30 of the Company Act.	0
Director	Cunyuan Heye Co., Ltd. Representative: Chih-Chan Chen		Does not meet any of the conditions specified in Article 30 of the Company Act.	0
Independent Director	Yung-Chien Wu		<ol style="list-style-type: none"> 1. Not an employee of the Company or any of the affiliates 2. Not a director, supervisor of the Company any of its affiliates (the same does not apply, however, in cases where the person is an independent director of the Company, its parent company, or any subsidiary of the same parent company, as appointed in accordance with the Act or with the laws of the country of the parent company or subsidiary). 3. Not a natural-person shareholder holding 1% or more of the total shares issued by the Company, together with the person's spouse, minor children or under others' names or ranking in the top 10 in shareholdings. 4. Not a spouse, relative of second degree, or direct kin of third degree or closer to persons described in the three preceding criteria. 5. Not a director, supervisor, or employee holding 5% or more of the total number of shares issued by the Company, ranking in the top 5 in shareholdings or being the director, supervisor or employee of corporate 	1

Name		Criteria	Independence	Number of public listed companies with independent directors concurrently served by the directors
Independent Director	Yung-Fu Tseng		<p>shareholders who designate their representatives as the Company's directors or supervisors in accordance with Paragraph 1 or 2, Article 27 of the Company Act. (The same does not apply, however, in cases where the person is an independent director of the Company, its parent company, any subsidiary, or a subsidiary of the same parent company, as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.)</p> <p>6. Not a director, supervisor or employee of another company in which the number of directors or more than half of the voting shares is under the control of the same person (The same does not apply, however, in cases where the person is an independent director of the Company, its parent company, any subsidiary, or a subsidiary of the same parent company, as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.)</p> <p>7. Not a director (managing director), supervisor or employee of another company or institution in which the Chairman, President or personnel with equivalent position are the same person or have spouse relationship (The same does not apply, however, in cases where the person is an independent director of the Company, its parent company, any subsidiary, or a subsidiary of the same parent company, as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.)</p>	1
Independent Director	Wei-Lung Chen		<p>8. Not a director (managing director), supervisor (managing supervisor), manager or shareholder holding more than 5% of the shares of a specific company or institution that has a financial or business relationship with the Company (The same does not apply, however, in case the specific company or institution holds more than 20% and less than 50% of the Company's total issued shares, and the person is an independent director of the Company, its parent company, any subsidiary or a subsidiary of the same parent company, as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary).</p> <p>9. Not a professional who provides audits or commercial, legal, financial, accounting or consulting services accumulating more than NTD 500,000 of remuneration obtained in recent two years to the Company or its affiliates nor is an owner, partner, director (managing director), supervisor, or manager, or the spouse of any of the above, of a sole proprietorship, partnership, company, or organization that provides such services to the Company or its affiliates However, this shall not apply to the members of the Remuneration Committee, Review Committee for Public Acquisitions or Special Committee for Mergers executing their duties in accordance with the Securities and Exchange Act or Business Mergers and Acquisitions Act.</p> <p>10. Not the spouse or a relative within the second degree of kinship of any other directors</p> <p>11. Does not meet any of the conditions specified in Article 30 of the Company Act</p> <p>12. No government agency, juristic person or their representatives are elected under Article 27 of the Company Act</p>	3

4. Diversity and Independence of Board of Directors:

(1) Diversity of Board of Directors:

According to Article 19 of the Company's "Corporate Governance Best-Practice Principles," the Company's Board shall direct the Company's strategies, supervise the management, and be responsible to the Company and shareholders. The various procedures and arrangements under its corporate governance system shall ensure that, in exercising its authority, the Board will comply with laws, regulations and the Company's Articles of Incorporation, or the resolution rendered by a shareholders' meeting.

The Board of Directors shall have members of diverse backgrounds. The Board of Directors shall formulate appropriate and diverse strategies based on how the Board works, type of operation, and development needs, including but not limited to the following two aspects:

I. Basic requirements and values: Gender, age, nationality and culture.

II. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills and industry experience.

All members of the board shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the Board of Directors shall possess the following abilities:

I. Ability to make operational judgments.

II. Ability to perform accounting and financial analysis.

III. Ability to conduct management administration.

IV. Ability to conduct crisis management.

V. Knowledge of the industry.

VI. An international market perspective.

VII. Ability to lead.

VIII. Ability to make policy decisions.

The Company's current Board of Directors consists of nine directors. The specific management goals under the Board diversity policy and achievement thereof are stated as follows:

Management goals	Achievement
Directors holding the position as the Company's managers shall be no more than one-third of the whole directors.	Achieved
Independent directors shall not be reelected for three terms of office	Achieved
Diversified professional knowledge and skill	Achieved
Independent directors accounting for one-third of the whole directors	Achieved

Status of the Board member diversity policy:

Name	Title	Nationality	Gender	Age				Term of Independent Director		Serving as employee concurrently	Professional knowledge and skill														
				41-50 years old	51-60 years old	61-70 years old	71-80 years old	Over 3 years	3-6 years		Ability to make policy decisions.	Ability to lead.	An international market perspective.	Knowledge of the industry.	Ability to conduct crisis management.	Ability to conduct management administration.	Ability to perform accounting and financial	Ability to make operational judgments.							
Kuan-Han Chen	Chairman	R.O.C.	Male	✓							✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		
Ching-Jen Chen	Vice Chairman		Male				✓					✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Michael Chen	Director		Male		✓							✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Huai-Hsin Liang	Director		Male		✓							✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Hsien-Chueh	Director		Male			✓					✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Chih-Chan	Director		Male	✓							✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Yung-Fu Tseng	Independent Director		Male				✓			✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Yung-Chien Wu	Independent Director		Male			✓				✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Wei-Lung Chen	Independent Director		Male			✓				✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

(2) Independence of Board of Directors:

The Company's current Board of Directors consists of nine directors (including three independent directors). The directors with the employee status account for 22.22%, and the independent directors account for 33.33%. No such circumstances as referred to in Paragraph 3 and Paragraph 4, Article 26-3 of the Securities and Exchange Act exist among the directors or independent directors. The independent directors all satisfy the FSC's requirements about independent directors. For the independence of the Company's Board of Directors, please refer to Pages 24-27 of the annual report (Disclosure of information about directors' professional qualifications and independent directors' independence). For the information about directors' educational background and working experience, please refer to Page 19-21 of the annual report (Director Information).

(II) Information concerning presidents, vice presidents, assistant vice presidents and department and branch managers

March 31, 2023

Title	Nationality	Name	Gender	Date of Election (Appointment)	Shareholdings		Shareholdings of Spouse and Minor children		Shareholdings under the names of others		Education and work experience	Concurrent positions in other companies	Managers who are spouses or relatives within the second degree of kinship			Remarks (Note)
					Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio			Title	Name	Relationship	
President	R.O.C.	Chih-Chan Chen	Male	2013.07.08	2,556,324	0.52	193,865	0.04	0	0.00	Vice President of AGV Products Corporation MBA of University of Nottingham	Director of Taiwan First Biotechnology Corp.	None	None	None	None
Chief Operating Officer	R.O.C.	Chien-Hua Chen	Male	2014.03.01	57,637	0.01	0	0.00	0	0.00	Senior Manager of AGV Products Corporation Master of Department of Food Science, Tunghai University	Director of Taiwan First Biotechnology Corp. Director of Aco Distribution Corp.	None	None	None	None
Executive Vice President	R.O.C.	Nai-Pin Lin	Male	2016.2.19	10,000	—	0	0.00	0	0.00	Director-general of AGV Products Corporation Department of Banking, National Chengchi University	Executive Vice President of Taiwan First Biotechnology Corp. Chairman of Sontenkan Resort Development Co., Ltd.	None	None	None	None
Deputy Director	R.O.C.	Hung-Chi Hsiao	Male	2017.09.15	0	0.00	20,000	—	0	0.00	Director of AGV Products Corporation Firm Institute of Food Science and Technology, National Taiwan University	President of Taiwan First Biotechnology Corp.	None	None	None	None
Deputy Director	R.O.C.	I-Chen Liao	Male	2019.6.17	0	0.00	0	0.00	0	0.00	Deputy Director of AGV Products Corporation PhD of Food Science of College, Agricultural Sciences, Pennsylvania State University	None	None	None	None	None
Vice President	R.O.C.	Chien-Teng Fan	Male	2014.08.12	2	—	0	0.00	0	0.00	Director of AGV Products Corporation Firm Master of Department of Food Science, Tunghai University	None	None	None	None	None

Title	Nationality	Name	Gender	Date of Election (Appointment)	Shareholdings		Shareholdings of Spouse and Minor children		Shareholdings under the names of others		Education and work experience	Concurrent positions in other companies	Managers who are spouses or relatives within the second degree of kinship			Remarks (Note)
					Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio			Title	Name	Relationship	
Vice President	R.O.C.	Kuan-Hua Chen	Male	2006.07.01	1,833,592	0.37	0	0.00	0	0.00	Manager of AGV Products Corporation Department of Commerce, University of Massachusetts	Director of Taiwan First Biotechnology Corp. Supervisor of Hope Choice Distribution Corp.	Director-general	Hsuan-Hui Chen	Brother and sister	None
Chief Auditor	R.O.C.	Chih-Cheng Yang	Male	2018.09.01	0	0.00	0	0.00	0	0.00	Manager of AGV Products Corporation Department of Business Administration, The University of Warwick	Supervisor of Hope Choice Distribution Corp. Supervisor of Yunlin Dairy Technology Corp.	None	None	None	None
Director-general	R.O.C.	He-Shun Chang	Female	2015.07.23	0	0.00	0	0.00	0	0.00	Manager of AGV Products Corporation Department of Accounting, Aletheia University	None	None	None	None	None
Director-general	R.O.C.	Yueh-Chu Tsai	Female	2015.07.23	39,224	0.01	0	0.00	0	0.00	Manager of AGV Products Corporation Master of Business Administration, National Chiayi University	Director of Aco Distribution Corp. Supervisor of Yunlin Dairy Technology Corp.	None	None	None	None
Director-general	R.O.C.	Hai-Feng Chang	Male	2018.02.08	10,150	—	0	0.00	0	0.00	Director of AGV Products Corporation Firm Master of Food Science Division, Department of Food Science, Tunghai University	None	None	None	None	None
Director-general	R.O.C.	Li-Chueh Huang	Female	2018.02.08	55,213	0.01	0	0.00	0	0.00	Director of AGV Products Corporation Firm Department of Aquaculture, National Kaohsiung University of Science and Technology	None	None	None	None	None
Director-general	R.O.C.	Hung-Chih Huang	Male	2018.06.14	0	0.00	0	0.00	0	0.00	Senior Specialist of AGV Products Corporation Organize Asia Pacific International University	None	None	None	None	None

Title	Nationality	Name	Gender	Date of Election (Appointment)	Shareholdings		Shareholdings of Spouse and Minor children		Shareholdings under the names of others		Education and work experience	Concurrent positions in other companies	Managers who are spouses or relatives within the second degree of kinship			Remarks (Note)
					Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio			Title	Name	Relationship	
Director-general	R.O.C.	Mei-Hua Tsai	Female	2019.11.12	1015	—	1,269	—	0	0.00	Director of AGV Products Corporation Firm Department of Food and Nutrition, Providence University	None	None	None	None	None
Director-general	R.O.C.	Fu-Hui Wen	Female	2019.9.23	10,000	—	0	0.00	0	0.00	Executive Creative Director of HAVAS TAIWAN LTD. Department of Journalism (Editing and Reporting Division), Shih Hsin University	None	None	None	None	None
Director-general	R.O.C.	Hsiao-Chen Lin	Male	2022.01.01	0	0.00	0	0.00	0	0.00	Director-general of Tangsheng International Co., Ltd. Master of Business Administration, National Taipei University	None	None	None	None	None
Director-general	R.O.C.	Chun-Liang Chou	Male	2020.05.26	115	—	115	—	0	0.00	Department of Food Science, National Chiayi University	None	None	None	None	None
Director-general	R.O.C.	Hsuan-Hui Chen	Female	2015.04.01	1,828,501	0.37	0	0.00	0	0.00	Manager of AGV Products Corporation Master of Industrial Psychology, University of Westminster	Supervisor of Sasaya Vitagreen Co., Ltd.	Vice President	Kuan-Hua Chen	Brother and sister	None
Assistant Vice President	R.O.C.	Tsung-Hsun He	Male	2016.03.15	0	0.00	0	0.00	0	0.00	Manager of AGV Products Corporation Master of Business Administration, National Chung Cheng University	None	None	None	None	None
Assistant Vice President	R.O.C.	Chi-Mu Chen	Male	2015.02.01	0	0.00	0	0.00	0	0.00	Factory Director of AGV Products Corporation EMBA of Department of Food Science, National Chiayi University	None	None	None	None	None
Assistant Vice President	R.O.C.	Wei-En Wu	Male	2019.8.13	0	0.00	0	0.00	0	0.00	Assistant V.P. of Tangsheng International Co., Ltd. Master of Commerce, National Taiwan University	None	None	None	None	None

Note: If the Chairman, President or personnel with equivalent position (senior managers) are the same person, have spouse relationship or are relatives within the first degree of kinship, the reason, rationality, necessity and countermeasures (including increasing independent director seats and having a majority of directors who do not concurrently serve as employees or managers) thereof shall be explained.

(III) Remuneration to directors (including independent directors), presidents and vice presidents in 2022

1. Remuneration to directors (including independent directors) (disclose aggregately the name indicated for each remuneration range)

Unit: NTD thousand

Title	Name	Remuneration to directors						Sum of A, B, C and D as percentage of net income		Remuneration received as a staff						Sum of A, B, C, D, E, F and G as percentage of net income		Remuneration from investees beyond subsidiaries or the parent company					
		Remuneration (A)		Pension (B)		Remuneration to directors (C)				Business execution expenses (D)		Salary, Bonuses and special allowances (E)		Pension (F)					Employee Compensation (G)				
		The Company	Companies included into the financial report	The Company	Companies included into the financial report	The Company	Companies included into the financial report	The Company	Companies included into the financial report	The Company	Companies included into the financial report	The Company	Companies included into the financial report	The Company	Companies included into the financial report	Amount paid in cash	Amount paid in stock		Amount paid in cash	Amount paid in stock	The Company	Companies included into the financial report	
Director	Chairman	Taiwan First Biotechnology Corp. Representative: Kuan-Han Chen	1,440	2,179	0	0	2,003	2,003	420	980	1.39	1.86	27,152	28,047	304	304	133	0	133	0	11.32	12.11	13,022
	Vice Chairman	Yueshan Investment Co., Ltd. Representative: Ching-Jen Chen																					
	Director	NICE Enterprise Co., Ltd. Representative: Michael Chen																					
	Director	Fang Tien Enterprise Co., Ltd. Representative: Huai-Hsin Liang																					
	Director	Yin-Ji-Li International Consulting Corp. Representative: Hsien-Chueh Hsieh																					
	Director	Cunyuan Heye Co., Ltd. Representative: Chih-Chan Chen																					

Title	Name	Remuneration to directors						Sum of A, B, C and D as percentage of net income	Remuneration received as a staff								Sum of A, B, C, D, E, F and G as percentage of net income	Remuneration from investees beyond subsidiaries or the parent company						
		Remuneration (A)		Pension (B)		Remuneration to directors (C)			Business execution expenses (D)		Salary, Bonuses and special allowances (E)		Pension (F)		Employee Compensation (G)									
		The Company	Companies included into the financial report	The Company	Companies included into the financial report	The Company	Companies included into the financial report		The Company	Companies included into the financial report	The Company	Companies included into the financial report	The Company	Companies included into the financial report	Amount paid in cash	Amount paid in stock			Amount paid in cash	Amount paid in stock				
Independent Director	Yung-Fu Tseng																							
	Yung-Chien Wu	2,520	2,520	0	0	858	858	450	450	1.38	1.38	0	0	0	0	0	0	0	0	1.38	1.38	0		
	Wei-Lung Chen																							
<p>1. Please describe the policy, system, standard and structure of remuneration payment for independent directors and the association with the remuneration payment amount by factors such as function of the director, risk and involvement duration: According to Article 26 of the Company's Articles of Incorporation: the monthly transportation allowance for the Directors shall be paid with reference to the level of the peers in the practice without regard to profit and loss. The remuneration to the Chairman and Directors for their execution of duties for the Company shall be paid without regard to profit and loss. The Board of Directors is authorized to determine the remuneration based on their individual level of participation in and the value of contribution to the operation of the Company with reference to the level of peers in practice. The independent directors have devoted and provided generous support for each business promotion in the Company. The remuneration shall be paid with reference to the business performance with the level of the peers in the practice and suggestion shall be proposed to the Board of Directors for resolution.</p> <p>2. In addition to what are disclosed in the above table, the remuneration of the Company's directors for providing services (such as assuming a non-employee advising post) for the companies included in the financial statement in most recent years: None.</p>																								

Range of remuneration to the Company's directors	Name of Directors			
	Total of the first 4 items (A + B + C + D)		Total of the first 7 items (A + B + C + D + E + F + G)	
	The Company	Companies included into the financial report (H)	The Company	Companies included into the financial report (I)
Under NTD1,000,000	Kuan-Han Chen, Michael Chen, Ching-Jen Chen, Hsien-Chueh Hsieh, Chih-Chan Chen, Huai-Hsin Liang	Kuan-Han Chen, Michael Chen, Ching-Jen Chen, Hsien-Chueh Hsieh, Huai-Hsin Liang	Huai-Hsin Liang	Huai-Hsin Liang
NTD1,000,000 (inclusive) – NTD2,000,000 (exclusive)	Yung-Fu Tseng, Yung-Chien Wu, Wei-Lung Chen	Chih-Chan Chen, Yung-Fu Tseng, Yung-Chien Wu, Wei-Lung Chen	Yung-Fu Tseng, Yung-Chien Wu, Wei-Lung Chen	Yung-Fu Tseng, Yung-Chien Wu, Wei-Lung Chen
NTD2,000,000 (inclusive) – NTD3,500,000 (exclusive)	None	None	Michael Chen, Hsien-Chueh Hsieh	None
NTD3,500,000 (inclusive) – NTD5,000,000 (exclusive)	None	None	None	Hsien-Chueh Hsieh
NTD5,000,000 (inclusive) – NTD10,000,000 (exclusive)	None	None	Ching-Jen Chen, Chih-Chan Chen	Michael Chen, Ching-Jen Chen, Chih-Chan Chen
NTD10,000,000 (inclusive) – NTD15,000,000 (exclusive)	None	None	Kuan-Han Chen	None
NTD15,000,000 (inclusive) – NTD30,000,000 (exclusive)	None	None	None	Kuan-Han Chen
NTD30,000,000 (inclusive) – NTD50,000,000 (exclusive)	None	None	None	None
NTD50,000,000 (inclusive) – NTD100,000,000 (exclusive)	None	None	None	None
Over NTD100,000,000	None	None	None	None
Total	9	9	9	9

2. Remuneration to presidents and vice presidents (including independent directors) (disclose aggregately of the name indicated for each remuneration range) **Unit: NTD thousand**

Title	Name	Salary (A)		Pension (B)		Bonus and special allowances (C)		Employee Compensation (D)				Sum of A, B, C and D as percentage of net income (%)		Remuneration from investees beyond subsidiaries or the parent company
		The Company	Companies included into the financial report	The Company	Companies included into the financial report	The Company	Companies included into the financial report	The Company		Companies included into the financial report		The Company	Companies included into the financial report	
								Amount paid in cash	Amount paid in stock	Amount paid in cash	Amount paid in stock			
President	Chih-Chan Chen	14,380	14,790	709	709	12,383	12,735	368	0	368	0	10.02	10.29	5,027
Chief Operating Officer	Chien-hua Chen													
Executive Vice President	Nai-Pin Lin													
Director-general	Kuan-Hua Chen													
Vice President	Chien-Teng Fan													
Deputy Director	I-Chen Liao													
Deputy Director	Hung-Chi Hsiao													
Director-general	Hsiao-Chen Lin													
Director-general	Fu-Hui Wen													

Range of remuneration to presidents and vice presidents	Name of presidents and vice presidents	
	The Company	Companies included into the financial report (E)
Under NTD1,000,000	None	None
NTD1,000,000 (inclusive) – NTD2,000,000 (exclusive)	Chien-Teng Fan, Hsiao-Chen Lin	Chien-Teng Fan, Hsiao-Chen Lin
NTD2,000,000 (inclusive) – NTD3,500,000 (exclusive)	Chien-Hua Chen, Nai-Pin Lin, Kuan-Hua Chen, I-Chen Liao, Hung-Chi Hsiao, Fu-Hui Wen	Chien-Hua Chen, Nai-Pin Lin, Kuan-Hua Chen, I-Chen Liao, Hung-Chi Hsiao, Fu-Hui Wen
NTD3,500,000 (inclusive) – NTD5,000,000 (exclusive)	None	None
NTD5,000,000 (inclusive) – NTD10,000,000 (exclusive)	Chih-Chan Chen	Chih-Chan Chen
NTD10,000,000 (inclusive) – NTD15,000,000 (exclusive)	None	None
NTD15,000,000 (inclusive) – NTD30,000,000 (exclusive)	None	None
NTD30,000,000 (inclusive) – NTD50,000,000 (exclusive)	None	None
NTD50,000,000 (inclusive) – NTD100,000,000 (exclusive)	None	None
Over NTD100,000,000	None	None
Total	9	9

3. Names of the managers receiving employee remuneration and the distribution there of

December 31, 2022

	Title	Name	Amount paid in stock	Amount paid in cash	Total	Ratio of total amount to profit after tax (%)
Manager	President	Chih-Chan Chen	0	690	690	0.25
	Chief Operating Officer	Chien-Hua Chen				
	Executive Vice President	Nai-Pin Lin				
	Deputy Director	Hung-Chi Hsiao				
	Deputy Director	I-Chen Liao				
	Vice President	Chien-Teng Fan				
	Chief Auditor	Chih-Cheng Yang				
	Director-general	Kuan-Hua Chen				
	Director-general	He-Shun Chang				
	Director-general	Yueh-Chu Tsai				
	Director-general	Hai-Feng Chang				
	Director-general	Li-Chueh Huang				
	Director-general	Mei-Hua Tsai				
	Director-general	Hung-Chih Huang				
	Director-general	Hsiao-Chen Lin				
	Director-general	Fu-Hui Wen				
	Director-general	Chun-Liang Chou				
	Senior Assistant V.P.	Hsuan-Hui Chen				
	Assistant Vice President	Chi-Mu Chen				
	Assistant Vice President	Tsung-Hsun He				
Assistant Vice President	Wei-En Wu					

(IV) Comparison and analysis of the total remuneration to directors, supervisors, the President and Vice President of the Company in proportion to the profit after tax from the Company and companies included in the consolidated statements in the most recent two years shown in the parent company only or individual financial statements and the policies, standards and packages based on which they were paid, procedures of determining remunerations and their correlation with operating performance and future risks:

Year/Item	2021		2022	
	Total remuneration	Ratio of total remuneration to profit after tax (%)	Total remuneration	Ratio of total remuneration to profit after tax (%)
Director	9,242	4.59	8,990	3.24
Presidents and Vice Presidents	25,570	12.71	28,602	10.29

1. The remuneration to directors in the most recent two years include two categories of remuneration and business execution expenses. According to the Company's Articles of Incorporation, the remuneration to directors for their execution of duties for the Company shall be paid without regard to profit and loss. The Board of Directors is authorized to determine the remuneration based on their individual level of participation in and the value of contribution to the operation of the Company with reference to the level of peers in practice; business execution expenses include travel, special allowances, various subsidies, accommodation, corporate vehicle and other in-kind benefits, which are paid with reference to the level of the peers in the practice.
2. Remuneration paid by the Company to directors:
Remuneration to directors: If the Company retains earnings after closing of the accounts in any fiscal year, it shall contribute no more than 1% thereof as the remuneration to directors, and also pay the directors the compensation at a fixed amount on a monthly basis, in reference to the Company's business scale and business results and also the pay level adopted by the peers. The remuneration and compensation to directors shall be paid in cash in whole.
3. Compensation paid by the Company to managers:
It consists of regular earning and irregular earning. The regular earning is decided based on personal educational background & experience, development potential and performance appraisal result and the Company's personnel & salary management rules, bonus system, remuneration to employees and employee benefits, and also subject to the time contributed by the individual and also personal job duty and performance.
The irregular earning is decided subject to the personal KPI scores and annual incentive bonus (net income achievement rate $\geq 100\%$). Meanwhile, those making special contribution to the Company (e.g. remarkable achievements in proposals for improvement and "Earn More and Spend Less") will be awarded the bonus for special contribution subject to their personal achievements, provided that the annual bonus shall be no more than 2% of the operating revenue.
4. The Company's compensation payment shall be decided in accordance with the Articles of Association for Remuneration Committee, including remuneration in cash, stock options, stock dividends, retirement benefits or severance pay, allowances and other incentive policies. The scope thereof shall be consistent with that for directors and managers referred to in the Regulations Governing Information to be Published in Annual Reports of Public Companies.
5. Correlation with operating performance and future risks:
The payment of compensation to the Company's directors and managers shall take into account the Company's business performance and risk, in addition to the amount and payment method of the salary & remuneration and the Company's future risks, and be subject to whether the Company's business performance and earnings are positively correlated, in order to seek the balance between sustainability and risk control.
6. The total remuneration to directors in proportion to the net income after tax paid by the Company in 2022 was less than the proportion in 2021. This was due to the significant increase in profit after tax in 2022 compared to the previous year. There was no remuneration to supervisors recognized in 2021 due to the Company's replacement of supervisors with the Audit Committee. The total remuneration to presidents and vice presidents in proportion to the net income after tax in 2022 was less than the proportion in 2021. This was due mainly to the significant increase in profit after tax in 2022 compared to the previous.
7. In view of the above, the remuneration to directors, presidents and vice presidents paid by the Company is conducted in accordance with relevant regulations.

III. Status of corporate governance

(I) Operation status of the Board of Directors

1. The Board of Directors convened 6 meetings in 2022. The attendance of directors is as follows:

Title	Name	Actual attendance	Attendance by proxy	Actual attendance rate (%)	Remarks
Chairman	Taiwan First Biotechnology Corp. Representative: Kuan-Han Chen	6	0	100%	
Vice Chairman	Yueshan Investment Co., Ltd. Representative: Ching-Jen Chen	3	0	100%	New elected on June 24, 2022
Director	NICE Enterprise Co., Ltd. Representative: Michael Chen	3	0	100%	New elected on June 24, 2022
Director	Fang Tien Enterprise Co., Ltd. Representative: Huai-Hsin Liang	2	1	67%	New elected on June 24, 2022
Director	Yin-Ji-Li International Consulting Corp. Representative: Hsien-Chueh Hsieh	6	0	100%	
Director	Cunyuan Heye Co., Ltd. Representative: Chih-Chan Chen	6	0	100%	
Independent Director	Yung-Fu Tseng	5	1	83%	
Independent Director	Yung-Chien Wu	6	0	100%	
Independent Director	Wei-Lung Chen	6	0	100%	
Vice Chairman	NICE Enterprise Co., Ltd. Representative: Ching-Jen Chen	3	0	100%	Dismissed on June 24, 2022.
Director	Chen Ten-Tao Cultural and Education Foundation Representative: Michael Chen	2	1	67%	Dismissed on June 24, 2022.
Director	Kuo Cheng Investment Development Corp. Representative: Huai-Hsin Liang	1	2	33%	Dismissed on June 24, 2022.

Other items to be stated:

- I. If the operations of the Board of Directors meets any of the following circumstances, the meeting date, term, contents of proposals, opinions of all independent directors and the Company's handling of said opinions shall be specified:
- (I) Matters specified in Article 14-3 of the Securities and Exchange Act:
The Company held 6 Board meetings in 2022 and the resolutions are specified in Page 81-85 of the annual report. Matters specified in Article 14-3 of the Securities and Exchange Act were approved unanimously by all independent directors.
- (II) Any other resolution(s) passed but with independent directors voicing opposing or qualified opinions on the record or in writing: None.
- II. Directors' avoidance of proposals involving any conflict of interest; the names of directors, details of the proposals, causes of recusal, and participation in voting shall be disclosed:
- (I) 1st meeting of the 18th Board of Directors on June 24, 2022:
1. During the discussion on the appointment of members of the Remuneration Committee, the independent directors Yung-Fu Tseng, Yung-Chien Wu, and Wei-Lung Chen recused themselves and did not participate in the discussion and voting on the proposal due to involvement of their personal interests.
 2. During the discussion of the new appointment of Kuan-Hao Chen by the Company, the director Ching-Jen Chen, a lineal relative of Kuan-Hao Chen, recused himself and did not participate in the discussion and voting on the proposal due to involvement of his personal interests.
- (II) 3rd meeting of the 18th Board of Directors on November 10, 2022:
During the review of the proposal for purchasing the shares of IBF Financial Holdings Co., Ltd., independent director Wei-Lung Chen, who served as a director of IBF, and director Kuan-Chou Chen, who was a director of IBF, recused themselves and did not participate in the discussion and voting on the proposal due to involvement of their personal interests.
- (III) 4th meeting of the 18th Board of Directors on January 10, 2023:
1. During the review of the proposal to renew the appointment of the Company's advisor, independent director Yung-Fu Tseng, the father of Chi-Ying Tseng, Chairman Kuan-Han Chen, the brother of Kuan-Ju Chen, and the director Ching-Jen Chen, the brother of Ching-Tan Chen and Ching-Yao Chen, recused themselves and did not participate in the discussion and voting on the proposal due to involvement of their personal interests.
 2. During the review of changes in the senior management of the Company, director Ching-Jen Chen, a lineal relative of Vice President Kuan-Hua Chen and Chief Director Hsuan-Hui Chen, recused himself and did not participate in the discussion and voting on the proposal due to involvement of his personal interests.
- (IV) 5th meeting of the 18th Board of Directors on March 13, 2023:
During the review of the proposal to renew the appointment of Ching-Liang Chen as an advisor, director Ching-Jen Chen, the brother of Ching-Liang Chen, recused himself and did not participate in the discussion and voting on the proposal due to involvement of his personal interests.
- III. TWSE/TPEX listed companies shall disclose information including the cycle, period, scope, method and items of the self-evaluation (or peer review) for the Board of Directors and specify the implementation of the evaluation for the board of directors:
- (I) According to the Rules for Performance Evaluation of Board Directors of the Company, an annual internal performance evaluation for the Board of Directors is conducted every year and the evaluation result is submitted to the Board of Directors before Q1 of the following year. The cycle, period, scope, method, items and results related to the evaluation in 2022 is as follows:

1. The cycle, period, scope, method, and items of evaluation:

Performance Evaluation of the Board of Directors				
Cycle	Period	Scope	Method	Item
Once a year	January 1 to December 31, 2022	Performance evaluation for the whole Board of Directors	Internal self-evaluation of the Board of Directors	I. Participation in the Company's operation II. Improvement of the of the Board of Directors' decision quality III. Formation and structure of the Board of Directors IV. Election and continuing education of the directors V. Internal control A total of 25 indicators.

Performance evaluation of board members				
Cycle	Period	Scope	Method	Item
Once a year	January 1 to December 31, 2022	Performance evaluation of individual director	Self-evaluation of the board members	I. Understanding of the Company's goals and tasks II. Awareness of duties as a director III. Participation in the Company's operation IV. Management and communication of internal relationship V. Directors' professionalism and continuing education VI. Internal control A total of 20 indicators.

2. The evaluation is conducted in the form of internal questionnaires based on the operation of the Board of Directors and self-participation evaluated by the director. The secretariat of the Board will then collect and summarize the statistic results and then submit them to the Board of Directors.

3. The 2022 evaluation of the performance of the Board of Directors and its members was completed in February 2022. The result indicated an average score of 97.78 for the internal self-evaluation of the Board of Directors and an average score of 98.47 for the internal self-evaluation of individual directors, both of which were "Excellent". The directors strongly agreed that the evaluation indicators met the requirements of corporate governance, as well as effectively strengthened the functions of the Board of Directors and maintained shareholders' interests. The result was submitted in a report to the 5th meeting of the 18th Board of Directors on March 13, 2023, and was acknowledged by the Board of Directors.

4. The Company fully discloses the Rules for Performance Evaluation of Board Directors and the Board's and Board members' evaluation results on the Market Observation Post System, in the Company's annual report and on the Company's website.

IV. Goals of strengthening board functions (e.g. setting up an audit committee or improving information transparency) in the current or most recent year and the implementation status:

(I) The Company has established the Audit Committee, composed of three independent directors, to enhance the corporate governance of the Company and the functions of the Board of Directors.

(II) In 2022 and as of the date of publication of the annual report, proposals which shall be submitted to the Audit Committee for approval and to the Board of Directors for resolution according to the Company Act and the matters set forth under Articles 14-3 and 14-5 of the Securities and Exchange Act were approved by the Audit

Committee, submitted to and approved by resolutions of the Board of Directors, and implemented pursuant to the resolutions.

- (III) The Company has appointed a chief corporate governance officer in charge of matters related to corporate governance, such as assisting directors in legal compliance.
- (IV) At the 18th to 20th meetings of the 17th Board of Directors and the 2nd to 3rd meetings of the 18th Board of Directors dated January 18, March 25, May 9, August 8, and November 10, 2022, regular reports were given by the President, the COO, the chief auditor, and relevant managers to the Board of Directors regarding the operations of the Company and the implementation of the business, financial, and internal audit plans.
- (V) Proposals for establishment and amendment of regulations:
 - 1. 18th meeting of the 17th Board of Directors on January 18, 2022:
A resolution approving amendments to the “Corporate Governance Best Practice Principles” and the “Corporate Social Responsibility Best Practice Principles”.
 - 2. 19th meeting of the 17th Board of Directors on March 25, 2022:
The amendments to the “Articles of Incorporation” and the “Procedures for Acquisition or Disposal of Assets” were approved by the Audit Committee without change and submitted to the Board of Directors for approval by resolution. They were then reviewed and approved by the 2022 annual shareholders’ meeting.
 - 3. 20th meeting of the 17th Board of Directors on May 9, 2022:
Approval of the Company’s GHG inventory and verification schedule plan.
 - 4. 3rd meeting of the 18th Board of Directors on November 10, 2022:
Resolutions approving the establishment of the “Procedures for the Preparation and Certification of Sustainability Reports” and amendments to the “Rules of Procedure for the Board of Directors” and the “Procedures for the Management of Material Insider Information”.
 - 5. 5th meeting of the 18th Board of Directors on March 13, 2023:
Approval of the GHG inventory and verification schedule plan of the Company’s subsidiary and amendments to the “Rules of Procedure for Shareholders’ Meetings”, the “Corporate Governance Best Practice Principles”, and the “Standard Operating Procedures for Handling Requests from Directors”.
- (VI) The status of implementation and results of evaluation of the performance of the Board of Directors in 2021 were acknowledged by the 19th meeting of the 17th Board of Directors on March 25, 2022.
The status of implementation and results of evaluation of the performance of the Board of Directors in 2022 were acknowledged by the 5th meeting of the 18th Board of Directors on March 13, 2023.
- (VII) The chief corporate governance officer handles requests from directors in accordance with the “Standard Operating Procedures for Handling Requests from Directors”.
- (VIII) The Company forwards relevant laws and regulations or information on continuing education to directors on a regular or intermittent basis to enhance the understanding of the laws.
- (IX) Besides conducting regular self-examination by the Company on the operation of the Board of Directors to enhance the board functions, internal auditors also prepare audit reports concerning the operation of the Board of Directors to comply with the regulations of the competent authority for securities.

(II) Information on the operation of the Audit Committee

1. Power and annual focuses of the Audit Committee
 - A. Establishment or amendment of the internal control system pursuant to Article 14-1 of the Act.
 - B. Assessment of the effectiveness of the internal control system.
 - C. Establishment or amendment of the handling procedures regarding significant financial business behaviors, including the acquisition and disposal of assets, trading of financial derivatives, loaning of funds to others, and endorsement/guarantees for others in accordance with Article 36-1 of the Act.
 - D. Matters involving any directors' personal interests.
 - E. Significant transactions of assets or financial derivatives.
 - F. Significant loans of funds, and endorsement/guarantees.
 - G. The offering, issuance, or private placement of equity-type securities.
 - H. The hiring or dismissal of CPAs or the remuneration given thereto.
 - I. The appointment or discharge of a financial, accounting, or internal audit officer.
 - J. Annual financial statements signed or stamped by the Chairman, managers or accounting officers and CPA-certified Q2 financial statements.
 - K. Any other material matter required by the Company or the competent authority.
2. The Audit Committee convened 5 meetings in 2022. The attendance of independent directors is as follows:

Title	Name	Actual attendance	Attendance by proxy	Actual attendance rate (%)	Remarks
Independent Director	Yung-Chien Wu	5	0	100	
Independent Director	Yung-Fu Tseng	4	1	80	
Independent Director	Wei-Lung Chen	5	0	100	

Other items to be stated:

- I. If the operations of the Audit Committee meets any of the following circumstances, the meeting date of the Board of Directors, term, contents of proposals, resolutions of the Audit Committee and the Company's handling of said opinions shall be specified.
 - (I) Matters specified in Article 14-5 of the Securities and Exchange Act:
In 2022, the Audit Committee of the Company held 5 meetings and the resolutions are specified in Page 45-46 of the annual report. Matters specified in Article 14-5 of the Securities and Exchange Act were approved unanimously by the Audit Committee.
 - (II) Other than those described above, any resolutions unapproved by the Audit Committee but passed by more than two-thirds of directors: None.
- II. Independent directors' avoidance of proposals involving any conflict of interest; the names of independent directors, details of the proposals, causes of recusal, and participation in voting shall be disclosed:

2nd Audit Committee, 2nd meeting on November 10, 2022

During the review of the proposal for purchasing the shares of IBF Financial Holdings Co., Ltd., the director Kuan-Chou Chen and the independent director Wei-Lung Chen recused themselves and did not participate in the discussion and voting on the proposal due to involvement of their personal interests.

- III. Communication between independent directors, internal audit officer and CPAs (e.g. the major matters, methods and results of communication with regard to the financial and business statuses of the Company):
- (I) The audit report and information of follow-ups on the audit report are submitted to members of the Committee for review at least once each month.
 - (II) The chief auditor attends meetings of the Audit Committee in a non-voting capacity, and communicates with independent directors through the Audit Committee.
 - (III) In case of instructions or questions by the Audit Committee after reviewing the audit report, it will notify the chief auditor.
 - (IV) CPAs also communicate with the Audit Committee periodically, such as reporting on the phases of the annual plan and a report on the completion of their audits.
 - (V) The Company invites CPAs to attend meetings of the Audit Committee in a non-voting capacity to communicate with and report to independent directors regarding the results of audits or reviews of the financial statements, or the effect of the promulgation of other laws on the Company. The communication between independent directors and CPAs has been good.
 - (VI) The Audit Committee may communicate with the chief internal auditor and CPAs via various reports or channels, e.g. virtual meeting, telephone, e-mail, Line, and fax, so as to verify the Company's business and financial overview, and status of the audit practices.

3. The contents of proposals and resolutions of the Audit Committee and the Company's handling of the Audit Committee's opinions in 2022 is as follows:

Audit Committee	Proposal	Objection or reservations by independent director	Resolution Results	Company's response to Audit Committee's opinions
2022.1.18 14th meeting of 1st Audit Committee	<p>Matters to be reported:</p> <ol style="list-style-type: none"> 1. The report for the progress of the legal proceedings regarding the Company's subsidiary, Shandong AGV Food Technology Co., Ltd. 2. Report on the implementation status of internal audit plan. <p>Matters to be discussed:</p> <ol style="list-style-type: none"> 3. Review on the proposal for the call of the common shares of the subsidiary, "Sontenkan Resort Development Co., Ltd.," by cash capital increase. 	None	Acknowledged	Acknowledged
2022.3.25 15th meeting of 1st Audit Committee	<p>Matters to be reported:</p> <ol style="list-style-type: none"> 1. Report on the implementation status of internal audit plan. 2. Communication between CPAs and governance unit. <p>Matters to be discussed:</p> <ol style="list-style-type: none"> 3. Review on the proposal for 2021 financial statements (including the consolidated financial statements). 4. Review on the proposal for 2021 		Acknowledged	Acknowledged

Audit Committee	Proposal	Objection or reservations by independent director	Resolution Results	Company's response to Audit Committee's opinions
	appropriation of earnings. 5. Review on the proposal for amendments to the "Procedure for Acquisition or Disposal of Assets" 6. Discussion on the proposal for "Effectiveness Evaluation of the Company's Internal Control System" and "Statement on Internal Control System" in 2021. 7. Review on the proposal for the commission and independence evaluation of CPAs.		review	
2022.5.9 16th meeting of the 1st Audit Committee	Matters to be reported: 1. The 2022 Q1 consolidated financial statements audited by the CPAs. 2. Report on the implementation status of internal audit plan. Matters to be discussed: 3. Report on private placement of common stocks for cash capital increase for 2021. 4. Review on the proposal for common stock issued in private placement for cash capital increase.	None	Acknowledged	Acknowledged
2022.8.8 1th meeting of 2st Audit Committee	Matters to be reported: 1. The 2022 Q2 consolidated financial statements audited by the CPAs. 2. Report on the implementation status of internal audit plan. Matters to be discussed: 3. Resolution to fully abandon the cash capital increase plan of subsidiary Koya Biotech Corp. was deliberated. 4. Review on the proposal for provision of endorsement and guarantee for the financing of subsidiary, "Sontenkan Resort Development Co., Ltd."		Acknowledged	Approved as proposed by the Board of Directors
2022.11.10 2th meeting of 2st Audit Committee	Matters to be reported: 1. The 2022 Q3 consolidated financial statements audited by the CPAs. 2. Endorsement and guarantee improvement plan and implementation status for Koya Biotech Corp. 3. Report on the implementation status of internal audit plan. Matters to be discussed: 4. Review on the proposal for the "2022 Audit Plan." 5. Review on participate in the subscription of the common shares of IBF Financial Holdings Co., Ltd. 6. Review on the proposal for the call of the common shares of the subsidiary, " Sontenkan Resort Development Co., Ltd.," by cash capital increase.		Approved as proposed and submitted to the Board of Directors for review	Approved as proposed by the Board of Directors

(III) Implementation of corporate governance, and deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies, and reasons thereof

Evaluation item	Status		Summary	Any variance from the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and the reasons
	Yes	No		
I. Has the Company established and disclosed its corporate governance best practice principles in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies?	✓		The Company established the “Corporate Governance Best Practice Principles” based on the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” on May 12, 2017. On August 13, 2019, January 18, 2022, and March 13, 2023, amendments thereof were made and approved by the Board of Directors. Their full text is disclosed on the Company’s website (website: https://www.agv.com.tw) and the MOPS. The Company has implemented these practices accordingly based on the spirit of the Corporate Governance Best Practice Principles, in order to maintain the interests of shareholders and stakeholders.	In compliance with the Best Practice Principles.
II. Equity structure and shareholders’ equity of the Company				
(I) Has the Company established internal procedures for handling shareholders’ suggestions, questions, disputes, and lawsuits? Does your company follow such procedures?	✓		Besides engaging the shareholders’ services agent for management, the Company has delegated the spokesperson, deputy spokesperson, chief corporate governance officer, shareholders service dedicated personnel, and legal affairs unit to handle related affairs such as shareholders’ suggestions, questions, disputes, and lawsuits.	In compliance with the Best Practice Principles.
(II) Does the Company keep a list of major shareholders actually controlling your company and the ultimate controllers of the major shareholders ?	✓		The Company keeps a list of shareholders provided by the shareholder services agent, Capital Securities Corporation, and reports any change in the equity of directors and insiders on a monthly basis.	In compliance with the Best Practice Principles.
(III) Has the Company established and implemented a system for risk control and firewalls with its affiliates?	✓		The operation of the Company and its affiliates is independent from each other and the operation of the Company is conducted based on the internal control system. We have established the “Regulations Governing the Monitoring of Subsidiaries”, participated in important meetings of the affiliates, and established the international investment department to implement the risk control mechanism of the Company.	In compliance with the Best Practice Principles.
(IV) Has the Company established internal regulations that prevent insiders from trading securities using non-public market information ?	✓		Article 4 of the “Ethical Management Best Practice Principles” stipulates that: the Company shall comply with related regulations such as the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Act, Government Procurement Act, Act on the Recusal of Public Servants Due to Conflicts of Interest, and regulations governing TWSE/TPEX listed companies or other laws	In compliance with the Best Practice Principles.

Evaluation item	Status		Summary	Any variance from the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and the reasons
	Yes	No		
			concerning business activities, as the underlying foundation to facilitate ethical corporate management. The Company’s directors, managers, employees, and de facto controllers of the Company are required to comply with relevant regulations, and also adopt the “Procedures for the Management of Material Insider Information” in order to protect investors and maintain the Company’s interests. The Company provides related information to new directors and insiders and communicates with them to remind them regarding matters requiring attention when they take office.	
<p>III. Composition and responsibilities of the Board of Directors</p> <p>(I) Has the Board of Directors established a diversity policy and specific goals of management? Have such policies and goals been implemented ?</p>	✓		<p>The Company has established the “Corporate Governance Best Practice Principles” and an appropriate policy on diversity has been formulated in Chapter 3 Enhancement of the Board Functions, which shall include, without being limited to, the following two general standards:</p> <ol style="list-style-type: none"> 1. Basic requirements and values: Gender, age, nationality, and culture. 2. Professional knowledge and skills: Professional background (e.g. law, accounting, industry, finance, marketing, or technology), professional skills and industrial experience. <p>Members of the Board of Directors shall possess the necessary knowledge, skills, and experience for performing their duties. To achieve the ideals and goals of corporate governance, members of the Board of Directors must possess the following abilities:</p> <ol style="list-style-type: none"> 1. Ability in operational judgment. 2. Ability in accounting and financial analysis. 3. Ability in business management. 4. Ability in crisis management. 5. Industrial knowledge. 6. International market vision. 7. Leadership ability. 8. Decision-making ability. <p>The achievement of targets formulated regarding diversification in the abilities of members of the Board of Directors is described as follows:</p> <ol style="list-style-type: none"> 1. The Company pays attention to diversification in the abilities of members of the Board of Directors. The goal is to achieve at least 80% of the targets set for each ability. The achievement rates of the directors are all 100% with regard to diversification in eight abilities. 2. The current Board of Directors has 9 members, including 6 regular directors and 3 independent directors. The average age of all directors is 61.3. 3. Professional knowledge and skills of regular 	In compliance with the Best Practice Principles.

Evaluation item	Status		Summary	Any variance from the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and the reasons
	Yes	No		
(II) Has the Company, apart from establishing a remuneration committee and an audit committee, voluntarily set up any other functional committee ?	✓		<p>directors: Composed of members with professional backgrounds, including Post-doctoral Researcher in Food Science and Technology at Cornell University, Master's from the London School of Economics and Political Science, Master's of Commerce from the University of Nottingham, Master's of Laws from Fu Jen Catholic University, Bachelor's from the Department of Electronics, Chung Yuan Christian University; Bachelor's from the Department of Business Administration, National Cheng Kung University, as well as those with other professional skills and industrial experience.</p> <p>Professional knowledge and skills of independent directors: Composed of members with professional backgrounds, including one with a degree of PhD in Law from the University of Washington who retired as President of Shih Hsin University, one who graduated from the Department of Law, National Taiwan University, and who served as the Minister of Justice, one with a Master’s degree from the College of Management, National Taiwan University, who served as the Vice Commissioner of Securities and Futures Bureau, Financial Supervisory Commission and the Chairman of SinoPac Securities, as well as those with other professional skills and industrial experience.</p> <p>4. The Company’s directors include those with specialized backgrounds and professional practitioners, such as CPAs, attorneys, and professionals in food R&D, finance, and accounting. All members possess professionalism, independence, and diversity, consistent with the structure of the Board of Directors under the Corporate Governance Best Practice Principles.</p> <p>5. For the policy of diversity for the composition of members of the Board of Directors and its implementation, please see pages 28–29 of the annual report and the Investor Section – Status of Corporate Governance on the Company’s website (at https://www.agv.com.tw).</p> <p>The Company has established the Audit Committee and Remuneration Committee pursuant to the law. It also has established the Strategic Planning Committee, Marketing and Planning Management Committee, Total Quality Review Committee, Committee for Evaluation of Food Technology Personnel, Procurement Committee, Operation Review Commission, Personnel Evaluation Committee, and Security Center to promote sustainable development of the Company. The operations and systems related to the Board of Directors are in compliance with the relevant laws and regulations.</p>	In compliance with the Best Practice Principles.

Evaluation item	Status			Any variance from the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and the reasons
	Yes	No	Summary	
(III) Has the Company established regulations and methods for the evaluation of the performance of the Board of Directors? Does the Company conduct such performance evaluations on a regular basis each year? Are the results of such performance evaluations submitted to the Board of Directors and used as a reference for the remuneration of individual directors and for their nomination or re-election?	✓		The Company has established the Regulations for Evaluation of the Performance of the Board of Directors and conducts an internal evaluation of the performance of the Board of Directors each year in accordance with the regulations. The evaluation result is submitted to the Board of Directors before Q1 of the next year. The 2022 evaluation of the performance of the Board of Directors and its members was completed in February 2022. The evaluation results indicated an average score of 97.78 for the whole Board of Directors and an average score of 98.47 for individual directors, both of which were “Excellent” (a score of 90 or above). The results were submitted in a report to the 5th meeting of the 18th Board of Directors on March 13, 2023, and were acknowledged by the Board of Directors. All of the foregoing were in accordance with the relevant laws and regulations.	In compliance with the Best Practice Principles.
(IV) Does the Company assess the independence of CPAs on a regular basis ?	✓		According to the Company Act and Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, the independence of CPAs shall be evaluated periodically (at least once per year). With reference to Article 47 of the Certified Public Accountant Act and evaluation items listed in the Standards of Professional Ethics for Certified Public Accountants Bulletin No. 10 “Integrity, Impartiality, Objectivity and Independence”, the CPAs have met the independence requirements according to the results of evaluations performed by the Company’s accounting department. Also, the CPAs Shu-Man Tsai and Ching-Lin Li of Crowe Taiwan have issued their 2023 CPA independence assessment reports and a Declaration of Independence, and the CPAs have submitted a report to the Audit Committee regarding the functions of the Audit Quality Indicators (AQI). The foregoing were approved by the 4th meeting of the 2nd Audit Committee on March 13, 2023, and by the 5th meeting of the 18th Board of Directors on March 25, 2023, in accordance with the Company’s standards for the evaluation of independence.	In compliance with the Best Practice Principles.
IV. Does the TWSE/TPEX listed company appoint an appropriate number of competent corporate governance officers and designate a chief corporate governance officer to be in charge of corporate governance affairs (including but not limited to providing the information required for directors or supervisors to perform their	✓		The Board of Directors has adopted a resolution to appoint a chief corporate governance officer, the position of which is currently occupied by Yue-Tsu Tsai, the manager of the Human Resources Department. As an MBA of National Chiayi University with years of experience in compliance and stock affairs, Director Yueh-Chu Tsai meets the regulations of the Best-Practice Principles. The main duties to be performed by her include handling matters related to Board of Directors’ and shareholders’ meetings, preparing minutes of the Board of Directors’ and shareholders’ meetings, assisting directors in taking office and their	In compliance with the Best Practice Principles.

Evaluation item	Status		Any variance from the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and the reasons
	Yes	No	
duties, assisting directors or supervisors in compliance, managing affairs for Board of Directors meetings and shareholders’ meetings as required by law, and preparing minutes for Board of Directors meetings and shareholders’ meetings)?			<p>continuing training, providing information required for directors to perform their duties, assisting directors in legal compliance, submitting a report to the Board of Directors regarding the results of reviews on whether the qualifications of independent directors meet the requirements of the relevant laws and regulations at the time of their nomination and election and during their term of service, and handling matters related to changes of directors or other matters set out in the Articles of Incorporation or contracts.</p> <p>The following is a description of the key duties performed and the status of continuing training in 2022:</p> <ol style="list-style-type: none"> 1. Handling matters related to Board of Directors meetings, Audit Committee meetings, Remuneration Committee meetings, and shareholders’ meetings, informing all directors to attend the meeting at least seven days in advance with the provision of sufficient meeting information and preparing minutes of the Board of Directors meetings, Audit Committee meetings, Remuneration Committee meetings, and shareholders’ meetings. 2. Provision of information required for performance of duties by the directors and latest development of laws and regulations related to company management. 3. Submission of a report to the Board of Directors that the candidates for directors and independent directors have met the legal requirements after review. 4. Provision of information related to continuing education for directors to assist them in legal compliance. 5. Registration of the date of the shareholders’ meeting within the period specified by the laws, preparation and filing of the meeting notices, handbooks, meeting minutes, and annual reports before the deadline. 6. Matters related to changes in company registration. 7. Matters related to investor relations. 8. Review on the corporate governance evaluation indicators published every year and review of the achievements completed by the Company item by item. 9. Amendments to the latest regulations concerning corporate governance and the submission of such amendments to the Board of Directors for discussion. 10. Assessment of the purchase of liability insurance for directors and important employees.

Evaluation item	Status		Any variance from the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and the reasons												
	Yes	No													
			<p>11. Other matters set out in the Articles of Incorporation or contracts.</p> <p>12. In 2022, the chief corporate governance officer attended continuing training courses for a total 20 hours, described as follows:</p> <table border="1"> <thead> <tr> <th>Course title</th> <th>Hours</th> </tr> </thead> <tbody> <tr> <td>Analysis of Corporate Governance Policies and Practices in Compliance Concerning Audits of the Appointment of “Corporate Governance Officers”</td> <td>6</td> </tr> <tr> <td>Description of the Planned Roadmap for Sustainable Development of TWSE/TPEX Listed Companies, Disclosure of Information Concerning Greenhouse Gas Inventories and Verification, and ESG Supply Chain Governance</td> <td>2</td> </tr> <tr> <td>2022 Conference on Awareness of the Prevention of Insider Trading</td> <td>3</td> </tr> <tr> <td>Analysis of Common Deficiencies in the Review of Financial Statements and Practices in Important Laws and Regulations Governing Internal Control</td> <td>6</td> </tr> <tr> <td>2022 Conference on Awareness of the Business of Public Companies</td> <td>3</td> </tr> </tbody> </table>	Course title	Hours	Analysis of Corporate Governance Policies and Practices in Compliance Concerning Audits of the Appointment of “Corporate Governance Officers”	6	Description of the Planned Roadmap for Sustainable Development of TWSE/TPEX Listed Companies, Disclosure of Information Concerning Greenhouse Gas Inventories and Verification, and ESG Supply Chain Governance	2	2022 Conference on Awareness of the Prevention of Insider Trading	3	Analysis of Common Deficiencies in the Review of Financial Statements and Practices in Important Laws and Regulations Governing Internal Control	6	2022 Conference on Awareness of the Business of Public Companies	3
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V. Has the Company established channels of communication with stakeholders (including but not limited to shareholders, employees, customers, and suppliers)? Does the Company create a section for stakeholders on its website and give proper responses regarding important issues of corporate social responsibility that concern stakeholders?	✓		<p>1. To achieve sustainable management and development, it is imperative that the Company understand the opinions of stakeholders as an important basis of sustainable development. Besides maintaining interaction with stakeholders in various forms, the Company has also set up a section for external communication on its website: https://www.agv.com.tw/投資人專區/利害關係人專區.</p> <p>2. The Company has established a section for stakeholders (including shareholders, peers, employees, customers, suppliers, consumers, investors, communities, and government agencies) on its website. The mailbox for communication is managed by the chief corporate governance officer, and each responsible department responds properly to important issues of corporate social responsibility that are of concern to stakeholders.</p> <p>3. For the information of communication with stakeholders in the most recent year, see the sustainability report or the Company’s website.</p> <p>4. Communication channels: Employee relations – Ms. Tsai, Human Resources Department Email: yuehchu@mail.agv.com.tw Stock Affairs Office – Ms. Tsai Email: yuehchu@mail.agv.com.tw</p>												

Evaluation item	Status		Summary	Any variance from the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and the reasons
	Yes	No		
			<p>Investor relations – Ms. Chang, Accounting Department Email: j77888@mail.agv.com.tw Customer service center – Ms. Chang, Customer Service Center Email: greenbar@mail.agv.com.tw</p> <p>5. The Company maintains good communication with employees, investors, consumers, distributors, suppliers, shareholders, peers, community residents, and government agencies.</p>	
VI. Does the Company engage any professional shareholder services agent to manage affairs for shareholders’ meetings ?	✓		The Company has engaged the professional Registrar Department of Capital Securities Corporation to manage affairs for shareholders’ meetings.	In compliance with the Best Practice Principles.
VII. Information Disclosure :				
(I) Does the Company set up a website to disclose financial, business, and corporate governance information ?	✓		The Company’s website has fully disclosed the financial and corporate governance information of the Company at https://www.agv.com.tw . The information about corporate governance practices and finance is also disclosed in the investors section.	In compliance with the Best Practice Principles.
(II) Does the Company use other means to disclose information (e.g., setting up an English website, assigning specialized personnel to collect and disclose corporate information, implementing a spokesperson system, uploading the proceedings of investor conferences to the Company’s website)?	✓		<ol style="list-style-type: none"> 1. Dedicated personnel are designated to collect and disclose the Company’s information, based on their job duties. 2. Spokesperson: Mr. Kuan-Han Chen, deputy spokesperson: Mr. Chih-Chan Chen, Mr. Chien-Hua Chen, and Mr. Hung-Chi Hsiao. 3. Investors can visit the MOPS for information related to the Company’s finance, business, corporate governance, and corporate social responsibility. 4. The video and audio recordings of investor conferences have been disclosed on the Company’s website: https://www.agv.com.tw. 	In compliance with the Best Practice Principles.
(III) Does the Company publish and submit an annual financial report within two months after the end of each fiscal year? Does the Company publish and submit financial reports for the first, second, and third quarters and the monthly status of operations before the required deadline?	✓		Publication of the 2022 financial report was completed on March 16, 2023. The Q1, Q2, and Q3 financial reports and information of monthly operations have been submitted for disclosure within the period specified in the Taiwan Stock Exchange Corporation Rules Governing Information Filing by Companies with TWSE Listed Securities and Offshore Fund Institutions with TWSE Listed Offshore Exchange-Traded Funds of the TWSE.	In compliance with the Best Practice Principles.
VIII. Does the Company have other important information useful for understanding the status of corporate governance of the Company (including but not limited to employees’ rights, employee care, investor relations, supplier relationships, stakeholders’ rights,	✓		1. Employees’ rights and employee care: The Company is used to paying attention to the interests and care of employees and emphasizing harmonious labor relations. In addition to maintaining comprehensive personnel and promotion systems, the Company provides emergency aid, cultural and educational entertainment, work environment, on-the-job training, scholarships for children, employee health examinations, and profit sharing, so that	In compliance with the Best Practice Principles.

Evaluation item	Status		Any variance from the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and the reasons
	Yes	No	
continuing training of directors and supervisors, implementation of risk management policies and risk measurement standards, implementation of customer policies, purchase of liability insurance for directors and supervisors by the Company, etc)?			<p>employees and their families may view the Company as their home and be proud of the Company. The Company strives to manage and emphasize the care of employees and their families.</p> <p>2. The Company’s relations with investors: The Company convenes shareholders’ meetings based on the relevant laws and regulations to provide sufficient opportunities for shareholders to raise questions or give proposals. The Company has appointed a spokesperson, a deputy spokesperson, and a contact person for investor relations to address related matters between the Company and investors. In addition, the Company handles matters related to the publication and submission of information to be disclosed in accordance with the relevant regulations issued by the competent authority to timely provide information that may affect investors’ decisions. The Company has also established communication channels, such as: Employee relations – Ms. Tsai, Human Resources Department Email: yuehchu@mail.agv.com.tw Stock Affairs Office – Ms. Tsai Email: yuehchu@mail.agv.com.tw Investor relations – Ms. Chang, Accounting Department Email: j77888@mail.agv.com.tw Customer service center – Ms. Chang, Customer Service Center Email: greenbar@mail.agv.com.tw</p> <p>3. Supplier relationship: The Company maintains a stable and good relationship with suppliers. The material issues of concern for suppliers include the establishment of a system for traceability of production and sales of raw materials. Labor conditions include human rights regulations that prohibit the employment of child workers, forced labor, and violations of the freedom of association and collective bargaining rights. Regarding the environmental responsibilities of suppliers, compliance with national laws, social standards, and environmental protection plans is required, while priority is given to companies with environmentally friendly policies in order to enhance the importance and implementation of environmental issues in the entire supply chain.</p> <p>4. Stakeholders’ rights: The Company provides multiple channels for communication and information disclosure and collects issues of concern for stakeholders. The Company describes the top three issues of concern for stakeholders in the sustainability report, understands the reasonable expectations and needs of stakeholders, and responds appropriately to</p>

Evaluation item	Status		Any variance from the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and the reasons
	Yes	No	
			<p>important issues of concern for them.</p> <p>5. Continuing training of directors (including independent directors) in 2022:</p> <p>A. Independent Director Yung-Fu Tseng: Attended “Conference on the Release of the Guidelines for the Powers Exercised by Independent Directors and Audit Committees and their Promotion to Directors and Supervisors”, “2022 Conference on the Awareness of Compliance with the Laws Governing Trading of Equity by Insiders” and “2022 Conference on the Awareness of the Prevention of Insider Trading”.</p> <p>B. Independent Director Yung-Chien Wu: Attended “Shareholders’ Meeting and Equity Management” and “Greenhouse Gas Inventories and Related Issues of Carbon Reduction”.</p> <p>C. Director Wei-Lung Chen: Attended “Net Zero Trend: Practical Observations on ESG Decision-Making by the Board of Directors” and “Conference on the Release of the Guidelines for the Powers Exercised by Independent Directors and Audit Committees and their Promotion to Directors and Supervisors”.</p> <p>D. Director Huai-Hsin Liang: Attended “Corporate Tax Governance and Tax Technology Solutions under the ESG Trend and Pandemic” and “Risks and Opportunities of Climate Change and Net Zero Policy for Corporate Management”.</p> <p>E. Director Kuan-Chou Chen: Attended “Net Zero Trend: Practical Observations on ESG Decision-Making by the Board of Directors”, “Introduction to the Employee Reward and Remuneration System”, and “Ethical Corporate Management and Prevention of Money Laundering”.</p> <p>F. Director Hsien-Chueh Hsieh: Attended “Analysis of Common Deficiencies in the Review of Financial Statements and Practices in Important Laws and Regulations Governing Internal Control”.</p> <p>G. Director Chih-Chan Chen: Attended “2022 Cathay Sustainable Finance and Climate Change Summit”.</p> <p>6. Implementation of risk management policies and risk assessment standards: The Company does not engage in investments with high risk and leverage.</p> <p>7. Implementation of consumer or customer protection policies: The Company has a consumer service hotline to actively handle the suggestions or complaints of the consumer and maintain the rights of the consumer.</p>

Evaluation item	Status			Any variance from the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and the reasons
	Yes	No	Summary	
			8. The Company seeks to strengthen corporate governance and reduce the risks of directors, managers, and the Company. According to Article 26-1 of the Articles of Incorporation, the Company may purchase liability insurance for directors. Therefore, the Company has purchased a one-year liability insurance policy from Shinkong Insurance Co., Ltd., with an insured amount of USD2,000,000. The insurance was approved by the 2nd meeting of the 18th Board of Directors on August 8, 2022.	
<p>IX. Please specify the status of the improvement made, based on the corporate governance assessment report released by the Corporate Governance Center of TWSE in the most recent year, and the priority corrective actions and measures for any issues that are yet to be rectified:</p> <p>(I) Improvement made based on the result of corporate governance assessment:</p> <ol style="list-style-type: none"> 1. There is no situation where the remuneration for directors and supervisors is distributed without also distributing dividends. 2. Where cash dividends are distributed in the year of evaluation, their distribution is completed within 30 days after the ex-dividend date. 3. Independent directors account for at least one-third of all directors. 4. A succession plan for members of the Board of Directors and key management has been formulated, and information of their operations has been disclosed on the Company’s website or in its annual report. 5. Members of the Remuneration Committee attends at least two of its meetings, and information regarding the policies, systems, standards and structures relating to evaluation of the performance of directors, supervisors, and managers, as well as their remuneration, is disclosed periodically. 6. All independent directors have completed continuing training based on the hours specified in the “Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies”. 7. Material information is released simultaneously in English. 8. The Company has set up an English website, which includes information related to finance, business, and corporate governance. 9. With reference to international human rights conventions, the Company has established policies and specific management plans for human rights protection, which are disclosed on the Company’s website or in its annual report. 10. The Company has uploaded the English version of its sustainability report to the MOPS and the Company’s website. 11. The Company has adopted policies for GHG reduction, reduction of water consumption or other waste management, including reduction targets, implementation measures, and results of achievement. 12. The Company has disclosed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in its sustainability report. In accordance with the framework of the TCFD recommendations, the report discloses information related to the governance, strategies, risk management, indicators, and targets of climate-related risks and opportunities. <p>(II) Priority corrective actions and measures for any issues that are yet to be rectified:</p> <ol style="list-style-type: none"> 1. Whether the Company has adopted a policy on the diversity of members of the Board of Directors, and whether the Company has disclosed the specific management targets and implementation of the diversity policy on its website and in its annual report. 2. Important information of shareholders’ questions and the Company’s responses is recorded in the minutes of an annual shareholders’ meeting. 3. The shareholders’ meeting will be broadcast live online, or uninterrupted audio and video recordings of the full meeting will be uploaded after the meeting. 4. Changes in the shareholdings of insiders in the previous month will be uploaded to the MOPS on or before the 10th day of each month. 5. The Company will invest resources to support cultural development in Taiwan, and will disclose the methods and results of support on its website or in its annual report or sustainability report. 				

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

1. Information on the Remuneration Committee members

Criteria		Professional qualifications and experience	Independence	Number of public listed companies where the member also serves as a remuneration committee member
Position title	Name			
Independent Director	Wei-Lung Chen (Convener)	Please refer to Pages 24–27 of the annual report for the disclosure of information about directors’ professional qualifications and independent directors’ independence	1. Not an employee of the Company or any of the affiliates 2. Not a director or supervisor of the Company or any of the affiliates 3. Not a natural-person shareholder holding 1% or more of the total shares issued by the Company, together with the person’s spouse, minor children or under others’ names or ranking in the top 10 in shareholdings. 4. Not a spouse, relative of second degree, or direct kin of third degree or closer to persons described in the three preceding subparagraphs. 5. Not a director, supervisor, or employee holding 5% or more of the total number of shares issued by the Company, ranking among the top 5 in shareholdings or being the director, supervisor or employee of corporate shareholders who designate their representatives as the Company’s directors or supervisors in accordance with Paragraph 1 or 2, Article 27 of the Company Act	3
Independent Director	Yung-Chien Wu		6. Not a director, supervisor or employee of another company in which the number of directors or more than half of the voting shares is under the control of the same person 7. Not a director, supervisor or employee of another company or institution in which the Chairman, President or personnel with equivalent position are the same person or have spouse relationship 8. Is neither a director, supervisor, manager, nor a shareholder holding more than 5% of the outstanding shares, of a certain company or organization that has a financial or business relationship with the Company.	2
Independent Director	Yung-Fu Tseng		9. Not a professional who provides audits or commercial, legal, financial, accounting or consulting services accumulating more than NTD 500,000 of remuneration obtained in recent two years to the Company or its affiliates nor is an owner, partner, director (managing director), supervisor, or manager or the spouse of any of the above, of a sole proprietorship, partnership, company, or organization that provides such services to the Company or its affiliates. 10. Not the spouse or a relative within the second degree of kinship of any other directors	1

2、Scope of duties of the Remuneration Committee:

- (1) The Remuneration Committee shall implement the following duties faithfully and submit the proposed motions to the Board of Directors for discussion to fulfill the duty of care as a good administrator:
 - A. Regularly review the Charter and propose amendment motions.
 - B. Stipulate and review regularly the compensation policies, systems, standards and structures and performance of directors and managers.
 - C. Regularly review the remunerations and its amounts to directors and managers.
- (2) The Remuneration Committee shall comply with the following principles when performing the above duties:
 - A. The remuneration to directors and managers shall be paid with reference to the business performance with the level of the peers in the practice while considering the time spent by the individual and their responsibilities and performance and the reasonableness of the correlation between the Company's business performance and future risk.
 - B. The directors and managers shall not induced to engage in activities involving risk beyond the tolerance limits of the Company in order to pursue monetary reward.
 - C. The dividend distribution ratio of short-term performance and partial changes in the payment time of remuneration for the directors and senior managers shall be determined based on the characteristics of the industry and nature of the Company's business.
 - D. Make sure the remuneration arrangement of the Company meets relevant laws and regulations and is sufficient to attract outstanding talents.
 - E. The members of the Remuneration Committee shall not engage in the discussion or voting for the determination of their individual remuneration.

3、Information concerning the operation of the Remuneration Committee

- (1) The Company's Remuneration Committee consists of 3 members.
- (2) The term of office: From June 24, 2022 to June 23, 2025. The Remuneration Committee held 3 meetings in 2022. The qualifications and attendance of the Committee members are stated as follows:

Title	Name	Actual attendance	Attendance by proxy	Actual Attendance rate (%)	Remarks
Convener	Wei-Lung Chen	3	0	100	
Member	Yung-Fu Tseng	2	1	67	
Member	Yung-Chien Wu	3	0	100	

Other items to be stated:

- I. In the event where the Remuneration Committee's proposal is rejected or amended by the Board of Directors, please describe the date and session of the meeting, details of the proposal, the board's resolution, and how the Company handles the Remuneration Committee's opinions (if the remuneration approved by the Board of Directors was more favorable than the one proposed by the Remuneration Committee, the differences and reasons shall be specified): None.
- II. For resolution(s) made by the remuneration committee with the committee members voicing opposing or qualified opinions on the record or in writing, please state the meeting date, term, contents of motion, opinions of all members and the company's handling of the said opinions: None.

4、The contents of proposals and resolutions of the Remuneration Committee and the Company's handling of the Remuneration Committee's opinions in 2022 is as follows:

Remuneration Committee	Proposal and follow-up actions	Resolution Results	The Company's response to Audit Committee's opinions
2022.1.18 6th meeting of 4th Committee	Review on the proposal for the 2021 distribution of year-end bonus.	The members present at the meeting resolved to adopt 2st Option and submitted it to the Board of Directors for review.	Approved as proposed by the Board of Directors
2022.3.25 7th meeting of 4th Committee	Review on the proposal for the distribution of remuneration to directors and employees in 2021.	Approved as proposed and submitted to the Board of Directors for review	Approved as proposed by the Board of Directors
2022.6.23 8th meeting of 4th Committee	Review on the salary structure and compensation amount for a newly appointed senior executive.	Approved as proposed and submitted to the Board of Directors for review	Approved as proposed by the Board of Directors

(V) Implementation of the sustainable development, and deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies, and reasons thereof

Item	Implementation status			Deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies, and reasons thereof
	Yes	No	Summary	
I. Has the Company established a governance framework to promote sustainable development? Has the Company established a specialized (or designated an existing) department to promote sustainable development, which the senior management is authorized by the Board of Directors to manage under the supervision of the Board of Directors? (A TWSE/TPEX listed company must indicate the status of implementation, not compliance or explanation).	✓		Under the framework adopted by the Company to promote sustainable development, the President acts as the convener, and the Human Resources Department acts as the department responsible for promoting sustainable development. Each department assesses the risks and opportunities and then researches and sets the practical targets and implements the same therefor. For the purpose of corporate sustainable development, the Company shall hold periodic and non-periodic meetings to discuss issues of environmental governance, social responsibility, and corporate governance, and submit a report on the status of implementation to the senior management regularly. Such report must include the annual status of implementation, performance review, and future work plan.	In compliance with the Best Practice Principles.
II. Does the Company implement the risk assessment of environmental, social, and corporate governance issues related to corporate operation and establish relevant risk management policies or strategies based on the principle of materiality? (A TWSE/TPEX listed company must indicate the status of implementation, not compliance or explanation).	✓		Most of the Company's subsidiaries are engaged in sales business. Therefore, in consideration of the relevance to operations and impact posed to major issues, the related risk assessment is primarily conducted on the Company. (Exclusive of subsidiaries). The Company implements the risk assessment of environmental, social, and corporate governance issues based on the principle of materiality and established the Security Center in the organization with relevant risk management policies to reduce or prevent possible damage to the Company. The Company can also handle the risk collectively and immediately take necessary preventive action to strengthen the emergency response capacity of the enterprise and maintain sustainable operation of the Company. 1. Environmental issues: (1) Besides continuing to increase the production technology, the Company also adopts the 3R environmental principles of "reduce", "recycle", and "reuse". Setting 2021 as the base period, the Company aims to reduce the	In compliance with the Best Practice Principles.

Item	Implementation status			Deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies, and reasons thereof
	Yes	No	Summary	
			<p>amount of waste by 1~3% each year to effectively mitigate environmental damage and pollution, and expects to cut the total waste by 10% by 2025.</p> <p>(2) Evaluation of the efficiency of water use has always been the focus of improvement for water conservation. We have been promoting the idea of water conservation in various ways such as posters and slogans, in order to integrate such ideas with every aspect of office life. Discharged water which has been treated through filtration has been recovered to sludge dehydrators for the cleaning of cloth filters, saving approximately 25,902 tonnes in 2022. The cleaner wastewater discharged from soft water regenerated has been stored and pressurized and then made available to the roads and toilets at our factories for flushing and irrigation, saving approximately 11,066 tonnes of water in 2022.</p> <p>(3) In 2022, the total production of goods in was 2.1% higher than that in 2021, and the power consumed by manufacturing processes decreased by 2.6%. Our active promotion of energy conservation has achieved certain results. The Company will continue to replace old equipment with energy-efficient equipment to reduce energy consumption and improve the performance of equipment.</p> <p>(4) The Company expects to implement the ISO 50001 energy management system in 2025 to help itself verify GHG emissions, and will find the room for reduction of emissions and formulate the corresponding emissions reduction programs.</p> <p>(5) The Company has put efforts into energy conservation and carbon reduction and developed an environmental improvement management plan under the P-D-C-A management model. We establish indexes for items related to power and water consumption, waste water production, waste production, and productivity density during the process with monitoring and control at all times.</p>	

Item	Implementation status			Deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies, and reasons thereof
	Yes	No	Summary	
			<p>2. Social issues:</p> <p>(1) The Company adopts a human rights-based labor policy in accordance with the Ethical Trading Initiative (ETI).</p> <p>(2) The Company continues to implement and improve the “ISO 45001 Occupational Safety and Health Management System”, and maintain the system.</p> <p>(3) Optimization of the working environment is enhanced.</p> <p>(4) The rate of serious occupational injury is zero.</p> <p>(5) The Company has been certified by the Taiwan Food and Drug Administration as a “Food Health Inspection Institution”. As a leader in the domestic food industry in terms of inspection and analysis and within the scope of ISO 17025 certification, the Company aims to safeguard food safety for the public.</p> <p>(6) The Company remains committed to the idea of “natural product quality, optimized environmental health, and popularized customer satisfaction” in order to meet customers’ requirements for food safety.</p> <p>(7) The Company assigns the food safety management team to promote and implement the ISO 22000 food safety management system to ensure the products comply with safety requirements.</p> <p>(8) The Company encourages suppliers to be prepared for quality, delivery periods, and technology, and also fulfill their corporate social responsibility and construct a sustainable supply chain.</p> <p>3. Corporate governance issues:</p> <p>(1) The Company’s website (https://www.agv.com.tw/) discloses information related to its financial business and corporate governance to shareholders and stakeholders for reference. The website also publishes channels for internal and external whistleblowers, which protect files provided by whistleblowers through encryption.</p> <p>(2) In addition to maintaining the normal development of operations and maximizing shareholders’ interests, the Company also pays attention to issues concerning consumer rights,</p>	

Item	Implementation status			Deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies, and reasons thereof
	Yes	No	Summary	
			<p>environmental protection of communities, and charity, while attaching importance to corporate social responsibilities.</p> <p>(3) As the top governing body of AGV, the Board of Directors is composed of 9 directors (including 3 independent directors). A well-functioning and efficient Board of Directors is the basis of good corporate governance to provide high-quality products and services to the market. The Board of Directors is closely focused on the overall operations of the Company to implement corporate governance policies.</p> <p>(4) The Company keeps track of amendments to laws and regulations, and complies with the requirements of the law.</p>	
<p>III. Environmental issue</p> <p>(I) Does the Company create an appropriate environmental management system based on the industrial characteristics of the Company?</p>	✓		<ol style="list-style-type: none"> 1. The EHS management system operates in accordance with the relevant EHS policies. Meanwhile, the Company plans and promotes the EHS management operations per the existing organizational framework, boosts the risk management in the workplace, identifies potential hazards in the workplace, and proposes control measures. The automated inspection system may ensure that all machines, equipment, and facilities function normally. The operating environment monitoring policy provides employees with a safe and healthy operating environment. Sound education and training may improve the employees' awareness toward safety, health, and environmental protection. 2. The Company has received accreditation badges for a healthy workplace and health promotion, as each of the Company's employees may be better protected in a healthy working environment. 3. The Company established a department dedicated to environmental management to maintain its environmental management systems, has set up an energy-conservation performance system, uses its best efforts to optimize the improvement of process, and has equipment care and maintenance in place. 4. The Company complies with the environmental protection and occupational safety & health laws and regulations, and 	In compliance with the Best Practice Principles.

Item	Implementation status			Deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies, and reasons thereof
	Yes	No	Summary	
(II) Is the Company committed to achieving more efficient use of energy and using renewable materials with a low impact on environmental burdens?	✓		<p>other requirements. All of the Company's staff continue to promote improvement in order to effectively control the risk of environmental safety and health in the operating environment, and in the process of any activities, products, or services, prevent any accidents, and build a comfortable and safe working environment to promote employee health and wellbeing.</p> <p>5. The Company has put more effort into energy conservation and carbon reduction, and developed an environmental improvement management plan under the P-D-C-A management model. Specific policies include conserving resources and ensuring their management, continuous improvement and sustainable development, EHS as everybody's responsibility, and complying with and meeting the requirements of EHS laws and regulations. Additionally, at least one internal audit and one external audit are conducted each year.</p> <p>1. The Company is committed to improving the efficiency of energy use. The energy used by the Company mainly includes steam, electricity, and natural gas.</p> <p>2. The Company currently owns three major production lines. The consumption of steam for primary raw materials was reduced by 2.85% in 2022 from 2021. The consumption of electricity for our main manufacturing processes was reduced by 2.6% in 2022 from 2021. The consumption of water for primary raw materials was reduced by 5% in 2022 from 2021. In the future, the Company will continue to make good use of energy and love the earth to mitigate the impact to the environmental load.</p> <p>3. The Company will continue to promote the environmental protection program to improve its environmental protection performance and also use the best effort to promote energy conservation and carbon reduction in the office premises, recycling and reuse, protection of water and soil resources, and strengthen the education to employees.</p>	In compliance with the Best Practice Principles.
(III) Does the Company assess the present and future potential risks and opportunities arising from climate change for your company? Does the Company take any	✓		<p>1. Given the existing production policy oriented toward low carbon emissions adopted in Taiwan, the Company analyzes and controls the production capacity and engages in production under the energy-conservation model. Meanwhile, the Company engages in analysis and</p>	In compliance with the Best Practice Principles.

Item	Implementation status		Summary	Deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies, and reasons thereof																							
	Yes	No																									
<p>measures in response to climate-related issues?</p> <p>(IV) Does the Company keep statistics on its greenhouse gas emissions, water consumption, and total weight of waste over the previous two years? Has the Company established policies for energy conservation and carbon reduction, greenhouse gas reduction, reduction of water usage, or management of other waste?</p>	✓		<p>adjustment based on big data by product line to reduce carbon emissions and achieve the purpose for an eco-friendly environment.</p> <p>2. The Company evaluates the impact posed by climate changes to the Company based on the “Task Force on Climate-related Financial Disclosures (TCFD)” promulgated by FSB, and discusses the risk arising from climate changes, analyzes the following responsive measures from the points of view in different fields, and adopts the project management model to achieve sustainable development.</p> <p>Most of the Company’s subsidiaries are engaged in sales business. Therefore, the disclosures related to them are primarily made by the Company. (Exclusive of subsidiaries).</p> <p>1. Direct GHG emission volume Unit: Tonne-CO2e/year</p> <table border="1"> <thead> <tr> <th rowspan="2">Year</th> <th colspan="2">Direct GHG emission</th> </tr> <tr> <th>Fuel</th> <th>Gas</th> </tr> </thead> <tbody> <tr> <td>2022</td> <td>0</td> <td>1,171</td> </tr> <tr> <td>2021</td> <td>786</td> <td>753</td> </tr> <tr> <td>Emission percentage</td> <td>Decrease by 100%</td> <td>Increase by 55.5%</td> </tr> </tbody> </table> <p>In 2022, the direct GHG emissions were reduced by 24% from 2021.</p> <p>2. Water consumption: Unit: Ton</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Total</th> <th>Water consumption per dozen</th> </tr> </thead> <tbody> <tr> <td>2022</td> <td>415,995</td> <td>0.057</td> </tr> <tr> <td>2021</td> <td>414,602</td> <td>0.06</td> </tr> </tbody> </table> <p>In 2022, the water consumption for finished goods was reduced by 5% per unit available for recycling and reuse from 2021. From 2022, the Company will regenerate soft water and discharge cleaner wastewater which will be stored and pressurized and then made available to the roads and toilets at the factory premises for flushing and irrigation. The Company has saved approximately 11,066 tonnes of water, and has recovered discharged water that has been treated through filtration to sludge dehydrators for the cleaning of cloth filters, saving approximately 25,902 tonnes in 2022.</p>	Year	Direct GHG emission		Fuel	Gas	2022	0	1,171	2021	786	753	Emission percentage	Decrease by 100%	Increase by 55.5%	Year	Total	Water consumption per dozen	2022	415,995	0.057	2021	414,602	0.06	<p>In compliance with the Best Practice Principles.</p>
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Item	Implementation status			Deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies, and reasons thereof												
	Yes	No	Summary													
			<p>3. Gross weight of waste: Unit: Ton</p> <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th style="width: 30%;">Non-hazardous waste</th> <th style="width: 35%;">2022</th> <th style="width: 35%;">2021</th> </tr> </thead> <tbody> <tr> <td>Recyclable waste</td> <td>1,467.7</td> <td>1,286.2</td> </tr> <tr> <td>General waste</td> <td>879.1</td> <td>1,379.3</td> </tr> <tr> <td>Gross weight</td> <td>2,346.8</td> <td>2,665.5</td> </tr> </tbody> </table> <p>In 2022, the amount of waste was reduced by 12% from 2021. In 2022, we started to promote more thorough waste sorting in various ways such as posters and slogans, with the expectation to achieve recycling and sustainable use of resources via the environmental protection policy of the “3Rs”, namely “reduce”, “recycle”, and “reuse”, in order to mitigate environmental damage and pollution. We aim to reduce the amount of waste by 1~3% each year and expect to cut the total waste by 10% by 2025.</p> <p>4. Regarding the status of GHG emissions, an inventory of our internal GHG emissions is considered fundamental to carbon management. A GHG inventory may not only verify the accurate amount of emissions, but also help find room and opportunities for reduction. Therefore, we expect to start a company-wide inventory of carbon emissions in 2024 and to introduce the ISO 50001 energy management system in 2025 in order to keep track of the status of our GHG emissions, find room for reduction of emissions, and formulate reasonable corresponding plans for emissions reduction.</p> <p>5. For related environmental protection including energy savings and carbon reduction, water resources management, pollution prevention, and waste management, please refer to the ESG report of the Company.</p>	Non-hazardous waste	2022	2021	Recyclable waste	1,467.7	1,286.2	General waste	879.1	1,379.3	Gross weight	2,346.8	2,665.5	
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Gross weight	2,346.8	2,665.5														
IV. Social issue (I) Has the Company established relevant management policies and procedures in accordance with the applicable laws and regulations and international human rights conventions?	✓		1. The Company adopts a human rights-based labor policy in accordance with the Ethical Trading Initiative (ETI). The Company has established the work rules and regulations regarding the disciplinary system, performance evaluation, gender equality, and occupational accidents in compliance with the regulations of the Labor Standards Act with reference to the International	In compliance with the Best Practice Principles.												

Item	Implementation status			Deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies, and reasons thereof
	Yes	No	Summary	
(II) Has the Company established and implemented reasonable employee welfare measures (including remuneration, leave, and other benefits)? Are the operating performances or results appropriately reflected in the remuneration for employees?	✓		<p>Labor Convention to build a friendly and effective workplace. The HR Department is responsible for the establishment, amendment, and announcement of relevant regulations to notify the employees to comply with the related labor regulations.</p> <p>2. The Company implements restrictions on the employment of child workers, prohibits forced labor, and is against harassment, discrimination, and bullying. Meanwhile, the Company has issued the “Declaration on the Prevention of Sexual Harassment in the Workplace”.</p> <p>3. The Company provides a safe, healthy, and sanitized workplace.</p> <p>4. The Company values employee relations. Please see the CSR report of the Company disclosed on the Company’s website (website: https://www.agv.com.tw) and the MOPS.</p> <p>The personnel management regulations of the Company have established a comprehensive system, including the work rules, remuneration management regulations, hierarchical responsibility regulations, subsidy payment standards, attendance standards, promotion and transfer regulations, performance regulations, rules for leave application, performance and year-end bonuses, remuneration for employees, insurance payments, welfare fund, and bonuses for proposed improvements.</p> <p>Workplace diversity and equality: The Company values gender equality, equal pay, and equal opportunity for promotion. In 2022, among the Company’s employees, female employees accounted for 57.14%, and female managers accounted for 13.75%.</p> <p>Cash gifts and subsidies: The Company organizes health examinations for employees, provides parking lots and lactation rooms, and maintains a comprehensive welfare system, such as: cash gifts for retired employees, marriage, parental, children’s education, and funeral subsidies, maternity, paternity, and parental leave, and company gifts.</p> <p>The Company provides feedback and reflects the profits in the employee remunerations and benefits to share the results of earnings with employees, such as performance bonuses subject to the achievement of KPI, incentive bonuses subject to personal contributions, and employee remuneration. The Company strives to maintain labor–management harmony in order to create a win-win regarding labor–management relations.</p>	In compliance with the Best Practice Principles.

Item	Implementation status		Summary	Deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies, and reasons thereof												
	Yes	No														
(III) Does the Company provide employees with a safe and healthy work environment and give safety and health training to employees regularly?	✓		<p>The operating performances or results have been appropriately reflected in the remuneration for employees. For example: full pay raise in 2020, pay raise by performance in 2021 and 2022, and full pay raise in 2023, as substantial and timely rewards to employees.</p> <p>1. The Company provides employees with a safe and healthy workplace by establishing a safety and health management organization and appointing management personnel, adopting the Safety and Health Work Rules, and checking all machinery on a regular basis. We also provide safety training and health examinations for employees. To take care of the physical and mental health of employees, we hire professional nurses and contract qualified physicians to regularly provide employee consultations and hold life-related lectures to share and communicate with employees. We conduct employee retirement matters according to the Labor Standards Act, the Labor Pension Act, and the Human Resources Department also arranges education and training for employees, including courses on occupational safety training, forklift operation, quality, safety and health training, first-aid personnel, and fire drills.</p> <p>2. Safety and health training for employees organized in 2022:</p> <table border="1"> <thead> <tr> <th>Item</th> <th>Number of trainees</th> <th>Training hours</th> </tr> </thead> <tbody> <tr> <td>Health courses</td> <td>248</td> <td>1,118</td> </tr> <tr> <td>Safety courses</td> <td>373</td> <td>1,866</td> </tr> <tr> <td>Total</td> <td>621</td> <td>2,984</td> </tr> </tbody> </table> <p>3. In 2022, 5 employees suffered work injuries on the way to/from work, and 4 employees suffered work injuries in the workplace.</p>	Item	Number of trainees	Training hours	Health courses	248	1,118	Safety courses	373	1,866	Total	621	2,984	In compliance with the Best Practice Principles.
Item	Number of trainees	Training hours														
Health courses	248	1,118														
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Total	621	2,984														
(IV) Has the Company established an effective plan for development and training of the career abilities of employees?	✓		<p>1. From the perspective of sustainable management, the Company organizes periodic and non-periodic training for managers and employees, such as new employee orientation, professional training, and job rotation to cultivate outstanding talents and managers with multiple capabilities while providing them with important positions and challenges. After an analysis of the questionnaires for survey, the Company discovered that employees will apply their learning to their duties to</p>	In compliance with the Best Practice Principles.												

Item	Implementation status			Deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies, and reasons thereof
	Yes	No	Summary	
(V) Regarding customer health and safety, customer privacy, marketing, and labeling in relation to products and services, does the Company comply with the applicable laws and international standards? Has the Company established policies and complaint procedures for the protection of consumers or customer rights?	✓		<p>increase the business performance of the department and the Company. Comprehensive and smooth promotion channels may attract, inspire, develop, and retain talents to complete the organizational work of the Company.</p> <p>2. In 2022, a total of 980 employees attended training for a total of 5,179 training hours.</p> <p>1. The product labeling of the Company complies with the Act Governing Food Safety and Sanitation with established specifications. The labeling of a product is reviewed by professional teams based on the labeling requirements under the Act Governing Food Safety and Sanitation to comply with government laws and regulations. Clear and detailed nutrition and ingredient labeling, along with the promotion of health certificates, international awards as well as organic, green, and clean labels, also allow the products to become more transparent and gain further recognition from consumers. Having spared no effort in its investment in food safety and R&D innovations, the Company has striven to ensure all products meet the requirements of national food laws and regulations and has continued to utilize more manpower and resources to achieve a higher level of self-requirements, with the aim to enhance the capacity of self-inspection, receive international food safety certifications, and build a reliable brand image.</p> <p>2. For the health of the consumer, the Company continues its innovation and R&D in food technology, besides offering the healthiest, safest, and most delicious products. In this regard, we have become professionals in this field with outstanding performance and are devoted to the development of “organic products” and “traceable products” in recent years in the hope of providing the consumer with healthier, safer, and more transparent products. In addition to the essential objectives of sustainable development and stable growth in the future, the Company will continue to lead food fashion, create consumption trends, and promote industry upgrades.</p> <p>3. We register the personal information of consumers via the consumer service hotline, which is used for the service of such consumers only. The registration of</p>	In compliance with the Best Practice Principles.

Item	Implementation status			Deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies, and reasons thereof
	Yes	No	Summary	
(VI) Has the Company established any supplier management policy that requires suppliers to comply with relevant regulations with regard to issues of environmental protection, occupational safety, and health or labor rights. What is the status of its implementation?	✓		<p>the customer service system is only limited to the relevant personnel, and the Information Department also controls the registration qualifications and applications of personnel. The Company has also established a personal data protection and management system to protect customer privacy. Through internal audits, training, and communication regarding personal data, the Company safeguards the personal data of customers.</p> <p>4. To protect the rights of customers, the Company has set up an 0800 product service hotline with dedicated personnel to provide services for consumers regarding the distribution channels of products, description of orders, and answering consumers' questions.</p> <p>1. Before conducting business, the Company will assess whether the suppliers, customers, or other trading counterparties have any illegal behavior or are involved in unethical conduct and take this as an important reference for the selection of suppliers.</p> <p>2. The environmental responsibility of the supplier shall be in compliance with the national laws and regulations, social norms, and environmental plans. To promote social and environmental responsibility, the Company selects enterprises with eco-friendly policies as the first priority, asks suppliers not to hire child laborers and illegal foreign laborers, and adopts the employment conditions and safety and health standards specified in the labor criterion, such as salary, working hours, and welfare that comply with the laws and regulations, as well as the business ethics and management system that satisfy the laws and Company's guidelines, in order to improve the emphasis and implementation of the environmental protection, occupational safety & health, and human rights-based labor issues throughout the entire supply chain.</p> <p>3. The Company conducts supplier evaluations and source inspection, and provides non-periodic audit guidance to require implementation of the relevant requirements in the daily management of the food supply chain.</p> <p>4. In 2022, an evaluation was conducted for a total of 186 suppliers (168 were rated A, 13 were rated B, 4 were rated C, and 1 was</p>	In compliance with the Best Practice Principles.

Item	Implementation status			Deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies, and reasons thereof
	Yes	No	Summary	
			rated D). The business and factory registrations of the suppliers are in compliance with the applicable laws and regulations, and the suppliers have applied for registration on the food business platform (Fadenbook) based on the “Regulations Governing the Category and Scale of Food Businesses Who May Commence their Business Operations After Applying for Registration and the Date of Implementation” while meeting the Regulations on Good Hygiene Practices for Food.	
V. Does the Company prepare an ESG report or other reports that disclose non-financial information of the Company in reference to internationally accepted report preparation guidelines or guides? Is there any third-party verification unit’s assurance or verification opinion acquired for the above-mentioned reports?	✓		<ol style="list-style-type: none"> 1. The sustainability report has been prepared with reference to the latest GRI Standards of the Global Reporting Initiative (GRI), on the basis of the core options and the supplementary indicator for the food processing sector (G4 Sector Disclosures – Food Processing), and to the “Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies” of the Taiwan Stock Exchange. 2. We have engaged Crowe Taiwan to provide independent limited assurance of this report in accordance with the Standards on Assurance Engagements No. 1 “Assurance not Classified as an Audit or Review of Historical Financial Statements” issued by the Accounting Research and Development Foundation. The limited assurance procedures of the assurance report are conducted for the information of assurance to confirm that it meets the principles disclosed in the core options of GRI. 	In compliance with the Best Practice Principles.
<p>VI. If the Company has established its own sustainable development best-practice principles based on the “Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies,” please describe the status, and any deviation thereof from said Principles: On May 12, 2017, the Company adopted the Corporate Social Responsibility Best Practice Principles, which were renamed the Sustainable Development Best Practice Principles on January 18, 2022. All relevant systems and operations are in compliance with the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” without any material differences. At the end of September 2022, the Company also disclosed the 2021 sustainability report on the Company’s website and the MOPS.</p>				
<p>VII. Other information useful to the understanding of the sustainable development implementation:</p> <ol style="list-style-type: none"> 1. “For a Healthy Tomorrow” is the corporate vision of AGV. The management team of AGV never changes its mind to uphold the forward-looking sustainable management philosophy claiming “Nature, Environmental Protection, Green, and Health” to lead the food industry, create consumption trends, guard nationals’ health, fulfill its corporate social responsibility, uphold the philosophy of love and trust, and keep working hard to move toward the “leading enterprise practicing ESG in the food industry of Taiwan”. 2. AGV implements the principles of “product traceability and tracking”, “simple formulas and clean labeling”, and “compliant systems and international standards”. 3. All food and beverage factories of AGV have acquired a number of internationally recognized certification systems including ISO 22000 and HACCP. 				

4. AGV not only provides a safe, healthy, harmonious, and happy workplace for employees to seek balance between their work and families, but also actively enhances the professional skills and competencies of employees so that they are able to grow in step with AGV.
5. For many years, we have received honors in the forms of patents, certifications, and awards, including: patents for processes and effects in multiple countries, national health numbers, Monde Selection awards, the EU's AA (Anti-additive) certification, the EU's AA Taste Awards certification, selection as Eatender foods by the Food Industry Research and Development Institute, Superior Taste Award from the International Taste Institute, innovation awards from the Health Food Society of Taiwan, Food Innovation Award from foodNEXT, product awards from the Taiwan Association for Food Science and Technology, special food awards in Japan, and the Symbol of National Quality (SNQ).
6. We have continued to increase investment in software, hardware, and intellectual property.
7. In 2022, the Company received the following domestic and foreign awards:
 - U.S. patent for the process of preparing oligosaccharide-enhanced milk products
 - Taiwan patent for Peanuts in Milk (peanut soup containing milk with good peanut texture and fragrance beneficial for intestinal health, its recipe and application, and canned peanut soup containing milk), Taiwan patent for Barista Oat Latte (oligosaccharide oat liquid composition, powder composition, and drink with improved properties and immunomodulatory effect, the method for micro-decomposition of their four enzymes, and their applications), A.A. Three Stars certification for Premium Oat Drink (Original) (the fourth year), Eatender certification for Mapo Tofu, carbon footprint certification for Premium Oat Drink (Original), three-star A.A. Taste Award (A.A. certification) for Premium Oat Drink (Barista Oat Latte), two-star A.A. Taste Award (A.A. certification) for Chili Sauce, Monde Selection Gold Award for Premium Oat Drink (Dark Chocolate), Monde Selection Gold Award for Premium Oat Drink, Monde Selection Gold Award for OKINA Deep Natural Electrolyte Water, Monde Selection Silver Award for Mapo Tofu, Monde Selection Crystal Prestige Trophy for AGV Products Corporation, three-star Superior Taste Award from the International Taste Institute for OKINA Deep Natural Electrolyte Water, two-star Superior Taste Award from the International Taste Institute for Premium Oat Drink (Dark Chocolate), one-star Food Innovation Award – Food and Beverage Innovations for Premium Oat Drink (Sesamin Easy Sleep Plus), and one-star Food Innovation Award – Food and Beverage Innovations for Premium Oat Drink (Barista Oat Latte).
8. The Company's contribution to society not only includes monetary donations but also investments in manpower, donations of items, and service provisions. The main contents of various social activities are summarized as follows:
 - a. By establishing an energy-saving performance system, we are striving to optimize the improvement of our manufacturing process and implement the enhancement of competency training for product line personnel and equipment maintenance to further improve the performance of equipment. In addition, we improve employees' concept of energy savings and carbon reduction to reduce operating costs from the viewpoint of corporate sustainable development in addition to the reduction of greenhouse gas emissions.
 - b. As of the date of publication of the annual report, the money and supplies donated and visits conducted by Company are as follows:

Physical Disability Service Association of Chiayi City - "A Warm Winter" charitable event for economically disadvantaged families and physically or mentally disabled persons, Chiayi Branch Office of Taiwan Fund for Children and Families – the event "A Warm New Year Year", Sunflower Care Association of Taitung County – aid to disadvantaged families, Chiayi Branch Office of Taiwan Fund for Children and Families – charitable carnival and sales, Physical Disability Service Association of Chiayi City – charitable lottery, Rain Spring Charitable Foundation – respect for the elderly on the Double Ninth Festival, Ro Ju Er Education Foundation – charitable carnival and sales, Chiayi City Government – Christmas event, Chiayi Branch Office of the Taiwan Fund for Children and Families – Christmas event, World Vision Taiwan – Christmas event, Hsin Kang Feng Tian Temple – art festival and street parade, National Singang Senior High School of Arts – sports day for the 17th anniversary of the school, Chung Yi Social Welfare Foundation – walking carnival, Hsin Kang Feng Tian Temple – the event "Seven Star Bridge of Peace", Department of Business Administration of National Chung Cheng University – Fundraising, Minxing Police Station – volunteer police, Civil Defense Team – dinner party, Taoyuan Municipal Luo Fu Senior High School – snacks for charity, and Manufacturers Association of Minxiong Touqiao Industrial Park – model worker award ceremony.

(VI) Implementation of ethical corporate management, and deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, and reasons thereof

Evaluation item	Status			Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
I. Establishment of ethical management policies and plans				
(I) Has the Company established any ethical management policy adopted by the Board of Directors? Do the regulations and external documents of the Company specify the policy and practices of ethical management and the commitments by the Board of Directors and the senior management to actively implement the ethical management policy?	✓		The Company has established the “Ethical Management Best Practice Principles” and makes timely amendments in response to legal amendments and the Company’s business. In addition, the Company issued the 2021 sustainability report with our detailed business philosophy of ethical corporate management in September 2022. We have also established a good corporate governance and risk control mechanism to create an operation environment for sustainable development and prevent unethical conduct and shall not accept treatments, gifts, kickbacks, embezzling public funds, as well as other illegal gains. The Company openly discloses the “Ethical Management Best Practice Principles” and relevant regulations on the MOPS and the Company’s website accessible to stakeholders at any time.	In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.
(II) For the risk of unethical conduct, does the Company establish an assessment mechanism and regularly analyze and assess the business activities within its business scope which are possibly at a higher risk of being involved in unethical conduct to establish preventive solutions that at least cover the conduct specified in each subparagraph under Paragraph 2 in Article 7 of the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies”?	✓		When establishing a preventive plan, the Company shall analyze the business activities within its business scope with higher risks of unethical behavior and enhance related preventive measures. This includes offering or accepting bribes or illegal political donations, improper charitable donations or sponsorships, other improper benefits, misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights, engaging in unfair competitive practices and damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacturing, provision, or sale of products and services. The following preventive measures were implemented in 2022: 1. In 2022, one session on food safety awareness was organized.	In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.

Evaluation item	Status		Summary	Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No		
(III) Does the Company specify and implement the operating procedures, guidelines of behavior, penalties for violations, and complaint system in the plan for prevention of unethical behavior? Is the foregoing plan reviewed and amended on a regular basis?	✓		<p>2. In 2022, one session on food protection was organized.</p> <p>3. In 2022, two sessions on compliance were organized.</p> <p>4. In 2022, the tracking of 98 products required by the law was completed, and their traceability data was uploaded to the platform “Food Tracebook”.</p> <p>5. In 2022, all food and beverage factories of the Company acquired a number of internationally recognized certification systems including ISO 22000 and HACCP.</p> <p>6. In 2022, two food safety meetings were held.</p> <p>The Company faithfully upholds the principle of ethical management and obligations to comply with the “Ethical Management Best Practice Principles” established by the Company. Those violating the principle of ethical management shall be punished and the information such as title and name of the violator, the date and details of the violation, and the actions taken in response shall be immediately disclosed on the Company’s internal website. The reporting system shall also be established and carried out accordingly. The Company has also disclosed information regarding the implementation of ethical management on the Company’s website, annual report, and prospectuses, and discloses the contents of its Ethical Management Best Practice Principles on the MOPS.</p>	In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.
II. Implementation of ethical management (I) Does the Company assess the history of the integrity of its business counterparties? Does the contract between the Company and a business counterparty include any provision governing ethical behavior?	✓		To ensure that the trading suppliers are ethical operators, most of the Company’s customers and suppliers are well-known companies and their ethical management information is more likely to be acquired. For example, we log into the website of MOEA or other channels to query the operating status of cooperation partners or require them to provide relevant information as evidence of being legal operators. The Company will also explain the supplier selection principles with fairness, openness, and transparency to the vendors. In addition, for contract signing, we gradually strengthen the	In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.

Evaluation item	Status		Summary	Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No		
(II) Does the Company set up any unit under the Board of Directors that is responsible for the promotion of corporate ethical management and that gives a report to the Board of Directors regarding its ethical management policy and unethical behavior prevention plan and their supervision and implementation on a regular basis (at least annually)?	✓		<p>ethical clauses in the contract while the Legal Affairs Office, Audit Office, and President's Office are responsible for the review of contracts. If any violation of ethical management conduct is included in the contract, the Company shall terminate the relevant regulations in the contract.</p> <ol style="list-style-type: none"> 1. The Company's dedicated (concurrent) unit for promoting ethical management is the Audit Office, which executes and promotes ethical management in accordance with the Ethical Management Best Practice Principles adopted by the Company. The Board of Directors may audit the establishment and implementation of the ethical management policy through the audit function. The Audit Officer attends and reports the business activities at the Board of Directors meetings held by the Company while reporting regularly to the independent directors. 2. Employees may express opinions and communicate with the management, the Human Resources Department, and Audit Office via multiple channels, including internal e-mail, employee opinion mailbox, and Company website. 3. In 2022, there were 0 cases reported externally or internally, and no material unethical conduct occurred. 	In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.
(III) Has the Company established any policy for the prevention of conflict of interest, provide any appropriate channels for representation, and implement such policy?	✓		<ol style="list-style-type: none"> 1. The Company established the "Procedures for the Management of Material Insider Information" in 2009, and amended certain provisions thereof according to the law and its actual operational needs in November 2010, March 2012, August 2019, November 2020, and November 2022. The procedures specify that a director, manager, or employee knowing material inside information shall not disclose the known information to others nor may they inquire about or collect any non-public material inside information of the Company not related to their individual duties from a person with knowledge of such information or disclose to others any 	In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.

Evaluation item	Status		Summary	Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No		
			<p>non-public material inside information of the Company of which they become aware for reasons other than the performance of their duties.</p> <p>2. The Company has established a comprehensive internal audit system and mechanism for statement, communication, and risk management to maintain effective operation of the internal control system, prevent conflicts of interest, and provide effective communication channels.</p> <p>3. In case the proposal at the meeting of Board of Directors involves those concerning avoidance of conflicting interests, the emcee shall announce the name and reason of recusal before the reading of the proposal and remind the stakeholder to recuse themselves.</p> <p>4. All meetings of the Board of Directors are held in accordance with the Rules of Procedure for the Board of Directors.</p> <p>5. In 2022, the Board of Directors held 6 meetings in accordance with the Rules of Procedure for the Board of Directors.</p>	
(IV) Has the Company established effective accounting and internal control systems to ensure the implementation of ethical management? Does the internal audit department establish any relevant audit plan based on the results of the assessments of the risks of unethical behavior? Does the Company, in accordance with the foregoing plan, conduct an audit of the compliance with the unethical behavior prevention plan, or engage a CPA to conduct such audit?	✓		To implement ethical management, the Company has established effective accounting and internal control systems and executes relevant accounting business while regularly preparing its financial reports based on IFRS. The CPA is responsible for auditing the related accounting statements and records. For the internal audit, the compliance status is checked according to the annual audit plan drafted by the risk assessment results. The effectiveness of the internal control system's design and execution is ensured by the annual internal control self-evaluation which is performed according to the Statement on Internal Control Systems, which is approved by a resolution of the Board of Directors after being reviewed and approved by the Audit Committee.	In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.
(V) Does the Company organize internal and external training sessions on ethical management on a regular basis?	✓		The Ethical Management Best Practice Principles are not only disclosed on the Company's website accessible to	In compliance with the Ethical Corporate Management Best

Evaluation item	Status			Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
			employees at any time, but also promoted during the new employee training and common management courses for all employees to understand and follow the principles.	Practice Principles for TWSE/GTSM Listed Companies.
<p>III. Operations of the whistleblowing system of the Company</p> <p>(I) Has the Company established specific systems for whistleblowing and rewards? Has the Company established any convenient whistleblowing channel and appointed any appropriate person to handle the case of a reported person?</p>	✓		<p>The Company has set up a mailbox and a hotline for whistleblowing, a “Section for employee’s opinions and timely feedback” and the President’s mailbox. Employees may report any improper conduct likely to affect the Company’s goodwill and interests. The Company has also established standard operating procedures for investigation of whistleblowing reports, procedures for subsequent handling, and relevant confidentiality mechanisms. The manager of the Human Resources Department may, if necessary, refer a report to the manager of the relevant department for assistance. The relevant department must complete the Handling Result Form and send it back to the Human Resources Department within two weeks, and the Human Resources Department will make assignments based on the results of the case. The manager of the Human Resources Department will give a response to the whistleblower within 5 days after receiving the Handling Result Form. The acceptance of a reported case, the process, and results of the investigation and related documents are recorded by the manager of the Human Resources Department, who also keeps such records. The relevant regulations specify that any employee violating the requirements of ethical management of the Company will be punished depending on the severity of the violation in accordance with the “Regulations Governing Reward and Punishment of Employees”. The President and the manager of the Human Resources Department are persons designated to address such violations.</p>	In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.

Evaluation item	Status			Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
(II) Has the Company established standard operating procedures for investigation of cases reported by whistleblowers, including subsequent measures required after the completion of investigations and the relevant confidentiality measures?	✓		The “Ethical Management Best Practice Principles” specify that in the event that any material violation or likelihood of material damage to the Company is found upon investigation, the designated personnel or department handling whistleblowing reports shall immediately prepare a report and notify the independent directors or supervisors in writing. In addition, the “Employee Rules” have specified standard operating procedures for investigation of whistleblowing reports and relevant confidentiality mechanisms, and have adopted measures to protect whistleblowers from improper retaliation as a result of whistleblowing. There was no reported case in 2022.	In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.
(III) Does the Company take measures to protect whistleblowers from improper retaliation as a result of whistleblowing?	✓		The “Ethical Management Best Practice Principles”, complaint regulations, and employee rules established by the Company have adopted measures to protect whistleblowers from improper retaliation as a result of whistleblowing.	In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.
IV. Enhancement of information disclosure Does the Company disclose the contents of its ethical management principles and the results of their promotion on its website and the Market Observation Post System?	✓		According to the “Ethical Management Best Practice Principles”, the Company is committed to high ethical business standards, an effective responsibility mechanism, and high-standard corporate governance to manage its business in a responsible and honest manner. The corporate governance and related information has been disclosed on the Company’s website (website: https://www.agv.com.tw), and the Company has also disclosed its philosophy of ethical corporate management in the sustainability report.	In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.
V. Where the Company has established its own principles of ethical management in accordance with the “Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies”, the differences between the operations of the Company and such principles must be described: The Company has established the “AGV Products Corporation Ethical Management Best Practice Principles” based on the Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies promulgated by TWSE, and has disclosed the Ethical Management Best Practice Principles on the Company’s website. (Website: https://www.agv.com.tw) while implementing them accordingly without any discrepancy.				
VI. Other important information useful for understanding the status of ethical management at the Company: (e.g., review and amendment by the Company of its ethical management principles) 1. In May 2017, the Company established the “Ethical Management Best Practice Principles” based on the Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies promulgated by TWSE. In August 2019, the Company amended certain provisions thereof according to the law and its				

practical needs.

2. The Company continues to uphold the Ethical Management Best Practice Principles when operating, and truly implement related laws and regulations, such as the Company Act, Securities and Exchange Act, Act Governing Food Safety and Sanitation, TWSE/TPEX listing rules, Anti-Corruption Act and Government Procurement Act, as the underlying foundation to facilitate ethical corporate management. We employ people based on their character and ethics and pay attention to the rotation mechanism to prevent corruption. There was no illegal conduct such as corruption, bribes, or blackmail occurring among internal employees.
3. The Company actively promotes the engagement in business activities in a fair and transparent manner when negotiating or signing contracts with business partners and refuses to cooperate with counterparties involved in unethical conduct. When performing duties, the handover of upstream, downstream, and cross-department cooperation, we are practical and realistic based on the highest principles of ethical management to implement ethical management.
4. Based on the Ethical Management Best Practice Principles, the Company practices clear and transparent product labeling and traceability providing the source information of products, while the Company has continued to insist that whatever comes from nature is the best. To satisfy consumers' demand for natural and healthy products and build a reliable brand image, the Company has been moving toward the goal of clean, natural, and non-contaminated products with regard to product R&D innovations and process optimization and upgrade.
5. The Company continues to promote corporate sustainable development, facilitate the promotion of good corporate governance, and stay committed to the business vision of "For a Healthy Tomorrow".

- (VII) If the Company has established corporate governance principles or other relevant guidelines, references to such principles must be disclosed:

The Company has established the Corporate Governance Best Practice Principles and relevant internal rules and disclosed accordingly on the Company website (<https://www.agv.com.tw/>) and MOPS of TWSE.

- (VIII) Other information material to the understanding of corporate governance within the Company:

Please refer to Page 40 of the annual report.

(IX) Implementation of the Internal Control System

1. Statement on Internal Control System

AGV Products Corporation
Statement of Declaration for Internal Control System

Date: March 13, 2023

We make the following statement based on the result of the self-inspection of the internal control system in 2022:

- I. We acknowledge that the Board of Directors and managers are responsible for the establishment, operation and maintenance of the internal control system. We have established such a system to provide reasonable assurance for achieving our objectives concerning the effectiveness and efficiency of operations (including profits, performance and protection of asset security), reliability, timeliness, transparency, and regulatory compliance vis-à-vis reporting, and compliance with applicable laws, regulations, and bylaws.
- II. Any internal control system has its inherent limitations. No matter how well an internal control system is designed, it can only provide reasonable assurance of the achievement of the above three objectives. Moreover, the effectiveness of an internal control system may vary as a result of changes in the environment and other circumstances. However, our internal control system has a self-monitoring mechanism, and we take corrective actions immediately once a nonconformity is identified.
- III. We judge the design and operation of the internal control system for its effectiveness in accordance with the criteria determining the effectiveness of the internal control system provided in the “Regulations Governing Establishment of Internal Control Systems by Public Companies” (hereinafter referred to as the “Regulations”). The internal control systems are divided into the following five constituent elements in the management control process, reflecting the items to be judged pursuant to the “Regulations”: 1. control environment; 2. risk assessment; 3. control activities; 4. information and communications; and 5. monitoring activities. Each constituent element contains a number of items. Refer to the provisions of the above-mentioned “Regulations.”
- IV. We have adopted the abovementioned criteria of the internal control system to assess the effectiveness of its design and execution.
- V. Based on the results of the above-mentioned assessment, we confirm that our internal control system (including monitoring and management of subsidiaries) was effective as of December 31, 2022 in terms of its design and operation with respect to understanding the effectiveness and efficiency of operations, the reliability, timeliness, transparency, and regulatory compliance of reporting, and the compliance with applicable laws, regulations, and bylaws in order to reasonably ensure that these objectives are achieved.
- VI. The Statement will be the major part of our annual reports and prospectuses, and will be open to the public. If there is any misrepresentation, nondisclosure or other illegality in the contents open to the public referred to in the previous sentence, legal responsibility specified in Articles 20, 32, 171 and 174 of the Securities and Exchange Act shall apply.
- VII. The Statement was approved at the Board of Directors’ meeting on March 13, 2023. None of the 9 directors present at the meeting expressed any dissent and all of them agreed on the Statement. This information is declared as an addition.

AGV Products Corporation

Chairman: Kuan-Han Chen Signature

General Manager: Chih-Chan Chen Signature

2. If review of the internal control system has been conducted by entrusted CPAs, the CPAs' review report shall be disclosed: N/A.
- (X) Penalty of the Company or its internal personnel in accordance with the laws, the Company's penalty against its internal personnel violating internal control system regulations in the most recent year up to the date of the publication of the annual report. List the details of such penalty, main defects, and improvements if the result of such penalties might have a material effect on the shareholders' equity or the price of securities: None.
- (XI) Important resolutions made by shareholders' meetings and the Board of Directors in the most recent year up to the date of publication of this annual report:
1. Important resolution of the shareholders' meeting:
As of the date of publication of the annual report in 2022, the Company held one annual shareholders' meeting on June 24, 2022.
 - (1) Approved the proposal for ratification of the 2021 financial statements.
Implementation:
The relevant statements have been submitted to the component authority for future reference and public disclosure in accordance with applicable laws and regulations.
 - (2) Approved the proposal for ratification of the 2021 table of earnings distribution.
Implementation: Pursuant to the resolution adopted by the annual shareholders' meeting, an amount of NTD 0.3 was distributed as cash dividends per share, and July 18, 2022 was set as the ex-dividend date. Distribution of the cash dividends was completed on August 12, 2022.
 - (3) Approved the proposal for amendment to the "Articles of Incorporation".
Implementation:
The amendment took effect after a resolution was adopted by the shareholders' meeting, with the relevant procedures implemented in accordance with the amended regulations.
 - (4) Approved the proposal for amendment to the "Procedure for Acquisition or Disposal of Assets".
Implementation:
The amendment took effect after a resolution was adopted by the shareholders' meeting, with the relevant procedures implemented in accordance with the amended regulations.
 - (5) Approved the proposal for issuance of common shares for cash capital increase via private placement.
Implementation:
On March 13, 2023, the 5th meeting of the 18th Board of Directors adopted a resolution approving that the issuance will not continue in the remaining period, and that a report thereon will be submitted to the 2023 annual shareholders' meeting.
 - (6) Election of members of the 18th Board of Directors (including independent directors).
List of elected directors: Representative of Taiwan First Biotechnology Corp: Kuan-Han Chen, Representative of Yueshan Investment Co., Ltd:

Ching-Jen Chen, Representative of NICE Enterprise Co., Ltd: Kuan-Chou Chen, Representative of Fang Tien Enterprise Co., Ltd: Huai-Hsin Liang, Representative of Yin-Ji-Li International Consulting Corp: Hsien-Chueh Hsieh, Representative of Cunyuan Heye Co., Ltd: Chih-Chan Chen.

List of elected independent directors: Yung-Fu Tseng, Yung-Chien Wu, and Wei-Lung Chen.

Implementation: On July 25, 2022, the lists were approved by the Ministry of Economic Affairs for registration and published on the Company's website.

- (7) Approved the proposal for lifting of non-compete restrictions on new directors.

Implementation:

Implemented as proposed.

2. Important resolutions of the Board of Directors:

The Board of Directors held 8 meetings in 2022 and as of the date of publication of the annual report. Important resolutions adopted by the meetings are summarized as follows:

- (1) 18th meeting of the 17th Board of Directors on January 18, 2022:

A. Report on the implementation of internal audits.

B. A resolution approving the proposal for distribution of year-end bonus for 2021.

C. A resolution approving amendments to certain provisions of the "Corporate Governance Best Practice Principles" and the "Corporate Social Responsibility Best Practice Principles".

D. A resolution approving the proposal for the purchase of Class-A preferred shares issued by Koya Biotech Corp.

E. A resolution approving the proposal for the purchase of common shares issued by the subsidiary for cash capital increase.

- (2) 19th meeting of the 17th Board of Directors on March 25, 2022:

A. Report on the implementation and result of the 2021 evaluation of the performance of the Board of Directors.

B. Report on the implementation of internal audits.

C. Review of the proposal for distribution of the remuneration for directors and employees for 2021.

D. Review of the Company's 2021 financial statements (including consolidated financial statements).

E. Review of the 2021 table of earnings distribution.

F. Review of the proposal for a new election of all directors.

G. Review of the proposal for amendment to the "Articles of Incorporation".

H. Review of the proposal for amendment to the "Procedure for Acquisition or Disposal of Assets".

I. Review of the 2021 "Statement of Internal Control System".

J. Review of matters related to the convening of the 2022 annual shareholders' meeting.

K. Review of matters related to the acceptance of nomination of

- candidates for directors (including independent directors) from shareholders holding no less than 1% of the Company's shares.
- L. Review of the proposal for continued engagement of advisors.
 - M. Review of the proposal for assessment of the engagement and independence of the CPAs.
- (3) 20th meeting of the 17th Board of Directors on May 9, 2022:
- A. Report on the 2022 Q1 consolidated financial statements.
 - B. Report on the Company's GHG inventory and verification schedule plan.
 - C. Report on the implementation of internal audits.
 - D. Review of the list of nominated candidates for directors and independent directors.
 - E. Review of the proposal for lifting of non-compete restrictions on new members of the 18th Board of Directors.
 - F. Discussion on the issuance of common shares for cash capital increase via private placement approved by the 2021 annual shareholders' meeting.
 - G. Review of the proposal for issuance of common shares for cash capital increase via private placement.
 - H. Review of additional motions for the 2022 annual shareholders' meeting.
- (4) 1st meeting of the 18th Board of Directors on June 24, 2022:
- A. The proposal for election of the Chairman and Vice Chairman was approved unanimously by the attending directors. The directors Kuan-Han Chen and Ching-Jen Chen have been re-elected as the Chairman and Vice Chairman respectively.
 - B. Review of the proposal for appointment of the members of the Remuneration Committee.
 - C. Review of the proposal for new appointments and personnel change.
- (5) 2nd meeting of the 18th Board of Directors on August 8, 2022:
- A. Report on the consolidated financial statements for Q2 of 2022.
 - B. Report on renewal of the "liability insurance for directors and managers".
 - C. Report on the implementation of internal audits.
 - D. Review of the proposal for continued appointment of overseas personnel.
 - E. Review of the proposal for disposal of the shares of Kai Chieh International Investment Ltd.
 - F. Review of the proposal for full withdrawal from the purchase of shares issued by the subsidiary Koya Biotech Corp. for cash capital increase.
 - G. Review of the proposal for provision of endorsement and guarantee to the subsidiary for financing.
- (6) The 3rd meeting of the 18th Board of Directors on November 10, 2022:
- A. Report on the consolidated financial statements for Q3 of 2022.
 - B. Review of the "2023 audit plan".
 - C. Review of the proposal for establishment of the "Procedures for

- Preparation and Certification of Sustainability Report”.
- D. Review of the proposal for amendments to the “Rules of Procedure for the Board of Directors” and the “Procedures for Management of Material Insider Information”.
 - E. Review of the proposal for purchase of the shares of “IBF Financial Holdings Co., Ltd.”
 - F. Review of the proposal for purchase of common shares issued by the subsidiary for cash capital increase.
 - G. Review of the proposal for provision of endorsement and guarantee to the subsidiary for financing.
- (7) The 4th meeting of the 18th Board of Directors on January 10, 2023:
- A. Report on the implementation of internal audits.
 - B. Review of the 2023 operational plan.
 - C. Review of the proposal for continued engagement of advisors.
 - D. Review of the proposal for revision to the Company’s organizational system and personnel change.
 - E. Review of the proposal for distribution of the year-end bonus for 2022.
 - F. Review of the proposal for adjustment to the salaries of all monthly paid employees (including managers).
 - G. Review of the proposal for purchase of common shares issued by the subsidiary for cash capital increase.
- (8) The 5th meeting of the 18th Board of Directors on March 13, 2023:
- A. Report on the implementation and result of the 2022 evaluation of the performance of the Board of Directors.
 - B. Report on the subsidiary’s GHG inventory and verification schedule plan.
 - C. Report on the implementation of internal audits.
 - D. Review of the proposal for distribution of the remuneration for directors and employees for 2022.
 - E. Review of the Company’s 2022 financial statements (including consolidated financial statements).
 - F. Review of the proposal for distribution of the earnings of 2022.
 - G. Review of the proposal for amendment to the “Rules of Procedure for Shareholders’ Meeting”.
 - H. Review of the proposal for amendments to the “Corporate Governance Best Practice Principles” and the “Standard Operating Procedures for Handling Requests from Directors”.
 - I. Review of the 2022 “Statement of Internal Control System”.
 - J. Review of the issuance of common shares for cash capital increase via private placement approved by the 2022 annual shareholders’ meeting, with a proposal to discontinue the issuance in the remaining period.
 - K. Review of the proposal for issuance of common shares for cash capital increase via private placement.
 - L. Discussion on matters related to the convening of the 2023 annual shareholders’ meeting.

- M. Review of the proposal for continued engagement of advisors.
- N. Review of the proposal for personnel change at foreign subsidiaries.
- O. Review of the proposal for amendment to the “Regulations Governing Hierarchical Responsibilities”.
- P. Review of the proposal for establishment of the Implementation Rules for Inclusion of the Procedures for Preparation and Certification of Sustainability Report into the Scope of Internal Control System and Internal Audit.
- Q. Review of the proposal for assessment of the engagement and independence of the CPAs.
- R. Review of the proposal for provision of endorsement and guarantee to the subsidiary for financing.

(XII) Documented opinions or declarations in writing made by directors against important board resolutions in the most recent years and up to the publication date of the annual report: None.

(XIII) Resignation of Chairman, President, Chief Accounting Officer, Chief Financial Officer, Chief Internal Auditor, Chief Corporate Governance Officer, and Chief R&D Officer in the most recent years and up to the publication date of the annual report: None.

IV. Information of Independent Auditors Fee

Amount Unit: NTD thousand

Accounting firm name	Name of CPA	Audit period	Audit Fee	Non-Audit Fees	Total	Remarks
Crowe (TW) CPAs	Shu-Man Tsai	2022.01~ 2022.12	3,010	598	3,608	Services for non-audit fees: Fees for consultation and advice regarding IFRS9 conversion, and review of transfer pricing reports.
	Ching-Lin Li					

1. If replacement of a CPA firm results in a lower audit fee in that year compared to the previous year, the amount, percentage and reason of the reduction shall be disclosed: N/A.
2. If an audit fee is reduced by more than 10% compared to the previous year, the amount, percentage and reason of the reduction shall be disclosed: N/A.

V. Information on Change of CPAs

(I) About the former CPA

Date of replacement	Not applicable		
Reason and explanation of replacement	Not applicable		
Explain the replacement as a result of a termination by the Company, or by the CPA	Party	CPA	The company
		Status	
	Service terminated by	Not applicable	Not applicable
	Refusal of (continued) commission	Not applicable	Not applicable
Opinions and reasons for issuing opinions of the audit report other than unqualified opinions in the last two years	Not applicable		
Any disagreement with the issuer	Yes		Accounting principles or practices
			Disclosure of financial statements
			Audit coverage or procedures
			Others
	None	<input checked="" type="checkbox"/>	
	Description		
Other disclosures (Disclosures deemed necessary under Item 1-4 to Item 1-7, Subparagraph 6, Article 10 of the Guidelines)	None		

Note: Disclosures deemed necessary under Item 1-4 to Item 1-7, Subparagraph 6, Article 10 of the Regulations Governing Information to be Published in Annual Reports of Public Companies

(II) Succeeding CPA

Accounting firm name	Crowe (TW) CPAs
Name of CPA	CPA Shu-Man Tsai and Ching-Lin Li
Date of appointment	Not applicable
Inquiries regarding accounting practices or principles on certain transactions, or any possible opinions to be issued on the financial reports prior to appointment of the CPAs, and the results	Not applicable
Written opinions of the succeeding CPAs different from the opinions of the former CPAs	Not applicable

(III) The former CPA's written response to the Item 1&2-3, Subparagraph 6, Article 10 of the Principles: N/A.

VI. The Company's Chairman, President, or managers involved in financial or accounting affairs being employed by the auditor's firm or any of its affiliated company within the most recent year: None.

VII. Change of shares transferred and pledged for directors and managers and any shareholder who holds more than 10% of the company's shares

(I) Changes in equity of directors and managers, and major shareholders

Title	Name	2022		Up to March 31, 2023	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Chairman	Taiwan First Biotechnology Corp. Representative: Kuan-Han Chen	7,000,000	0	0	0
		1,578,000	0	0	0
Vice Chairman	Yueshan Investment Co., Ltd. Representative: Ching-Jen Chen	0	0	0	0
		0	0	0	0
Director	NICE Enterprise Co., Ltd. Representative: Michael Chen	0	0	0	0
		1,604,562	0	0	0
Director	Fang Tien Enterprise Co., Ltd. Representative: Huai-Hsin Liang	90,000	0	1,353,000	0
		0	0	0	0
Director	Yin-Ji-Li International Consulting Corp. Representative: Hsien-Chueh Hsieh	3,560,000	0	0	0
		0	0	0	0
Director	Cunyuan Heye Co., Ltd. Representative: Chih-Chan Chen	0	0	0	0
		0	0	0	0
Independent Director	Yung-Fu Tseng	0	0	0	0
Independent Director	Yung-Chien Wu	0	0	0	0
Independent Director	Wei-Lung Chen	0	0	0	0
Director-general	Fu-Hui Wen	10,000	0	0	0
Executive Vice President	Nai-Pin Lin	0	0	6,000	0

(II) Information on the counterparty as the related party in the transfer of shares:

Name	Cause of equity transfer	Date of trading	Trading counterparty	Relationship between the trading counterparty and the Company, directors, supervisors, managers, and shareholders with more than 10% shareholding	Shares	Trading price
Je-Fang Chen	Successor	2022.3.28	Kuan-Han Chen	Chairman of the Company	1,352,000	-
			Michael Chen	Director of the Company	1,354,562	

(III) Information on the counterparty as the related party in the pledge of shares: None.

VIII Relationship information among top-10 shareholders

Record date: April 30, 2023

Name	Shares held under own name		Shareholdings of spouse and minor children		Total shareholdings in the name of others		The title or name and relation in case of the top-ten shareholders who are related parties to each other, in a spousal relationship or within the second degree of kinship.		Remarks
	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio	Name	Relationship	
Ho Yuan Investment Co., Ltd.	30,388,258	6.15	—	—	0	0.00	—	—	
Representative: Ching-Liang Chen	810,558	0.16	330,124	0.07	0	0.00	—	—	
NICE Enterprise Co., Ltd.	20,780,494	4.20	—	—	0	0.00	—	—	
Representative: Chih-Hung Chen	2,184,622	0.44	648,514	0.13	0	0.00	—	—	
Taiwan First Biotechnology Corp.	10,075,450	2.04	—	—	0	0.00	—	—	
Representative: Kuan-Han Chen	5,676,180	1.15	0	0	4,281,000	0.87	Kuan-Ju Chen	Brothers	
SPDR Portfolio Emerging Markets ETF in the custody of Standard Chartered Bank	10,018,415	2.03	—	—	0	0.00	—	—	
Rong-Yu Lin	8,918,000	1.80	—	—	—	—	—	—	
Yin-Ji-Li International Consulting Corp.	8,611,007	1.74	—	—	0	0.00	—	—	
Representative: Chiu-Wen Li	1,435,681	0.29	0	0	0	0.00	—	—	
Goldbank Investment Development Corp.	8,081,047	1.63	—	—	0	0.00	—	—	
Representative: Tsung-Cheng Lin	0	0	0	0	0	0.00	—	—	
Global Investment Development Corp.	7,288,506	1.47	—	—	0	0.00	—	—	
Representative: Tsung-Cheng Lin	0	0	0	0	0	0.00	—	—	
Kuan-Ju Chen	6,738,636	1.36	971,355	0.20	0	0.00	Kuan-Han Chen	Brothers	
Yueshan Investment Co., Ltd.	6,017,049	1.22	—	—	0	0.00	—	—	
Representative: Ya-Hsin Cheng	0	0	—	—	—	—	—	—	

IX For the total number of shares held in any single enterprise invested in by the Company, its directors, managers and any enterprises controlled directly or indirectly by the Company, the general shareholding ratio is calculated in a consolidated manner

Record date: December 31, 2022

Unit: shares;%

Invested business (Note)	Investment of the Company		Investment by directors and managers or by directly or indirectly controlled enterprises		Total investment	
	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio
Apoland Resource International (BVI) Corp.	11,510,000	100.00	0	0	11,510,000	100.00
Defender Private Security Inc.	4,000,000	100.00	0	0	4,000,000	100.00
Aco Distribution Corp.	5,472,000	100.00	0	0	5,472,000	100.00
Sasaya Vitagreen Co., Ltd.	500,000	100.00	0	0	500,000	100.00
Hope Choice Distribution Corp.	6,500,000	100.00	0	0	6,500,000	100.00
Mascot International (BVI) Corporation	9,413,000	96.91	0	0	9,413,000	96.91
Sontenkan Resort Development Co., Ltd.	Ordinary stock: 160,181,050 Preferred stock: 12,063,093	Ordinary stock: 100.00 Preferred stock: 100.00	0	0	Ordinary stock: 160,181,050 Preferred stock: 12,063,093	Ordinary stock: 100.00 Preferred stock: 100.00
Hopeland Distribution Corp.	1,215,000	81.00	285,000	19.00	1,500,000	100.00
Apoland Development (Singapore) Pte Ltd.	Ordinary stock: 55,037,121	93.16	Preferred stock: 1,300,000	72.53	Ordinary stock: 55,037,121 Preferred stock: 1,300,000	Ordinary stock: 93.16 Preferred stock: 72.53
Koya Biotech Corp.	Ordinary stock: 9,219,489 Preferred stock: 8,790,000	Ordinary stock: 42.90 Preferred stock: 87.90	Ordinary stock: 8,249,211 Preferred stock: 1,210,000	Ordinary stock: 38.39 Preferred stock: 12.10	Ordinary stock: 17,468,700 Preferred stock: 10,000,000	Ordinary stock: 81.29 Preferred stock: 100.00
Yunlin Dairy Technology Corp.	4,754,551	75.83	126,322	2.01	4,880,873	77.84
Aiken Biotechnology International Co., Ltd.	5,756,900	53.77	4,680,678	43.71	10,437,578	97.48
Alpha International Developments Limited	2,433,455	100.00	0	0	2,433,455	100.00
AGV First Biotech Food (BVI) Limited.	Ordinary stock: 28,013,400	100.00	Preferred stock: 18,100,000	99.45	Ordinary stock: 28,013,400 Preferred stock: 18,100,000	Ordinary stock: 100.00 Preferred stock: 99.45
AGV International (BVI) Limited	460,000	100.00	0	0	460,000	100.00

Invested business (Note)	Investment of the Company		Investment by directors and managers or by directly or indirectly controlled enterprises		Total investment	
	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio
AGV Biohealthy Food Limited	783,300	29.75	1,050,000	39.87	1,833,300	69.62
Taiwan First Biotechnology Corp.	54,757,349	41.28	10,323,872	7.78	65,081,221	49.06
Eastern Formosa Resource Development Corporation	5,880,000	32.94	8,180,000	45.83	14,060,000	78.77
Heding International Development Co., Ltd.	16,788,000	48.98	16,819,775	49.07	33,607,775	98.05
HOPEMAN DISTRIBUTION CO., LTD.	6,950,000	43.44	8,050,000	50.31	15,000,000	93.75
TAI FU INTERNATIONAL CORP.	8,615,180	24.83	9,830,470	28.34	18,445,650	53.17
NICE Enterprise Co., Ltd.	49,223,860	28.24	38,911,173	22.31	88,135,033	50.55
YANJING AGV INTERNATIONAL COMPANY LIMITED	2,500,000	50.00	0	0	2,500,000	50.00
Kuo Cheng Investment Development Corp.	Ordinary stock: 5,000,000 Preferred stock: 2,484,000	Ordinary stock: 47.62 Preferred stock: 54.00	0	0	Ordinary stock: 5,000,000 Preferred stock: 2,484,000	Ordinary stock: 47.62 Preferred stock: 54.00
Tongjitang Medicinal Biotech Corp.	5,000,000	26.27	3,000,000	15.76	8,000,000	42.03
Nice Investment Development Ltd.	Ordinary stock: 4,800,000	36.64	Preferred stock: 9,000,000	Preferred stock: 75.00	Ordinary stock: 4,800,000 Preferred stock: 9,000,000	Ordinary stock: 36.64 Preferred stock: 75.00
Alpha Biotech Development (BVI) Limited	24,500	49.00	25,500	51.00	50,000	100.00
Nicostar Capital Investment (BVI) Ltd.	1,764,000	36.21	3,108,000	63.79	4,872,000	100.00

Note: Investment recognized under the equity method by the Company.

Four. Fundraising Status

I. Corporate Capital and Shares

(I) Equity Capital sources

Date	Issue price	Authorized capital stock		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Equity Capital sources	Offset against the equity capital by property other than cash	Others
July 1994	10	220,000,000	2,200,000,000	203,000,000	2,030,000,000	Capital surplus	—	1994-07-19-(83)-Tai-Cai-Zheng-(Yi) No. 3182
June 1995	10	280,000,000	2,800,000,000	236,600,000	2,366,000,000	Earnings, capital surplus	—	1995-06-24-(84)-Tai-Cai-Zheng-(Yi) No. 37548
July 1996	10	280,000,000	2,800,000,000	250,712,000	2,507,120,000	Earnings	—	1996-07-03-(85)-Tai-Cai-Zheng-(Yi) No. 4170
June 1997	10	420,000,000	4,200,000,000	288,318,800	2,883,188,000	Earnings, capital surplus	—	1997-06-26-(86)-Tai-Cai-Zheng-(Yi) No. 50451
June 1998	10	500,000,000	5,000,000,000	330,125,026	3,301,250,260	Earnings, capital surplus	—	1998-06-24-(87)-Tai-Cai-Zheng-(Yi) No. 54764
June 1999	10	500,000,000	5,000,000,000	346,631,278	3,466,312,780	Earnings, capital surplus	—	1999-06-28-(88)-Tai-Cai-Zheng-(Yi) No. 58680
July 2000	10	500,000,000	5,000,000,000	363,962,843	3,639,628,430	Earnings, capital surplus	—	2000-07-07-(89)-Tai-Cai-Zheng-(Yi) No. 58690
February 2006	10	500,000,000	5,000,000,000	370,826,050	3,708,260,500	Overseas convertible corporate bonds transferred to common stock	—	2006-02-07-Tai-Zheng-Shang-Zi No. 950001599
October 2006	10	500,000,000	5,000,000,000	377,689,257	3,776,892,570	Overseas convertible corporate bonds transferred to common stock	—	2006-10-13-Tai-Zheng-Shang-Zi No. 09500270781

Date	Issue price	Authorized capital stock		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Equity Capital sources	Offset against the equity capital by property other than cash	Others
June 2007	10	600,000,000	6,000,000,000	377,689,257	3,776,892,570	—	—	2007-06-13 Increase in the amount of authorized capital resolved by the shareholders' meeting
June 2008	10	660,000,000	6,600,000,000	447,689,257	4,476,892,570	Cash Capital increase	—	2009-06-30 Increase in the amount of authorized capital resolved by the shareholders' meeting
June 2009	10	880,000,000	8,800,000,000	447,689,257	4,476,892,570	—	—	2009-06-19 Increase in the amount of authorized capital resolved by the shareholders' meeting
April 2011	10	880,000,000	8,800,000,000	497,689,257	4,976,892,570	Cash capital increase	—	Approval date and reference no. by the competent authority: Approved by Jin-Guan-Zheng-Fa-Zi No.10000126721 and Jin-Guan-Zheng-Fa-Zi No.1000012672 dated April 15, 2011
March 2015	10	880,000,000	8,800,000,000	487,205,257	4,872,052,570	Cancellation of treasury stock	—	2015-03-16-Tai-Zheng-Shang-Yi-Zi No. 1040004564
September 2016	10	880,000,000	8,800,000,000	494,513,336	4,945,133,360	Capital surplus	—	Reported and effected by FSC on August 9, 2016.

Types of shares	Authorized capital stock			Remarks
	Outstanding shares	Unissued shares	Total	
Common stock	494,513,336 shares	385,486,664 shares	880,000,000 shares	TWSE listed stocks

Note: The registered amount of the Company's authorized capital is NTD 5,000,000,000 and the increase in amount of authorized capital shall be registered as capital increase.

(The increase in the amount of authorized capital is registered in case the paid-in capital exceeds NTD 5,000,000,000.)

Information relevant to reporting: None.

(II) Shareholder structure

April 30, 2023

Shareholder structure Quantity	Government agencies	Financial institutions	Other institutions	Individuals	Foreign institute and foreigners	Total
Persons	0	1	294	117,159	87	117,541
Shares held	0	602,000	138,278,519	310,177,554	45,455,263	494,513,336
Shareholding ratio	00.00%	00.12%	27.96%	62.72%	9.19%	100.00%

(III) Distribution of equity

April 30, 2023

Shareholding range	Number of shareholders	Shares held	Shareholding ratio
1 to 999	80,327	4,044,524	0.82%
1,000 to 5,000	28,493	55,589,691	11.24%
5,001 to 10,000	4,483	33,938,181	6.86%
10,001 to 15,000	1,599	18,732,479	3.79%
15,001 to 20,000	764	14,207,219	2.87%
20,001 to 30,000	712	17,452,065	3.53%
30,001 to 40,000	314	10,997,243	2.22%
40,001 to 50,000	197	9,170,805	1.86%
50,001 to 100,000	332	24,134,013	4.88%
100,001 to 200,000	157	20,652,897	4.18%
200,001 to 400,000	58	16,069,497	3.25%
400,001 to 600,000	16	7,635,270	1.54%
600,001 to 800,000	10	6,857,196	1.39%
800,001 to 1,000,000	13	11,410,992	2.31%
Over 1,000,001	66	243,621,264	49.26%
Total	117,541	494,513,336	100.00%

(IV) List of major shareholders (shareholders with shareholdings ratio above 5%)

Shares	Shares held	Shareholding ratio
Major Shareholders		
Ho Yuan Investment Co., Ltd.	30,388,258	6.15%

Note: for the list of top 10 shareholders ranked in shareholdings ratio, please refer to Page 88 of the annual report.

(V) Market value per share for the past two fiscal years, together with the Company's net worth per share, earnings per share, dividends per share and related information

Item		Year	2021	2022
Market price per share (Note 1)	Highest		14.60	13.60
	Lowest		8.12	8.73
	Average		10.44	10.50
Net worth per share (Note 2)	Before distribution		13.39	13.66
	After distribution		13.09	13.26
Earnings per share	Weighted average number of shares		494,513,336	494,513,336
	Earnings per share (Note 3)		0.41	0.56
Dividends per share	Cash dividends		0.3	0.4
	Stock dividends	From earnings	—	—
		From capital reserves	—	—
	Accumulated unpaid dividends (Note 4)		—	—
ROI analysis	P/E ratio (Note 5)		25.46	18.75
	P/D ratio (Note 6)		34.80	26.25
	Cash dividends yield (Note 7)		2.87	3.81

* If shares are distributed in connection with a capital increase out of earnings or capital reserve, information on market prices and cash dividends retroactively adjusted based on the number of shares after distribution should be disclosed.

Note 1: State the highest and lowest market prices for the common stock, and calculate the average market price for each year based on the turnover value and volume of each year.

Note 2: Please apply the quantity of stock already issued at the end of the year, and specify based on the board of directors or the allocation resolved by the shareholders' meeting of next year.

Note 3: If it is necessary to make adjustment retroactively due to distribution of bonus shares, please state the earnings per share before and after the adjustment.

Note 4: If the equity securities issuance terms and conditions provide that the stock dividend unallocated in the year may be accumulated until the year in which earnings allocable are generated, please disclose the accumulated stock dividend remaining undistributed until the current year.

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

Note 6: P/D ratio = Average closing price per share during the current fiscal year/Cash dividend per share.

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

Note 8: Please specify the net value per share and EPS available in the latest quarterly financial information audited (reviewed) by the independent CPAs before the publication date of the annual report. The information available in the current year up to the publication date of the annual report shall be specified in the other columns.

Note 9: The proposed profit distribution plan for the fiscal year 2022 has not yet been approved by the shareholders' meeting.

(VI) The dividend policy of the Company and its implementation:

1. The dividend policy stipulated in the Articles of Incorporation:

Where there are earnings after closing of the accounts in a fiscal year, in addition to paying taxes and making up for the losses from prior years, an amount equivalent to 10% of such earnings shall be set aside as legal reserves, and an amount of special reserves 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, and submit the proposal to the shareholders' meeting for a resolution.

The proposal for the Company's stock dividends or legal reserve distributed from earnings or capital surplus to be paid in cash, in whole or in part, shall be subject to a resolution adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors, and a report of such distribution shall be submitted to a shareholders' meeting.

2. Distribution of dividends proposed at the current shareholders' meeting:

On March 13, 2023, the 5th meeting of 18th Board of Directors adopted a resolution to allocate NTD 197,805,334 from the distributable earnings of 2022 as cash dividends to be distributed at NTD 0.4 per share, and to have the Board of Directors authorize the Chairman to determine the ex-dividend date, date of distribution, and other related matters.

(VII) Effect of the allocation of bonus shares proposed at the shareholders' meeting to the Company's business performance and Earnings per share:

None.

(VIII) Remuneration to employees and directors:

1. Percentage and range of the remuneration to employees, and directors stated in the Articles of Incorporation:

The Company shall set aside the annual profit, if any, at the following rates as the remuneration to the Directors and Employees: (1) Remuneration to Directors: No more than 1% (included). (2) Remuneration for employees: No less than 1% (included) and distributed in the form of stock or cash; distribution of the remuneration to employees and Directors shall be approved by a majority vote at a meeting attended by more than two thirds of the Directors and shall be reported to the shareholders' meeting. Where the Company has any cumulative loss, the profit shall be reserved to offset the loss before being allocated as the remuneration to the employees and Directors at the rates referred to in the preceding paragraph.

2. The basis for estimating the amount of employee and director remuneration, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

The current estimated amounts of remunerations to employees and directors is based on

the profitability of current year and estimated by the percentage specified in the Articles of Incorporation while recognized as current expenses. Subsequently, if the actual distributed amount resolved by the Board of Directors is different from the estimate, the difference shall be recognized as the adjustment to profit or loss in the following year.

3. The motion for allocation of remuneration passed by the Board of Directors:
 - (1) Where the amount of the remuneration for employees and directors distributed in cash or shares is different from the estimated amount in the year of the recognized expenses, the amount, reason, and treatment of such differences must be disclosed: On March 13, 2023, the 5th meeting of the 18th Board of Directors adopted a resolution to allocate 1% of the Company's profit, totaling NTD 2,861,000, as the remuneration for directors and 2% thereof, totaling NTD 5,723,000, as the remuneration for employees. Both amounts will be distributed in cash.
 - (2) Percentage of employees' remuneration paid in shares, relative to after-tax profit and total employees' remuneration shown in parent company only or individual financial statements: None.
4. Actual distribution of the remuneration for employees and directors (including the number of shares distributed, amount, and share price) in the previous year. Where there is any difference with the recognized remuneration for employees and directors, the amount, reason, and treatment of such difference must be disclosed:

In 2021, the Company allocated 1% of its profit, totaling NTD 2,601,000, as the remuneration for directors and 2% thereof, totaling NTD 5,204,000, as the remuneration for employees. Both amounts were distributed in cash, and their distribution was included in the reports to the 2022 annual shareholders' meeting.

(IX) Repurchase of the Company's shares

The Company did not repurchase the Company's shares in 2022 up to the publication date of the annual report.

- II. Issuance of Corporate bonds: None.
- III. Preferred stocks, global depository receipts, and employee stock warrants, new restricted employee shares and issue of new shares in connection with the merger and acquisition of shares of another company: None.
- IV. Status of implementation of capital allocation plans: None.

Five. Operational Highlights

I. Business Scope

(I) Main areas of business operations

1. Vegetables, fruits, meat, aquatic products and kelp, shellfish, beans, mushrooms, bamboo shoots, pickles, vegetarian, soup, porridge canned food manufacturing and sales.
2. Fruit and vegetable drinks, carbonated drinks, mineral water, packaged drinking water, sports drinks, coffee, tea, grass tea, soy (rice) milk, functional drinks manufacturing and sales.
3. Frozen vegetables, meat, aquatic products, frozen vermicelli, frozen dough, frozen mixed food, frozen processed food manufacturing and sales.
4. Instant noodles, instant rice flour, flour products, vermicelli, ready-to-eat lunch boxes manufacturing and sales.
5. Fermented food, soy sauce, miso, vinegar, sauces (sand tea sauce, hot pepper sauce, salad dressing, mayonnaise, barbecue sauce, Lu meat sauce, peanut butter) manufacturing and sales.
6. Dairy products (milk, long-life milk, milk powder, cheese, condensed milk, cream, etc.) seasoning milk, yogurt and ice products manufacturing and sales.
7. Edible oil, dehydrated smoked food, jam, pudding, jelly, pectin food, candy, pastry, bread manufacturing and sales.
8. Tea products, beans products, cereal products, animal feed manufacturing and sales.
9. Green algae, cyanobacteria, chicken extract, garlic (refined), edible pollen, Ganoderma lucidum, royal jelly, oligosaccharides, enzymes, food manufacturing and sales.
10. The import and export trade of the above products and their raw materials
11. Beer, grape wine, spirits, wine trading and import and export trade business.
12. Operating farm and fish field, playgrounds, department stores, supermarkets and tourist hotels, restaurants.
13. Authorization, rental and selling of national housings and commercial buildings construction.
14. Business management consultant(except accountant and securities investment consulting business)
15. Computer and Computing Peripheral Software Design Services.
16. Automatic vending machine settings.
- 17.C802041 Drugs and Medicines Manufacturing
- 18.C802051 Chinese Medicine Manufacturing
- 19.CC01050 Data Storage Media Units Manufacturing
- 20.CC01060 Wired Communication Equipment and Apparatus Manufacturing
- 21.CC01070 Telecommunication Equipment and Apparatus Manufacturing
- 22.CC01080 Electronic Parts and Components Manufacturing
- 23.CH01010 Sporting and Athletic Articles Manufacturing
- 24.CK01010 Footwear Manufacturing
- 25.E605010 Computing Equipments Installation Construction
- 26.E701010 Telecommunications Construction
- 27.E701020 Channel KU and C of Satellite TV Equipments and Materials Construction
- 28.F102160 Wholesale of Assist Food Products
- 29.F104030 Wholesale of Shoes

- 30.F108011 Wholesale of Chinese Medicines
- 31.F108021 Wholesale of Drugs and Medicines
- 32.F109030 Wholesale of Sporting Goods
- 33.F204030 Retail Sale of Shoes
- 34.F208011 Retail Sale of Chinese Medicine
- 35.F208021 Retail Sale of Drugs and Medicines
- 36.F209020 Retail Sale of Sporting Goods
- 37.I104010 Nutrition Consultation
- 38.I301020 Data Processing Services
- 39.I301030 Digital Information Supply Services
- 40.F399010 Convenience Stores
- 41.F301020 Supermarkets
- 42.ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

(II) Weight of business

Unit: NTD thousand %

Product type	2022	
	Sales amount	Sales ratio
Traditional foods	1,072,374	22.34%
Desserts	744,215	15.50%
Drinks	1,591,122	33.14%
Oat milk	1,038,731	21.64%
Oils	108,851	2.27%
Health foods	22,731	0.47%
Others	222,601	4.64%
Total	4,800,625	100.00%

(III) Present product items of the Company

Foods: pickle series, dessert series, prepared food series, drink series, fresh food series, oil series, international brand agent series, oat milk series, health food series, energy drink series, (frozen) dessert series and (frozen) prepared food series.

(IV) New products planned for development

1. Traditional foods: Desserts (oat milk with peanuts, almond jelly), canned tofu series – spicy stinky tofu, tube savory rice pudding, California spicy tuna, borscht tomato soup, fried gluten with vegetarian oyster sauce.
2. Drinks: Activate black tea, red oolong tea, Nestlé Ceylon tea (aged), Nestlé French milk tea, activate barley tea, barley tea (for Mainland China), barley tea (ginger tea).
3. Dairy products: lutein oat drink, tomato oat drink, yogurt oat drink.
4. Others: Condensed oat milk, oat massage oil.

(V) New products released

1. Traditional foods: Korean kimchi tofu stew.
2. Dairy products: Honey oat drink.

(VI) Overview of industry

1. Current situation of the industry, and trends and competition in economic and

product development

It can be said that the COVID-19 pandemic which began in 2020 and the ensuing political and economic turmoil are the most important factors affecting people's styles of food consumption and daily diet in recent years. As the pandemic slows down, relevant control policies have been gradually lifted, and people are gradually returning to normal lives. However, the ensuing psychological impact and deferred effects have continued to influence the world, such as: rising prices, inflation, raw material shortages, energy crises, and reduced spending. Food is of paramount importance for people, and the food industry has always been considered the most important part of national security and the economy. The focuses of the industry, government, academia, and the private sector on the food industry are the same, namely food safety, R&D innovation (new materials: plant-based ones, new formulas, new packaging, new methods, and new applications), functional foods (special nutritional supplements, products numbered Jian-Zi, dietary supplements, elderly-friendly foods, baby foods, and general foods), environmental sustainability (carbon emissions, animal protection, environmental protection, energy conservation, circulation, recycling, and packaging reduction), transparency of package labeling (eight nutrients, food additives, calories, and functional ingredients), and reserves for disaster and pandemic prevention. These issues, through interaction with the most influential environmental variables (politics, the economy, and the pandemic) in recent years, have generated various industrial trends and variables. There are a number of globally renowned market research institutions, such as Innova Market Insights, Amazon's Whole Foods Market, the organic food retailer Natural Grocers, the U.S. company ADM (Archer Daniels Midland), KeHe, Kerry Group, Mintel, Spoonshot, Trend Hunter, and LINCHPIN. These renowned food companies and data research institutions around the world have published thorough analyses of the global food consumption trends in 2023.

In 2023, the food industry trends worldwide and in Taiwan will partially maintain the past characteristics of the food industry to keep in line with the current environment along with changes and expectations in consumers' lifestyles. As in the previous year, the US-China trade war, inflation, soaring prices of raw materials and energy, the Russia-Ukraine war, the post-COVID-19 era, and corporate sustainability responsibilities will remain key influential factors. Among the top 10 global trends of food and beverages in 2023, "Redefining value" is the leading one. With strained global supply chains and cost-conscious consumers, brands need to be flexible in action and open in attitude to connect with consumers, while also taking full advantage of rapidly emerging technological opportunities. The survey indicates that over the past year, cost and value for money have become increasingly important for more than half of consumers. Consumers are exploring ways to save money, such as choosing products with lower prices, or cooking by themselves. But they remain determined to seek new experiences, ensure a healthy and happy life, and support a better environment. Brands and manufacturers are faced with more pressure: to deliver valuable products while still meeting wider public expectations. The top 10 global trends in food and beverages published by Innova Market Insights are summarized as follows:

- Trend 1: Redefining value
- Trend 2: Affordable nutrition
- Trend 3: Generational push
- Trend 4: Plant-based: Unlocking a new narrative
- Trend 5: Farming the future
- Trend 6: Quick quality
- Trend 7: Devouring digital
- Trend 8: Revenge spending
- Trend 9: Unpuzzle health
- Trend 10: Positively imperfect

Trend 1: Redefining value

Businesses should assume the responsibility of protecting the earth. In this regard, consumers have put forward clearer and stronger demands. At the same time, market uncertainty has brought huge challenges to businesses. In response to changes in the supply chain, businesses can adopt measures such as raising prices, reducing product quantity, and changing ingredient lists. In the long run, however, they still need to provide consumers with products with the best cost–performance ratio. Brands that understand where consumers are willing to compromise will be leaders in their industry.

Trend 2: Affordable nutrition

Despite a rise in the cost of living, consumer demand for nutritional benefits from their diets will only increase. As a result, consumers have become more cost-conscious. This poses new challenges to businesses: to improve production efficiency, maximize the use of raw materials and reduce production costs, while meeting consumers’ requirements for quality and nutrition.

Trend 3: Generational push

For consumers, in particular the younger generation and young consumers, the choice of food represents their attitudes and lifestyles. Communities created through social media and other platforms have given Generation Z and millennials a powerful voice, enabling them to influence trends and help reshape the market. While consumers of all ages are closely focusing on health, novel flavors are targeting young people who are willing to try and share them. They are usually open to exploring good foods and are willing to actively engage with brands.

Trend 4: Plant-based: Unlocking a new narrative

Consumer expectations for “plant-based” products are changing: they are no longer an imitation or replacement of animal-based products, but have opened up an independent market segment. Such shift has created enormous room for innovation for businesses. Developers have the opportunity to apply cutting-edge technologies or experiment with a wide range of underutilized food ingredients and product forms. Whether it’s prepared foods, cooking packages, or creative recipes, consumers are looking for more creative cuisines and flavors from around the world in a variety of products. This will become a new opportunity

for plant-based products.

Trend 5: Farming the future

There is growing public interest in innovative agricultural technologies that are able to improve the quantity, quality, and sustainability of food production. From “regenerative agriculture” to “vertical farming”, emerging technologies have once again aroused public attention to agriculture, and companies will have the opportunity to enhance their brand image through agriculture, especially in the case of meat and dairy companies. If companies can communicate how new forms of agriculture benefit farmers, humanity, and our planet, they will build stronger connections with consumers who care about environmental and social issues.

Trend 6: Quick quality

The popular trend of home cooking triggered by the pandemic will continue. As people gradually return to a normal life, time-saving, labor-saving, fresh, and delicious products will be welcomed by consumers. Cooking packages not only can provide high-quality ingredients, but also are attached with very creative cooking guides to create better experiences for consumers who love cooking or wish to improve their cooking skills.

Trend 7: Devouring digital

The online world is getting bigger, faster, more immersive, and more connected. Virtuality and reality are merging, increasingly blurring the lines between them. Using digital means to enhance real-world experience and create infinite possibilities is not new to professionals, and now it will reach more audiences. Forward-looking companies are entering this area which is full of opportunities, such as providing consumers with extremely customized nutritional products or services, trying more abstract and innovative approaches, or connecting with consumers through emerging platforms.

Trend 8: Revenge spending

Despite a pessimistic economic situation, consumers still crave pleasant and indulgent experience. Therefore, brands can raise consumers’ emotions and stimulate their senses to breathe new life into old products through the introduction of limited editions or interesting co-branded products. Tapping into the public’s desire to be inspired and seek surprises will change how consumers, especially the younger generation, perceive and position a brand.

Trend 9: Unpuzzle health

Consumers are eager to learn about the health and nutritional values of products, and packages are their preferred source of such information. In the face of a complex and changing communication environments, brands need to skillfully find a balance point, which is crucial to the product promotion. In order to increase the audience’s trust in health claims, product information must be clear, accurate, certified by professional institutions, and consistent with consumers’ experience. Although the endorsement of products by well-known organizations

is helpful for simplifying information and building trust, information that is overly simple will also raise the doubts of consumers.

Trend 10: Positively imperfect

Consumers are further aware of the difficulty and complexity of sustainable development: the ways to achieve sustainable development are not characterized as good or bad, but are prioritized to create the best results. A business may make compromised choices, but such approach is more likely to be accepted and understood than before if it is developing overall in a good way and sincerely explains its goals to the public. Consumers know that a business is unlikely to stay perfect forever, but it will gain more understanding from consumers if it demonstrates its relentless efforts to achieve sustainable development.

2. Relationship between the upstream, midstream and downstream of the industry
The relationship and interaction between the upstream, midstream, and downstream of an industry is often an indicator for observation of the vitality and health of the industry. The food industry in Taiwan has strong vitality and a quite healthy industrial structure. For decades, due to the traditional concept of “food is of paramount importance for people” and the efforts of the industry, government, academia, and the private sector, the quality of personnel, and material resources remain relatively abundant in the industry even though it is no longer the main force creating foreign exchange reserves in the past. A highly complete mechanism for integration and coordination between the upstream, midstream, and downstream of the industry has been established. A more obvious trend in recent years is the emergence of government, quasi-government, or private industrial organizations, as well as trade associations and societies, which have resulted in closer exchanges and interactions between the industry and government, between industries, and between the industry and private sector. They have contributed greatly to the revitalization of industries, increase in production values, and the development of talents. Despite being affected by recent variables in the overall environment (trade war, inflation, climate change, raw material shortages, COVID-19, and regional wars), Taiwan has been able to survive the political, economic, and livelihood crises during the past years as an island economy, indicating the health and resilience of its food industry. Undaunted by the political, economic, and pandemic crises, the Taiwanese food industry has recently been active in joining the global economy, understanding regional lifestyles and transnational diet habits, and enhancing technologies in biomedicine, food R&D, and production. The industry has even engaged in vertical integration of the upstream, midstream, and downstream supply chains, strategic alliances with peers and other industries, and diversification in investments.

A. The upstream of the food industry

This sector generally consists of the processing of raw materials, which refer to raw materials produced, planted, or extracted in large quantities, also known as commodities. Such commodities mainly include soybeans, corn, wheat, flour, oil, feed, sugar, and other raw materials. Due to insufficient production in Taiwan,

soybeans, wheat, and corn are mostly imported. These are also the top 3 agricultural products imported by Taiwan.

B. The midstream of the food industry

The food processing sector in the midstream of the food industry chain is responsible for processing raw materials into semi-finished products. Because such products can usually be used as food additives, they are called processed foods. Processed foods include processed soybean foods (such as tofu and tofu pudding), processed frozen meat foods, liquid syrup, and prepared foods. Regarding endless food safety problems in Taiwan, the Ministry of Health and Welfare has issued many notices of food safety regulations that must be complied with by relevant businesses. Such regulations include “food additive businesses shall be registered”, the requirement that a food additive must be clearly marked with the words “food additive”, the requirement that a relevant business must register its basic information, products, and scope of business, the requirement that the labels of hand-shaken drinks, coffee, and juices must indicate the content of caffeine, sugar, and calories, and the requirement that a TWSE/TPEX listed food company must set up a lab. “Food safety” is a national security issue. In response to food safety problems at schools, the “School Health Act” has been adopted to regulate issues including “genetically modified foods” and “the purchase of product liability insurance by food businesses”. All relevant laws and regulations are enacted to prevent dishonest actions of unscrupulous businesses, focusing on providing consumers with food safety assurance.

C. The downstream of the food industry

The downstream of the food industry chain roughly consists of frozen, canned, dehydrated and pickled foods, dairy products, and nutritional supplements. A frozen food is edible after reheating, a canned food is mostly ready-to-eat after opening, a pickled food is made by mixing ingredients with soy sauce, salt, and other seasonings, and then processing them by machine or pickling them for a period of time (e.g., pickled cucumbers, fermented tofu, fried gluten with peanuts, etc), a dehydrated food is made from natural ingredients dehydrated by precision machines, a dairy product is a food made from milk, a nutritional supplement can be used as a supplement to the general diet and has the function of body regulation, but is not for the purpose of treating disease. Currently, most of the domestic foods processed are functional foods and dietary supplements, and the food processing industry is moving to meet the demands for health and environmental protection. In order to preserve the natural taste of food and improve product quality amid the trend where consumers are seeking food safety, convenience, health, and economy, food processing in the future will aim for the goals of environmental protection, health, nutrition, low pollution, and less processing.

(VII) Technology and research and development overview

1. Research and development expenditures in the most recent years up to the publication date of the annual report

Unit: NTD thousand; %

Year	R&D expenses	Net operating revenue	Proportion to net operating revenue
2022	48,551	4,800,625	1.01%
Up to February 28, 2023	6,365	756,333	0.84%

2. R&D results of the Company's Institute of Health Science in recent years

Year	2021	2022	Up to the end of March, 2023
Number of new product introductions (improvements)	22	13	7
Number of research reports	24	26	6
Number of patents acquired	0	3	0
Number of health food certificates acquired	1	0	0

3. R&D results in recent years

- (1) Continuing the spirit of product innovation to refine and improve quality product

Ongoing optimization of the original main products makes the Company more competitive in cost and satisfies the high standards in quality, flavor, stability, and safety. The Company also conducts regular judgments and comparisons with competitive products in the market to ensure the brand advantage of the Company's product. Meanwhile, the Company performs strict evaluations focusing on improvements regarding cost reductions to confirm that the modified formula can maintain excellent quality. By the spirit of innovation, the Company improved the quality and flavor of the products, including AGV premium oat drink, vegetarian barbecue sauce, fried gluten with peanuts, peanuts in milk, and AGV multigrain activate tea to increase the profits of products.

- (2) Innovative R&D and processing technologies to achieve the introduction of leading products

The Company continues innovation, research and development of the fermentation enzyme decomposition technology, in addition to the Company's original exclusive biotechnology of triple enzyme hydrolysis, in order to develop an oat pulp blendable with coffee and achieve good foaming and foam stability when combining it with coffee. By applying it to the cafe oat latte, the Company has successfully launched the Barista Oat Latte. The Company has also engaged in the innovation, research, and development of oatmeal with different sweetnesses, which has been applied to dark chocolate

and honey oat drinks successfully. Meanwhile, in response to the global trend of plant-based foods, and in line with the current as well as future trends of convenient and healthy foods, the Company has developed an exclusive in-tank forming technology to form tofu into one piece in the tank. The Mapo Tofu released successfully has won distinguished honors for food & drink innovation of the “Food Innovation Award”, which is known as the Oscars of the food industry. Moreover, the Company has continued to develop and release its Curry Tofu and Korean Kimchi Tofu Stew.

(3) Acquiring food and ingredient technologies to improve product quality

With technologies related to biotechnology of triple enzyme hydrolysis, extract biotechnology, nano-grinding technology, membrane filtration technology, hydrolyzed oats flour production technology, we improve the food ingredient quality and functional ingredients of products to increase the added value of products, while using the core technology of cold aseptic filling for manufacturing to improve product quality.

In recent years, consumers seeking to meet their health needs have been focusing on whole foods that are simple and pure with less additives. For the food industry, the goals have always been clean labeling, preservation of the flavor of natural ingredients, and products that are consistent with the public’s health awareness. Made of Kyushu sencha using the method of “tea leaf steaming”, and supplemented with Okinawan bitter melons and dietary fiber, the Unsweetened Activate Green Tea keeps the complete essence, mellowness, aftertaste, and non-bitter flavor of Japanese green tea. In addition, following a strict and comprehensive evaluation, the Unsweetened Activate Green Tea won a Three Stars award as the highest honor at the 2023 A.A. Taste Awards.

(4) Controlling source safety management to guarantee product quality

All of the food safety incidents in Taiwan are problems caused by the lack of control of materials in the upstream. Thus, “source management” is critical to the prevention of food safety incidents. The Company has a Testing Lab certified by both TAF and TFDA, with 341 testing items for ingredients and 410 testing items for pesticide residues. Therefore, the Company is able to ensure effectively control of source safety management and provide guarantee for product quality.

4. R&D and investment plan

(1) Health food certificate

By integrating the innovation of Institute of Health Science with technology platforms of related innovative technology, material technology, research patent, formula design, manufacturing technology and test analysis, we apply for various health food certificates such as blood fat regulation, blood sugar regulation, intestine improvement, liver protection, reduction of body fat, strengthening of immune system and anti-aging through industry-government-academia collaborations. The products include dairy products, oatmeal, teas, grain drinks, juices, capsules, health caplets, health drinks and plant-based supplement to meet the health demand of the consumer. We also plan to apply for patents in various countries by the acquisition

of health food certificates.

(2) Innovative R&D technology

We introduce foreign technologies and seek for international strategic alliances to create the global competitive edge for the group by integrating patent applications to develop process core technologies such as triple enzyme hydrolysis biotechnology for drying, food biotransformation technology, nano-grinding technology, probiotics (prebiotics) biotechnology for fermentation, fruit enzyme fermentation technology and Chinese herbal medicine biotechnology for material extracts.

5. Status of research and development plans uncompleted (in progress)

- (1) We plan to sell AGV pure dense oats around the world using the biotechnology of triple enzyme hydrolysis combined with the nano-grinding technology and drum drying technology to produce hydrolyzed oats flour.
- (2) The product formula is designed to meet the clean label and natural idea. The clean label is a concept rather than a certificate or defined requirement originated from the retail channel. Clean means not only being clean on the surface but also reducing unnecessary ingredients and replace additives by natural extracts as the key point. Also, the design of product formula shall meet the idea of clean label as much as possible.
- (3) For the health food certificate, the Company will invest in various human trial health food certificates such as tea to reduce formation of body fat, grain drinks to strength the immune system and health drinks to improve strength and health capsules. The Company will also invest in the application for the formula of plant-based supplement.

6. Projected time for mass production:

Main products	Projected time for mass production
Traditional foods	Q2 and Q3 of 2023
Drinks	Q2 of 2023
Dairy products	Q2 and Q3 of 2023
Health foods	Q4 of 2023
Snacks	Q2 of 2023

7. Key factors for successful R&D in the future

- (1) Core technology innovation: we utilize the “exclusive biotechnology of triple enzyme hydrolysis (with applied patents in multiple countries)” and nano-grinding technology to develop grain drinks with high functional ingredients and adopt advanced European “cold aseptic filling equipment” for production with aseptic control throughout the process. The factory has acquired the highest specification certificate of food safety management HACCP and ISO22000 to provide assurance and protection for the quality.

- (2) R&D organization innovation: This is the key point of whether the human resources of the Company can improve capability and performance to successfully compete the development of new technologies and products. The Company's Institute of Health Science is reorganized to become a function-oriented framework of two institutions and six centers.
- (3) Product value innovation: The issue concerned by the consumer might be the product design which is easily ignored by the vendors. A successful innovative product may not only increase the revenue rapidly but also may create added value recognized by the consumer due to innovation and then transform to a bestseller with high gross profit and profit. However, innovation is a constant advantage that cannot be ceased due to the increasingly changing demands of the consumer.

8. R&D personnel and their educational background

As of the end of March, 2023, the Company has 25 R&D personnel with educational backgrounds all above college degree and the main members have rich work experience and product R&D experience in relevant industries, contributing to the progress of product research and development.

Unit: people

Year	2021	2022	End of March, 2023
Educational background			
PhD and Master	18	19	19
University and college	6	6	6
Total	24	25	25

(VIII) Long-term and short-term business development plans

1. Short-term business development plan: The short-term business development plan is mainly to achieve the tactical operating targets of the current year, such as annual revenue, profits (gross profit, operating profit, net profit, and comprehensive income), attainment of market share, release of new products, new sales model/development of channel platforms, and cooperation with peers/other industries.
 - (1) Achievement of annual targets: Achieving the targets of revenues and profits from cultural cuisines, healthy drinks and international brands.
 - (2) Completion of release of new products: Ensuring the development of new products, their release in channels, their sales performance, and coordination of their production/sales.
 - (3) Consolidation of competitiveness: Acquiring the information of competing products, their promotion schedules, and changes in the competition for the market between them and our products.
 - (4) Exploration of market opportunities: Developing business opportunities, consumption trends, customer demand, and market trends.

2. Long-term business development plan: The long-term business development plan mainly aims to achieve the business plans and strategic targets for 2–5 years and even for 10 years: expected targets, increased revenues, and profits or achievement of significant results, entry into the markets of key products, obtaining an advantage in market share or a leading position in products, improvement of our position in the upstream, midstream, and downstream of the industry or of our horizontal strategic position, to achieve a win-win situation between the Company, shareholders, and consumers. Our long-term business development plan will continue to follow the four strategic directions from the previous years:
- (1) Increasing “cost efficiency”: Creating momentum for sustained growth in our gross profit, operating profit, and net profit.
 - (2) Continuing “innovative development”: Creating momentum for annual, quarterly, and monthly growth in our revenue in the same period and in the previous period.
 - (3) Developing “cross-industry integration”: Create complementary advantages in diversification, products, technologies, and talents.
 - (4) Exploring the “international market”: Creating a stage for international operations, and expanding cooperation through blue ocean strategies and strategic alliances.

In response to the recent environmental variables (relating to politics, the economy, the pandemic, and people’s livelihoods) and market opportunities, we remain focused on four new strategic directions:

- (5) Balance between healthy and delicious foods, and between tradition and innovation: Balancing between healthy and delicious foods, and basing innovation on tradition.
- (6) Correspondence of needs by group to lifestyle trends: Keeping the needs of men and women, both young and old, in line with the trend in home cooking.
- (7) Adaption to the pandemic in combination with solutions: Adopting responses to the pandemic, and finding solutions from life.
- (8) Balance between social performance and financial performance: Fulfilling social responsibilities and taking a leading position in sustainability.

II. Overview of market and production/sales

(I) Market analysis

1. Sales territories for main products:

97.5% of our products were sold domestically, while 2.5% of them were exported. From 2020 to 2022, we recorded year-by-year growth in our consolidated revenue from the domestic market due to the COVID-19 pandemic, product innovation, and channel expansion. In 2022, we recorded total consolidated assets of NTD 13.755 billion, a total shareholders’ equity of NTD 7.517 billion, a consolidated revenue of NTD 4.8 billion, a consolidated gross profit of NTD 1.437 billion, a consolidated operating profit of NTD 171 million, a consolidated net profit of NTD 288 million, and a total comprehensive income of NTD 299 million. Our revenue has grown year by year and stabilized at NTD 4.8 billion. Our EPS also stabilized at NTD 0.41 and NTD 0.56 respectively in the most

recent two years. Many of our products, such as pickles, desserts, sauces, canned foods, cooking oil, juice, teas, and cereals are the leading products in the domestic market. In the international market, our traditional products (pickles, desserts, and prepared foods) continue to be sold in Chinese supermarkets in Europe and the U.S., while our Premium Oat Drink, which has acquired a leading position in the domestic market share, is our leading product. We have continued to explore market opportunities for our products in the Europe, the U.S. and Japan, and the product has recently entered renowned international franchise channels in the U.S., Canada, and South Korea.

2. Market share:

In 2022, our main products remained in a leading position in regard to market share and achieved further growth. For example: canned desserts with the market share in 1st place (led by Peanuts in Milk), pickles with the market share in 1st place (led by 5 AGV pickles), canned fish with the market share in 1st place (led by AGV Tuna Slice), functional teas with the market share in 1st place (led by AGV Multigrain Activate Tea), grain drinks with the market share in 1st place (led by AGV Azuki Essence Water), and oats milk with the market share in 1st place (led by AGV Premium Oat Drink), while all kinds of products, including sweet chili sauce, vegetarian barbecue sauce, Korean kimchi, and fresh tomato juice still ranked in first place in the market share of their sub-category in 2022 with progress in quantity and amount.

3. Future supply, demand and growth of the market:

In terms of living standards, Taiwan ranks among the top in Asia Pacific and even worldwide, and its food industry is flourishing. Due to improvement in government laws and regulations, enhanced consumer spending and ideas regarding foods, preference for high-quality products, and increased awareness of nutrition and health, there are very high demands and preference for healthcare, functional, nutritional, and health-oriented foods. Recently, the pandemic has deepened the link between the core needs of consumers (health) and “For a Healthy Tomorrow”, the product declaration and business philosophy upheld by AGV for many years. According to data released by the government (the Directorate General of Budgets, Accounting, and Statistics, Executive Yuan and the Department of Statistics, Ministry of Economic Affairs), the performance of the food industry and retail channels hit bottom following a continuous decline caused by two local outbreaks of COVID-19 in 2020 and 2021. In 2020, 2021, and 2022, our consolidated revenues were NTD 4.615 billion, NTD 4.711 billion, and NTD 4.8 billion respectively, with significant growth annually. Regardless of whether the economy is good or bad, retaining our leading brands and products and a loyal consumer base helps consolidate our competitive advantages, sustain growth in our performance, increase our profits, and enhance our market position. Therefore, we hold a positive, active, and optimistic view about our future supply, demand, and growth.

4. Advantages and disadvantages for competitive niches and prospects of development, and measures in response

(1) Advantages for competitive niches and prospects of development

- A. We have established a system integrating R&D, production, and sales for years, and we have connected the strategic directions and integrated the resources of our R&D, production, quality assurance, planning, and business departments. This not only results in high success rates for new products with constant growth in old ones, but also can immediately reflect and solve external accidents. Because the system can timely reflect the market supply and demand, as well as emergencies during the COVID-19 pandemic, we not only achieved and exceeded the annual targets set by the Board of Directors, but also strengthened the corporate structure in the medium- and long-term to create the best opportunity of development.
- B. We have complete production lines with regular upgrading and updating, organized employee training and inventory and sufficient production driver to achieve complementarity between low season and busy season (we maintained the leading position in demotic industry by producing quality products and providing sufficient supply with various automatic cold aseptic filling line, high-speed line for canned foods, production line for glass contained foods, Tetra Pak production line, fresh food line, PP bottle production line). In this case, we not only promote the production efficiency to meet the production demand of customers within or without the enterprise but also reduce the production risk and cost at the same time. The R&D, quality assurance and production teams have accumulated rich food manufacturing experience over the years via close collaboration and fully controlled the production efficiency and performance with sophisticated management in aspects of process optimization, production automation, new product R&D and yield rate control. This not only effectively reduce the production cost but also enhance the product quality and improve the management efficiency and market competitiveness.
- C. The “Institute of Health Science meeting the requirement for double certificates of TFDA and TAF in the ISO 17025” separately established the institute of product R&D and food safety management institute to be individually responsible for R&D innovation and quality control based on the principle of professional division of work. In addition, based on three principles of “natural product quality,” “scientific manufacturing technology” and “popular health food,” the Institute completed the innovation and development of numerous new products and technologies that acquired patents, certificates and awards in many countries with its subordinate four centers of new product development, product optimization, test and analysis as well as health biotechnology.
- D. Equipped with “complete sales network platform and sound logistics system,” AGV had its products manufactured in factories with health and safety standards of ISO 22000 and HACCP. After strict quality control inspection, the products are delivered to multiple retail stores and various distribution channels in the province through our own business team and business places around Taiwan, automatic FIFO warehousing as well as the room temperature and low temperature

logistics system. The safe, rapid and efficient system can fully meet the demands of existing and potential customers.

(2) Negative factors and responsive strategies:

- ✓ Challenge and difficulty 1: Limited domestic market with difficulty in the development of foreign markets.
Response: Active development of the markets in Europe, the U.S. and Asia, led by designated personnel, in line with government policies.
- ✓ Challenge and difficulty 2: Difficulty in product innovation and severe homogeneous competition.
Response: Connection between the industry, government, academia, and the private sector, recruitment of talents, introduction of technologies, agency and distribution, and business opportunities via strategic alliances.
- ✓ Challenge and difficulty 3: Vertical competition of channels compressing the room for profit.
Response: As sales in physical channels have been affected by the pandemic, efforts have been made to increase revenues and profits through online channels.
- ✓ Challenge and difficulty 4: Long period to gain profit from investment as well as talent and technical obstacles.
Response: Support from government policies for the industry, and development of talents through industry-academia collaboration.
- ✓ Challenge and difficulty 5: Rising prices of raw materials due to high overseas dependence.
Response: Utilizing multiple supply and procurement systems to stabilize the sources, quantity, and prices of supply.
- ✓ Challenge and difficulty 6: Increasingly restrictive laws and regulations as well as lack of connection with the world.
Response: Communication between the industry and government to loosen relevant laws and regulations, and communication regarding opportunities for international trade.

(II) Important usage and manufacturing process of main products

1. Important usage of main products

Main products	Main usage or function
Tradition series	Appetizer, seasoning and cooking
Dessert series	Edible desserts
Drink series	Snacks and health
Oat milk series	Snacks and health
Oil series	Cooking
Health series	Health

2. Manufacturing process of main products

The main products produced by the Company include traditional foods, desserts and drinks. The main process is respectively listed as follows:

- (1) Traditional foods: Raw materials salted → washing → slicing → filling → sealing → sterilizing → cooling → labeling
- (2) Desserts: Raw materials → preparation → filling → sealing → sterilizing → cooling → packing → finished-product
- (3) Drinks: Raw material preparation → sterilizing → cooling → filling → sealing → packing → finished-product

(III) Primary raw material supply status

Primary raw material	Source	Supply status
Cucumber, choy sum, snake melon	Contractual farming (import)	Excellent
Red bean, pepper, glutinous rice	Domestic contractual farming and import	Excellent
Peanut	Domestic contractual farming and import	Excellent
Chinese cabbage	Domestic contractual farming and import	Excellent
Granulated sugar	Long-term contract and import	Excellent
Fructose	Long-term contract	Excellent
Tomato	Domestic contractual farming and import	Excellent
Oats, barley	Import	Excellent
Tea	Domestic contractual farming and import	Excellent
Pickled bamboo shoot	Domestic contractual farming	Excellent

(IV) Name of customers accounted for more than 10% of total purchase (sales) amount of the company in recent two years or in any year and the purchase (sales) amount and ratio thereof, and explanation of the reason for increases or decreases in the above figures

1. Information of main suppliers of the Company in recent two years

Unit: NTD thousand

Item	2021				2022			
	Name	Amount	Annual net purchase percentage (%)	Relationship with the issuer	Name	Amount	Annual net purchase percentage (%)	Relationship with the issuer
1	Taiwan First Biotechnology Corp.	1,068,327	36.06%	Related party	Taiwan First Biotechnology Corp.	1,116,787	35.30%	Related party
2	Niceco International Corp.	320,104	10.81%	Related party	Niceco International Corp.	332,740	10.52%	Related party
	Others	1,573,653	53.13%		Others	1,713,784	54.18%	
	Net purchase amount	2,962,084	100.00%		Net purchase amount	3,163,311	100.00%	

Reasons for increases or decreases:

- In 2022, the purchase from Taiwan First Biotechnology Corp., a contracted PET bottle manufacturer, grew compared to the same period last year. The sales of the main products, PET products including Multigrain Activate Tea and Premium Oat Drink, remained steady compared to the same period last year, while the development of new products, such as Unsweetened Activate Green Tea PET590 and Ice Brew Barley Drink (Unsweetened) PET590, increased the overall cost of purchase.
- The import agent NICECO International Corp., is the supplier of Tuna Slice, the main product of the Company. In consideration of constantly rising international prices of raw materials, the Company obtained the right to import peanuts from the government and imported peanuts through NICECO International Corp., in 2022 to reduce costs. As a result, the purchase from NICECO International Corp., in 2022 increased compared to the same period last year.

2. Information of main customers of the Company in recent two years

Unit: NTD thousand

Item	2021				2022			
	Name	Amount	Annual net sales percentage (%)	Relationship with the issuer	Name	Amount	Annual net sales percentage (%)	Relationship with the issuer
1	CHUAN LIAN Enterprise Co., Ltd.	1,056,766	22.43%	None	CHUAN LIAN Enterprise Co., Ltd.	1,057,639	22.03%	None
	Others	3,654,114	77.57%		Others	3,742,986	77.97%	
	Net operating revenue	4,710,880	100.00%		Net operating revenue	4,800,625	100.00%	

Reasons for increases or decreases:

- In 2022, the consolidated revenue grew by 1.91% compared to the same period last year. This year, the Company launched several new products (Unsweetened Activate Green Tea PET590, Ice Brew Barley Drink (Unsweetened) PET590, Premium Oat Drink (Sesamin Easy Sleep Plus) PET290ml, Hakka Pickled Bamboo Shoot (glass jar) 120g, and Curry Tofu CAN 250g), which were greatly favored by consumers, resulting in a steady growth of sales in the retail market.
- Steady growth in the sales of major customers/PX Mart, growth in revenues from online services and OEMs, and continued increase in OEM productivity.

(V) Production quantity in the most recent two years

Unit: Thousand dozen; NTD thousand

Production quantity Key products	Year	2021			2022		
		Production Capacity	Production Quantity	Production Value	Production Capacity	Production Quantity	Production Value
Traditional foods		6,866	2,452	559,331	6,866	2,437	560,258
Desserts		7,958	3,153	487,524	7,958	3,197	518,621
Drinks		9,028	3,150	130,563	9,028	2,350	105,350
Total		23,852	8,755	1,177,418	23,852	7,984	1,184,229

Note 1: Production capacity means the volume of products that can be produced by the Company using current production equipment in normal operations after factors including necessary suspension of operations and holidays have been taken into account.

Note 2: For the production of products with substitutability, the production capacity shall be calculated in a consolidated manner with attached description.

(VI) Sales quantity table in the most recent two years

Unit: Thousand dozen; NTD thousand

Sales quantity and amount Key products	Year	2021				2022			
		Domestic Sales		Export Sales		Domestic Sales		Export Sales	
		Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Tradition series		2,995	1,154,429	0	0	2,764	1,072,374	0	0
Dessert series		3,216	752,366	0	0	3,249	744,215	0	0
Drink series		10,129	1,453,501	0	0	10,793	1,591,122	0	0
Oat milk series		5,216	1,047,025	0	0	4,965	1,038,731	0	0
Oil series		88	91,715	0	0	77	108,851	0	0
Health series		5	21,583	0	0	5	22,731	0	0
Others		-	190,261	0	0	-	222,601	0	0
Total		21,649	4,710,880	0	0	21,853	4,800,625	0	0

III. Information of employees in the most recent two years and up to the publication date of annual report

Year		2021	2022	Up to March 31, 2023
Number of employees	Employee	350	349	345
	Operator	155	152	147
	Foreign worker	51	66	70
	Total	556	567	562
Average age		42	42	42
Average service year		10	11	11
Education background distribution ratio	PhD	0.9	0.88	0.89
	Master	14.57	15.87	15.66
	College	46.94	44.80	44.48
	Senior High School	28.60	30.69	31.32
	Under Senior High School	8.99	7.76	7.65

IV. Information on environmental protection expense

- (I) In case the Company requires to apply for a permit for polluting facility establishment or a pollution discharge permit or to pay pollution prevention fees, or to designate a unit for environmental protection, the description of the status of such applications, payment or establishment shall be specified

1. The Company has acquired the establishment and operation permit for the following stationary sources of pollution

Item	Permit no.	Duration of permit
8-ton boiler*2	111 Fu-Huan-Cao-Zheng-Zi No. Q0487-07	2023.9.29
15-ton boiler*1	111 Fu-Huan-Cao-Zheng-Zi No. Q0305-07	2025.3.28
Water pollution prevention permit	Huan-Shui-Xu-Zi No. 00301-09, Chiayi County	2023.5.09

2. Establishment of designate personnel for environmental protection March 31, 2023

Item	Establishment	Type of permit	Permit no.
Waste water	1	Dedicated wastewater and sewage treatment specialist (Class A)	109 Huan-Shu-Xun-Zheng-Zi No. GA060399
Waste	1	Waste disposal technician (Class B)	92 Huan-Shu-Xun-Zheng-Zi No. HB211081
Air	1	Dedicated air pollution control specialist (Class A)	108 Huan-Shu-Xun-Zheng-Zi No. FA110221

- (II) Investment on the major anti-pollution equipment, the purpose of such equipment and projected possible effect

The factory of the Company located in Minsyong (with Touqiao) Industrial Park at Minxiong Township, Chiayi County, and regularly accepts the routine emission inspection of the component authority. The factory's equipment all meets the requirements of environmental standards and the existing pollution prevention equipment is listed as follows:

Unit: NTD thousand

Name of equipment	Quantity	Acquisition date	Investment cost	Purpose and projected possible effect
Wastewater system	1	1991.02.01	80,000	Wastewater treatment in compliance with the Effluent Standards
Oxidation pond	1	1998.06.15	12,000	Wastewater treatment in compliance with the Effluent Standards
Waste site	1	2000.05.01	8,000	Waste storage and classified treatment

- (III) The process undertaken by the Company on environmental pollution improvement in the most recent two years and up to the publication date of the annual report. If there had been any pollution dispute, its handling process shall also be described: None.

- (IV) Any losses suffered by the company in the most recent two years and up to the publication date of the annual report due to environmental pollution incidents (including any compensation paid and any violations of environmental protection

laws or regulations found in environmental protection inspections): None.

(V) Current condition of pollution and the impact of its improvement to the profits, competitive position and capital expenditures of the Company, as well as the projected major environment-related capital expenses to be made for the coming years:

1. Current condition of pollution and the impact of its improvement to the profits, competitive position and capital expenditures of the Company:

Besides regularly paying the environmental expenses of pollution control fee every quarter, the Company has no expenses generated due to environmental pollution.

Unit: NTD thousand

Item/Year	2022
Air pollution control fee	0
Water pollution prevention fee	8.4
The cost of soil and groundwater pollution control and remediation	71.6

2. Projected major environment-related capital expenses to be made for the coming years:

Unit: NTD thousand

Year	Name of equipment	Improvements	Amount
2024 ~ 2025	Sludge dryer	Currently, the goal planned is to reduce more than 60% of total weight for sludge with original 80% of moisture content by sludge dryer to achieve the goal of sludge reduction.	19,000

3. Impacts after improvement:

For the sludge generated from the factory's wastewater treatment site, the cost of waste treatment triple in recent years. To reduce the impact on the environment, we will evaluate the use of sludge dryer for sludge reduction to achieve the objectives of eco-friendliness and cost reduction.

V. Labor-management relationship

- (I) Employee welfare measures, continuous education, training and retirement systems and their implementation, agreements between employees and the employer, and measures for protection of the rights of employees:

Adhering to the business philosophy of “harmony, love, integrity” and “pursuit of excellence”, the Company has long been paying attention to the growth and needs of employees in all aspects. The following is a description of the status of employee welfare measures, optimization of the personnel system, working environment, employee career development, and communication channels:

1. The Company places emphasis on the rotation of employees’ jobs, development of their competencies, and promotion of their job levels. In order to increase the productivity of employees, strengthen the future competitiveness of the Company, achieve labor-management harmony and create a win-win situation, the Company has established a well-designed remuneration system to attract and retain talents, as well as develop strong, multi-skilled talents.
2. In addition to improving the professional knowledge and skills of employees relating to their own jobs, the Company also helps employees develop skills and interests in multiple areas. The Company organizes the following categories of training: new employee training, common training, professional training, management competencies, and mental wellness courses. Training organized in 2022: a total of 106 training courses attended by 980 persons, with a total of 5,179 training hours.
3. In order to build labor-management consensus and enhance the cohesiveness of employees, the Company has established smooth channels for labor-management communication, such as a President’s Mailbox, an online opinion and comment section for employees, an employee complaint system, the labor-management committee, and the Employee Welfare Committee. The Company communicates and interacts from time to time with the committee members (representatives) appointed by all departments, giving junior-level employees an opportunity to adequately express their opinions and suggestions.
4. The Company is committed to employee welfare measures, including profit sharing, parking lots, employee health examinations, lactation rooms, subsidies for marriage, funerals and festivities, birthday cash gifts, scholarships for employees and their children, incentive trips and travel subsidies, lotteries at year-end banquets, emergency aid for employees, hospitalization grants, subsidies for club activities, recreational facilities, and group insurance.
5. In accordance with the Labor Standards Act and the Labor Pension Act, the Company has adopted the Regulations Governing Retirement. For the payment of pension to an employee, the Company has established the “Labor Pension Fund Supervisory Committee” and allocated “pension funds” to a special account at the “Department of Trusts, Bank of Taiwan” in accordance with paragraph 4, Article 56 of the Labor Standards Act. For any employee subject to the old system under the Labor Standards Act, 13% of his/her total monthly salary will be allocated as pension funds. For any employee subject to the new system under the Labor Pension Act, 6% of his/her monthly salary will be allocated as a pension to his/her personal account at the Bureau of Labor Insurance according to the Table of Salary Ranges for Allocation of Labor Pensions.

(II) Employee code of conduct or ethical rules:

To establish the management system, complete the organizational function and build labor-management harmony, the Company has established the work rules to regulate the behavior of employees. The description is as follows:

1. Employees shall faithfully fulfill their duties and comply with all regulations of the Company to ensure the business confidentiality.
2. When doing business with external parties on behalf of the Company, employees shall take a modest attitude instead of being proud and damaging the image of the Company.
3. Employees shall keep their integrity, respect other's personality and help each other to jointly achieve the business objectives of the Company.
4. Employees shall be honest in their daily behavior and shall not involve in conduct that may do harm to the reputation of the Company, such as being licentious or extravagant, visiting prostitutes or gambling.
5. Employees shall perform their duties as practical as possible instead of being afraid of difficulties, avoiding or delaying their work without any reason.
6. Employees shall have innovative spirits to seek for work efficiency.
7. Employees shall inspire themselves by studying and discipline.

(III) Working environment and measures for protection of the safety of employees:

In order to build a good working environment and protect the safety and health of employees, the Company engages in the management of labor safety and health in accordance with the law:

1. To maintain the security of its factories, the Company has contracted a security company, with access control and strict monitoring systems in place during daytime and nighttime and on holidays.
2. The Company engages a professional organization to inspect and report on the public safety of buildings every two years.
3. To ensure the safety and health of the workplace, the Company has established a dedicated division and appointed dedicated personnel at the Labor Safety and Health Office in accordance with the law.
4. The Company communicates safety and health requirements and safe operating standards on a periodic or non-periodic to be followed by its employees to achieve the goal of zero workplace accidents.
5. The Company conducts working environment monitoring of the workplace on a semi-annual basis.
6. To maintain the integrity of facilities, daily inspections and follow-ups on improvement are conducted by safety and health management officers.
7. In accordance with the Regulations Governing Occupational Safety and Health, the Company conducts periodic inspections on electrical equipment, forklifts, fixed cranes, freight elevators, pressure vessels and other equipment.
8. In accordance with the Fire Services Act, the Company inspects fire safety equipment and fire evacuation facilities on a monthly basis, conducts maintenance of fire safety equipment and submits a report thereon annually, and organizes training drills for self-defense fire safety teams twice a year to reduce the risks of personal and property losses.
9. Each year, the Company organizes annual health and pre-employment physical examinations for employees, and cooperates with health authorities in providing services of mobile mammography screening, Pap test, bone density test and cancer screening.
10. To protect the physical and mental health of employees and prevent the risk of occupational illness, the Company conducts questionnaire surveys regarding the prevention of ergonomic hazards, the prevention of unlawful harms during the performance of duties, and the prevention of illnesses induced by abnormal workload.

11. To build a safe and healthy working environment, the Company follows the ISO 45001 occupational safety and health management system and complies with legal requirements.
- (IV) Relevant certificates designated by the competent authority acquired by the Company's personnel involved in financial information transparency:
In 2022, we participated in the internal control course for enterprise held by the Securities and Futures Institute, The Institute of Internal Auditors and Accounting Research and Development Foundation, and passed the proficiency test:
1. Auditing Office: 11 persons.
2. Accounting Department: 2 persons.
- (V) Any losses suffered by the Company in the most recent two years and up to the publication date of the annual report due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and related measures:
None.

VI. Cyber Security Management

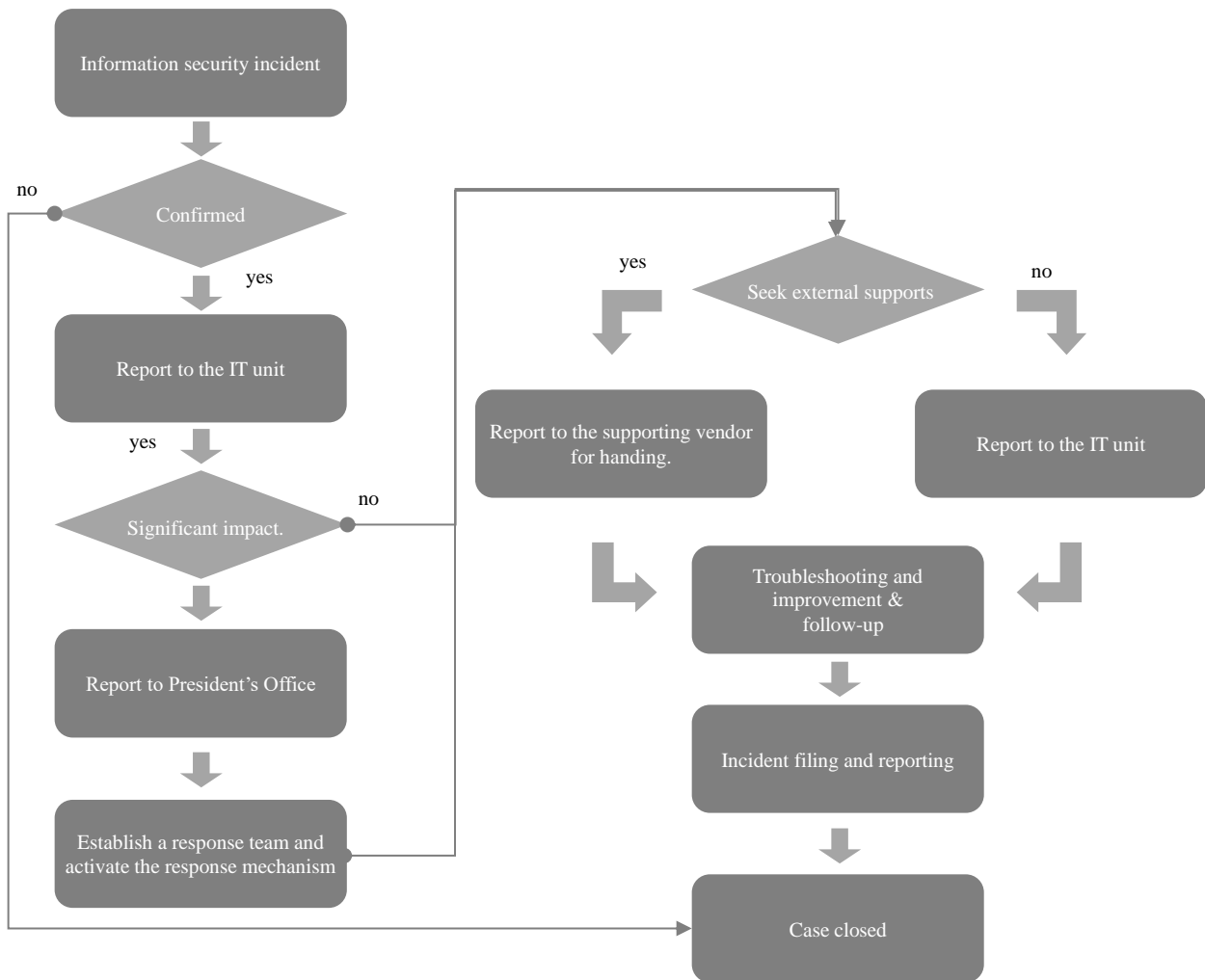
- (I) Describe the information and communication security risk management framework, the information and communication security policy, specific management plans and the resources invested in information and communication security management.
1. Information and communication security risk management framework:
 - (1) The IT department is responsible for developing policies, plans, measures and technical regulations related to information and communication security, and for matters related to the research, deployment and evaluation of security technologies.
 - (2) The relevant business department is responsible for matters concerning the development of security requirements, management of use, and maintenance of data and information and communication systems.
 - (3) All employees and contracted service providers are required to follow the procedures for security management to maintain the information and communication security policy.
 2. Information and communication security policy:
 - (1) Purposes:

This policy has been established to maintain the overall information and communication security of the host, network equipment and network communications of the Company, effectively mitigate the risks of theft, unfair use, disclosure, alteration, service suspension or destruction of information assets due to negligence, intention or natural disasters, ensure the confidentiality, availability and integrity of such assets, and meet the Company's need for normal operations.
 - (2) Goals:
 - A. To create a secure and reliable information and communication environment by strengthening the management of information and communication security and enhancing the capability for protection.
 - B. Confidentiality: Making sure any information in the information system during processing or transmission is accessed by the right person, at the right time, on the right device and in the right place to ensure the information system is accessible only to authorized persons and to protect confidential data from leaking.

- C. Integrity: Any data stored in the Company’s information system must be protected during processing or transmission to prevent improper alteration and improper manipulation or breach of the information system during its operation.
 - D. Availability: Ensuring that any authorized user is able to receive a response and complete the required service within the appropriate time whenever the user needs to use the information system.
 - E. To ensure the availability of core services and network operations.
 - F. To ensure that services interrupted by system failure as a result of any information/communication security incident or other anomaly is able to return to normal operation quickly.
 - G. To ensure the Company’s information and communication security measures or regulations meet the requirements of applicable laws and regulations.
 - H. To ensure that any information/communication security incident or suspicious vulnerability is reported through an appropriate reporting mechanism and properly investigated and addressed.
3. Concrete management programs, and investments in resources for cyber security:
The Company establishes the safe information environment and continue to invest the fund to improve vulnerability and upgrade the system’s performance. The main cyber security management programs are stated as follows:

Network security	Construct the network firewall to block external cyber attacks Construct the endpoint protection to stop computer virus and hackers’ invasion Construct the mail backup anti-virus mechanism to block spam attacks and satisfy the SOX Act to track the search record
Information system security	Construct the data backup mechanism to back up the data in the important system and practice the backup exercise periodically Virtualize important application systems and produce backup thereof on a daily basis
Application security	Establish the application system development process in accordance with SOP for application, testing, acceptance and inspection & acceptance Information system outsourcing maintenance controlled by remote access following information security authority control
Education & training and promotion	Periodic information security promotion and education & training Strengthen employees’ awareness toward email social engineering and execute phishing email exercise
Employee information security	Execution of the NDA for employee security Provide employees with the on-the-job education and training to ensure the safety and accuracy of various information assets and operating systems.

The Company’s cyber security reporting procedures are defined as follows. Any information security incident shall be reported and processed in accordance with the procedures.



(II) Indicate the losses incurred due to major information and communication security incidents, their possible effects and measures in response. Where no reasonable estimate is possible, the fact based on which a reasonable estimate is not possible must be described.

Everyone should be responsible for information security. No matter how strict the security of a system is, without the users putting the concept into action, it is still impossible to minimize the risks. Therefore, after the occurrence of each abnormal event, the Company not only records the entire process of the event but also prepares announcement thereof to inform all employees so that every employee may have more understanding of information security protection and implement it accordingly. By this continuous circle, every employee may be more aware of the information security during operation to strengthen the security of information, reduce threats and improve the Company's competitiveness. The Company accepts an audit of internal control every year to verify the level of information security risk. If relevant standards are not met, the Company will take improvement measures to mitigate possible risks. Since the audit of internal control in December 2022, there has been no risk event of a significant information security incident affecting business operations.

As of the date of publication of the annual report, the Company has not discovered any significant web attack or incident that has or may have caused significant adverse effect on the business and operation of the Company. Also, the Company has not been involved in any related legal actions or subject to any related monitoring and investigation.

VII. Important contracts

The supply/sales contracts, technologies cooperation contracts, construction contracts, long-term loan agreements, and all other important contracts which are likely to impact the investors' rights, whether they are currently effective or have expired in the most recent year, and shall include the parties, major content, restrictive provisions and the commencement and termination dates of the contracts.

Nature of contract	Party	Commencement and termination dates of contract Date	Major content	Restrictive provisions
Supply/sales contract	General Welfare Service of MND	2022.10.23–2023.10.22	Supply of discounted product for the national military	In accordance with the contractual provisions
Supply/sales contract	CHUAN LIAN Enterprise Co., Ltd.	2023.01.01–2023.12.31	Supply for the marketing locations of CHUAN LIAN in Taiwan	In accordance with the contractual provisions
Delivery contract	HOPEMAN DISTRIBUTION CO., LTD.	2021.04.01–2023.03.31	Commissioned delivery of commodities	In accordance with the contractual provisions
Commodity contract	SOCIÉTÉ DES PRODUITS NESTLÉ S.A.	2016.01.01–2026.12.31	Production and sales of commodities	In accordance with the contractual provisions
Joint credit contract	10 banks of syndicated loans such as Bank of Taiwan	2021.12.28–2026.12.28	Mortgage loan	In accordance with the contractual provisions
Long-term loan contract	Land Bank of Taiwan	2022.03.25–2025.03.25	Mortgage loan	In accordance with the contractual provisions
Long-term loan contract	Taiwan Cooperative Bank	2021.07.26–2026.07.26	Mortgage loan	In accordance with the contractual provisions
Long-term loan contract	Taiwan Cooperative Bank	2020.08.20–2025.08.20	Mortgage loan	In accordance with the contractual provisions
Long-term loan contract	Agricultural Bank of Taiwan	2021.12.27–2023.12.27	Mortgage loan	In accordance with the contractual provisions
Long-term loan contract	Hua Nan Commercial Bank	2019.08.15–2024.08.15	Mortgage loan	In accordance with the contractual provisions
Long-term loan contract	Bank of Kaohsiung	2020.12.30–2025.12.30	Mortgage loan	In accordance with the contractual provisions

Six. Financial Overview

I. Condensed balance sheet and the statement of comprehensive income

(I) Condensed balance sheet – IFRS (consolidated)

Unit: NTD thousand

Year		Financial information for the most recent five years (Note)				
		2018	2019	2020	2021	2022
Item						
Current assets		2,011,644	2,176,972	2,239,613	2,404,150	2,559,073
Property, plant and equipment		3,102,064	2,987,712	2,962,648	2,905,781	2,449,187
Intangible assets		16,802	11,269	9,102	8,319	7,727
Other assets		7,454,308	7,720,033	8,129,496	8,518,524	8,739,202
Total assets		12,584,818	12,895,986	13,340,859	13,836,774	13,755,189
Current liabilities	Before distribution	3,379,906	3,346,048	3,505,952	2,719,358	2,858,783
	After distribution	3,379,906	3,346,048	3,505,952	2,867,712	3,056,588
Non-current liabilities		2,932,952	3,110,672	2,976,433	3,720,047	3,378,934
Total liabilities	Before distribution	6,312,858	6,456,720	6,482,385	6,439,405	6,237,717
	After distribution	6,312,858	6,456,720	6,482,385	6,587,759	6,435,522
Equity attributable to parent company shareholders		5,530,367	5,680,922	6,089,352	6,621,311	6,752,992
Capital stock		4,945,134	4,945,134	4,945,134	4,945,134	4,945,134
Capital surplus		259,233	266,323	268,647	268,647	268,746
Retained earnings	Before distribution	551,061	606,288	820,259	1,010,282	1,170,284
	After distribution	551,061	606,288	820,259	861,928	972,479
Other equity		(225,061)	(136,823)	55,312	397,248	368,828
Treasury stock		-	-	-	-	-
Non-controlling equity		741,593	758,344	769,122	776,058	764,480
Equity Total amount	Before distribution	6,271,960	6,439,266	6,858,474	7,397,369	7,517,472
	After distribution	6,271,960	6,439,266	6,858,474	7,249,015	7,319,667

Note : All financial information from 2018 to 2022 has been audited by CPAs.

*: If the Company has prepared parent company only financial report, the condensed balance sheets and statements of comprehensive income for the past five years shall also be prepared.

*: If the Company adopted IFRS for less than five years, the financial information adopting the Generally Accepted Accounting Principles of the Republic of China shall be prepared separately.

*: For companies that revalue their assets in current year, the revaluation date and increased amount shall be listed.

*: as of the publication date of the annual report, the financial information audited or reviewed by the CPAs in the recent years of companies whose stocks are listed or traded on the over-the-counter market shall also be disclosed.

*: for the amount after distribution, please specify based on the distribution resolved by the shareholders' meeting of next year.

*: for those who have been notified by the competent authority to correct or revise their financial information, all the figures/numbers used shall be the corrected or revised ones, and the status and reasons for such correction or revision shall be noted.

(II) Condensed statement of comprehensive income – IFRS (consolidated)

Unit: NTD thousand

Item	Year	Financial information for the most recent five years (Note)				
		2018	2019	2020	2021	2022
Operating revenue		4,321,819	4,468,238	4,614,486	4,710,880	4,800,625
Gross profit		1,380,563	1,410,511	1,519,004	1,459,388	1,436,950
Operating Income (Loss)		67,034	132,034	216,101	171,535	171,268
Non-operating income and expenses		(8,740)	(61,943)	94,209	113,709	131,994
Net Profit Before Taxes		58,294	70,091	310,310	285,244	303,262
Net profit from continuing operations		62,687	65,333	249,394	217,167	287,793
Current net profit						
Loss on discontinued operations		-	-	-	-	-
Current net profit (loss)		62,687	65,333	249,394	217,167	287,793
Other comprehensive income (Net income after tax)		24,248	112,788	181,436	346,094	11,669
Total comprehensive income in the current period		86,935	178,121	430,830	563,261	299,462
Profit attributable to owners of the parent		47,898	48,069	232,904	201,182	277,890
Net profit attributable to non-controlling equity		14,789	17,264	16,490	15,985	9,903
Comprehensive income attributable to owners of the parent		71,533	154,436	411,837	539,539	287,046
Comprehensive income attributable to non-controlling equity		15,402	23,685	18,993	23,722	12,416
Earnings per share		0.10	0.10	0.47	0.41	0.56

Note : All financial information from 2018 to 2022 has been audited by CPAs.

(III) Condensed balance sheet – IFRS (parent company only)

Unit: NTD thousand

Year		Financial information for the most recent five years (Note)				
		2018	2019	2020	2021	2022
Item						
Current assets		1,414,855	1,577,627	1,702,650	1,746,110	1,979,069
Property, plant and equipment		1,014,963	990,087	959,384	948,016	916,830
Intangible assets		3,804	1,719	2,573	2,645	2,874
Other assets		7,691,431	7,916,637	8,294,560	8,815,041	8,890,308
Total assets		10,125,053	10,486,070	10,959,167	11,511,812	11,789,081
Current liabilities	Before distribution	2,617,676	2,263,646	2,127,012	1,634,012	2,027,148
	After distribution	2,617,676	2,263,646	2,127,012	1,782,366	2,224,953
Non-current liabilities		1,977,010	2,541,502	2,742,803	3,256,489	3,008,941
Total liabilities	Before distribution	4,594,686	4,805,148	4,869,815	4,890,501	5,036,089
	After distribution	4,594,686	4,805,148	4,869,815	5,038,855	5,233,894
Equity attributable to parent company shareholders		-	-	-	-	-
Capital stock		4,945,134	4,945,134	4,945,134	4,945,134	4,945,134
Capital surplus		259,233	266,323	268,647	268,647	268,746
Retained earnings	Before distribution	551,061	606,288	820,259	1,010,282	1,170,284
	After distribution	551,061	606,288	820,259	861,928	972,479
Other equity		(225,061)	(136,823)	55,312	397,248	368,828
Treasury stock		-	-	-	-	-
Non-controlling equity		-	-	-	-	-
Equity Total amount	Before distribution	5,530,367	5,680,922	6,089,352	6,621,311	6,752,992
	After distribution	5,530,367	5,680,922	6,089,352	6,472,957	6,555,187

Note: All financial information from 2018 to 2022 has been audited by CPAs.

(IV) Condensed statement of comprehensive income – IFRS (parent company only)

Unit: NTD thousand

Item	Year	Financial information for the most recent five years (Note)				
		2018	2019	2020	2021	2022
Operating revenue		3,606,728	3,781,489	3,921,854	3,956,221	4,014,234
Gross profit		1,093,578	1,133,640	1,240,053	1,174,413	1,165,041
Operating Income (Loss)		101,687	147,850	224,552	185,371	200,057
Non-operating income and expenses		(67,384)	(103,735)	67,958	69,570	80,324
Net Profit Before Taxes		34,303	44,115	292,510	254,941	280,381
Net profit from continuing operations		47,898	48,069	232,904	201,182	277,890
Current net profit						
Loss on discontinued operations		-	-	-	-	-
Current net profit (loss)		47,898	48,069	232,904	201,182	277,890
Other comprehensive income (Net income after tax)		23,635	106,367	178,933	338,357	9,156
Total comprehensive income in the current period		71,533	154,436	411,837	539,539	287,046
Profit attributable to owners of the parent		-	-	-	-	-
Net profit attributable to non-controlling equity		-	-	-	-	-
Comprehensive income attributable to owners of the parent		-	-	-	-	-
Comprehensive income attributable to non-controlling equity		-	-	-	-	-
Earnings per share		0.1	0.1	0.47	0.41	0.56

Note : All financial information from 2018 to 2022 has been audited by CPAs.

(V) Names of CPAs and audit opinions:

Year	Accounting firm name	Name of CPA	Audit opinions
2022	Crowe (TW) CPAs	Shu-Man Tsai and Ching-Lin Li	Unqualified opinion
2021	Crowe (TW) CPAs	Shu-Man Tsai and Ching-Lin Li	Unqualified opinion
2020	Crowe (TW) CPAs	Shu-Man Tsai and Ching-Lin Li	Unqualified opinion
2019	Crowe (TW) CPAs	Shu-Man Tsai and Ching-Lin Li	Unqualified opinion
2018	Crowe (TW) CPAs	Ling-Wen Huang and Ching-Lin Li	Unqualified opinion

Note: Audits made by other CPAs were adopted while the responsibilities shall also be specified respectively.

II. Financial Analysis

(I) Financial analysis – IFRS (consolidated)

Analysis Item		Year	Financial analysis for the last five years				
		2018	2019	2020	2021	2022	
Financial structure (%)	Ratio of liabilities to assets	50.16	50.06	48.59	46.53	45.34	
	Ratio of long-term capital to property, plant and equipment	271.86	294.25	306.00	355.88	413.68	
Debt service ability %	Current ratio	59.51	65.06	63.88	88.40	89.51	
	Quick ratio	37.33	42.90	39.14	53.65	51.93	
	Interest coverage folds	1.40	1.52	3.50	3.31	3.54	
Operating ability	Turnover rate of account receivables (times)	7.47	7.28	7.60	7.49	6.88	
	Average days for cash receipts	48.86	50.13	48.02	48.73	53.05	
	Inventory turnover rate (times)	4.59	4.74	4.49	4.20	3.8	
	Payables turnover rate (times)	4.62	4.11	4.11	4.49	5.27	
	Average days in sales	79.52	77.00	81.29	86.9	96.05	
	Turnover rate for property, plant and equipment (times)	1.39	1.49	1.55	1.62	1.96	
	Total asset turnover rate (times)	0.34	0.35	0.35	0.34	0.34	
Profitability	Return on asset (%)	1.42	1.34	2.65	2.32	2.77	
	Return on equity (%)	1.14	1.16	4.23	3.41	4.3	
	Pre-tax Income to Paid-in Capital Ratio (%) (Note 5)	1.17	1.41	6.27	5.76	6.13	
	Net Profit Margin (%)	1.45	1.46	5.40	4.60	5.99	
	Earnings per Share (NTD)	0.1	0.1	0.47	0.41	0.56	
Cash flow	Cash flow ratio (%)	12.73	6.37	14.16	4.38	4.49	
	Cash flow sufficiency ratio (%)	23.53	40.4	73.18	73.49	103.6	
	Cash reinvestment ratio (%)	3.67	1.77	4.03	0.87	-0.14	
Leverage	Operating leverage	2.94	2.07	1.62	1.78	1.76	
	Financial leverage	(0.88)	(313.61)	2.33	3.53	3.29	

Please describe the reason for changes in financial ratios in the most recent two years. (No analysis is required if the change of increase/decrease is less than 20%)

1. Property, plants, and equipment turnover (20.99%): Mainly due to a year-on-year decrease in the amount of property, plants, and equipment in the annual consolidated statements resulting from a loss of control of the subsidiary Koya Biotech Corp., in September 2022.
2. Return on equity (26.10%), net profit margin (30.22%), earnings per share (36.59%): Mainly due to an increase in the net profit for 2022 compared to the same period last year.
3. Cash flow adequacy ratio (40.97%): Mainly due to a year-on-year increase in cash flows from operating activities in the most recent five years in 2022.
4. Cash reinvestment rate (-116.09%): Mainly due to a lower cash flow from operating activities than the amount of cash dividends distributed in 2022.

Note 1: The following calculation formula shall be listed at the bottom of the chart in the annual report.

1. Financial structure
 - (1) Ratio of liabilities to assets = Total liabilities / Total assets.
 - (2) Ratio of long-term funds to property, plants and equipment = (Total equity + non-current liabilities) / net property, plants and equipment.
2. Debt service ability
 - (1) Current ratio = Current assets / Current liabilities.
 - (2) Quick ratio = (Current assets – Inventory – Pre-payment) / Current liabilities.
 - (3) Interest coverage folds = Profit before income tax and interest expense / Interest expense.
3. Operating ability
 - (1) Accounts receivable (including accounts receivable and notes receivable from operations) turnover ratio = Net sales / average of accounts receivable (including accounts receivable and notes receivable from operation) balance.
 - (2) Average days for cash receipts = 365 / Accounts receivable turnover.
 - (3) Inventory turnover rate = Sales cost / average inventory amount.
 - (4) Accounts payable (including accounts payable and notes payable from operations) turnover ratio = Sales cost / average of accounts payable (including accounts payable and notes payable from operation) balance.
 - (5) Average days in sales = 365 / Inventory turnover.
 - (6) Property, plant and equipment turnover = Net sales / Average net worth of property, plant and equipment.
 - (7) Total assets turnover rate = Net sales / Average total assets.
4. Profitability
 - (1) Return on assets = [Profit and loss after tax + interest expense × (1 - tax rate)] / average total assets.
 - (2) Return on equity = Profit and loss after tax / average total equity.
 - (3) Profit ratio = Profit and loss after tax / net sales.
 - (4) Earning per share = (Earnings of parent company owner – Preference dividends) / weighted average number of shares outstanding. (Note 2)
5. Cash flow
 - (1) Cash flow ratio = Net cash flow from operating activities / Current liabilities
 - (2) Net cash flow sufficiency ratio = Net cash flows from operating activities in the last five years / (Capital expenditure + Inventory increase + Cash dividends) in the last five years.
 - (3) Cash flow reinvestment ratio = (Cash provided by operating activities – Cash dividends) / (Gross property, plant and equipment + Long-term investments + Other non-current assets + Working capital). (Note 3)
6. Leverage:
 - (1) Operating leverage = (Net operating revenue – variable costs and expenses of operations) / operating profit (Note 4).
 - (2) Financial leverage = Operating profit / (operating profit - interest expenses).

Note 2: The following shall be considered in assessing the said EPS calculation formula:

1. Weighted average outstanding common stocks are used, instead of year-end outstanding shares.
2. Those that conduct cash capital increase or treasury stock transactions shall calculate the weighted average outstanding shares based on the outstanding period.
3. If any additional shares were issued against retained earnings or capital reserves, the full year or half-year earnings per share must be adjusted proportionally and retroactively, regardless of when the additional stocks were issued.
4. If the preferred stock is unconvertible cumulative preferred stock, the dividend for the year (whether the dividend is paid or not) should be deducted from the net income or added to the net loss. If the preferred stock is not cumulative, dividends thereon shall be subtracted from net profit after tax if net profit after tax is earned, or no adjustment is required if loss arises.

Note 3: The following shall be considered in assessing cash flow analysis:

1. Net cash flow from operating activities refers to net cash inflow from operating activities as stated in the Statement of Cash Flow.
2. Capital expenditure refers to the cash outflow to annual capital investments.
3. The increase in inventory is included only when the balance at the ending is more than that at beginning. If the inventory decreases at the end of the year, it shall be calculated as “zero”.
4. Cash dividends include the dividends in cash paid to holders of common stocks and preferred stocks.
5. Gross property, plant and equipment refer to total property, plant and equipment before subtracting by accumulated depreciation.

Note 4: The issuer shall distinguish the operating costs and operating expenses as fixed and floating ones by nature. If any estimation or judgment is involved, please note the reasonableness and consistency.

Note 5: In the case of shares issued by the Company with no par value or a par value other than NTD10 per share, said calculation about the ratio of the paid-in capital shall be replaced by the equity attributable to the parent company identified in the balance sheet.

(II) Financial analysis – IFRS (parent company only)

Analysis Item		Year	Financial analysis for the last five years				
		2018	2019	2020	2021	2022	
Financial structure (%)	Ratio of liabilities to assets	45.37	45.82	44.43	42.48	42.71	
	Ratio of long-term capital to property, plant and equipment	739.67	830.47	920.60	1041.94	1064.74	
Debt service ability %	Current ratio	54.05	69.69	80.04	106.86	97.62	
	Quick ratio	32.3	43.82	47.23	59.81	52.49	
	Interest coverage folds	1.39	1.54	4.78	4.22	4.4	
Operating ability	Turnover rate of account receivables (times)	7.06	6.79	7.02	6.89	6.29	
	Average days for cash receipts	51.69	53.75	51.99	52.97	58.02	
	Inventory turnover rate (times)	4.59	4.77	4.46	4.09	3.62	
	Payables turnover rate (times)	4.26	3.78	3.79	4.16	4.86	
	Average days in sales	79.52	76.51	81.83	89.24	100.82	
	Turnover rate for property, plant and equipment (times)	3.55	3.81	4.08	4.17	4.37	
	Total asset turnover rate (times)	0.35	0.36	0.35	0.34	0.34	
Profitability	Return on asset (%)	1.18	1.12	2.77	2.37	2.97	
	Return on equity (%)	0.87	0.85	3.95	3.16	4.15	
	Pre-tax Income to Paid-in Capital Ratio (%) (Note 5)	0.69	0.89	5.91	5.15	5.66	
	Net Profit Margin (%)	1.32	1.27	5.93	5.08	6.92	
	Earnings per Share (NTD)	0.10	0.1	0.47	0.41	0.56	
Cash flow	Cash flow ratio (%)	17.66	9.45	21.14	6.02	8.88	
	Cash flow sufficiency ratio (%)	106.49	97.37	106.05	80.35	80.17	
	Cash reinvestment ratio (%)	6.16	2.60	5.09	0.99	1.84	
Leverage	Operating leverage	1.66	1.51	1.31	1.38	1.32	
	Financial leverage	6.4	2.22	1.52	1.74	1.7	

Please describe the reason for changes in financial ratios in the most recent two years. (No analysis is required if the change of increase/decrease is less than 20%)

1. Return on assets (25.32%), Return on equity (31.33%), net profit margin (36.22%), earnings per share (36.59%): Mainly due to an increase in the net profit for 2022 compared to the same period last year.
2. Cash flow ratio (47.51%), cash reinvestment ratio (85.86%): Mainly due to a year-on-year increase in the net cash inflow from operating activities.

Note 1: The following calculation formula shall be listed at the bottom of the chart in the annual report.

1. Financial structure

- (1) Ratio of liabilities to assets = Total liabilities / Total assets.
- (2) Ratio of long-term funds to property, plants and equipment = (Total equity + non-current liabilities) / net property, plants and equipment.

2. Debt service ability

- (1) Current ratio = Current assets / Current liabilities.
- (2) Quick ratio = (Current assets – Inventory – Pre-payment) / Current liabilities.
- (3) Interest coverage folds = Profit before income tax and interest expense / Interest expense.

3. Operating ability

- (1) Accounts receivable (including accounts receivable and notes receivable from operations) turnover ratio = Net sales / average of accounts receivable (including accounts receivable and notes receivable from operation) balance.
- (2) Average days for cash receipts = 365 / Accounts receivable turnover.
- (3) Inventory turnover rate = Sales cost / average inventory amount.
- (4) Accounts payable (including accounts payable and notes payable from operations) turnover ratio = Sales cost / average of accounts payable (including accounts payable and notes payable from operation) balance.
- (5) Average days in sales = 365 / Inventory turnover.
- (6) Property, plant and equipment turnover = Net sales / Average net worth of property, plant and equipment.
- (7) Total assets turnover rate = Net sales / Average total assets.

4. Profitability

- (1) Return on assets = [Profit and loss after tax + interest expense × (1 - tax rate)] / average total assets.
- (2) Return on equity = Profit and loss after tax / average total equity.
- (3) Profit ratio = Profit and loss after tax / net sales.
- (4) Earning per share = (Earnings of parent company owner – Preference dividends) / weighted average number of shares outstanding. (Note 2)

5. Cash flow

- (1) Cash flow ratio = Net cash flow from operating activities / Current liabilities
- (2) Net cash flow sufficiency ratio = Net cash flows from operating activities in the last five years / (Capital expenditure + Inventory increase + Cash dividends) in the last five years.
- (3) Cash flow reinvestment ratio = (Cash provided by operating activities – Cash dividends) / (Gross property, plant and equipment + Long-term investments + Other non-current assets + Working capital). (Note 3)

6. Leverage:

- (1) Operating leverage = (Net operating revenue – variable costs and expenses of operations) / operating profit (Note 4).
- (2) Financial leverage = Operating profit / (operating profit - interest expenses).

Note 2: The following shall be considered in assessing the said EPS calculation formula:

1. Weighted average outstanding common stocks are used, instead of year-end outstanding shares.
2. Those that conduct cash capital increase or treasury stock transactions shall calculate the weighted average outstanding shares based on the outstanding period.
3. If any additional shares were issued against retained earnings or capital reserves, the full year or half-year earnings per share must be adjusted proportionally and retroactively, regardless of when the additional stocks were issued.
4. If the preferred stock is unconvertible cumulative preferred stock, the dividend for the year (whether the dividend is paid or not) should be deducted from the net income or added to the net loss. If the preferred stock is not cumulative, dividends thereon shall be subtracted from net profit after tax if net profit after tax is earned, or no adjustment is required if loss arises.

Note 3: The following shall be considered in assessing cash flow analysis:

1. Net cash flow from operating activities refers to net cash inflow from operating activities as stated in the Statement of Cash Flow.
2. Capital expenditure refers to the cash outflow to annual capital investments.
3. The increase in inventory is included only when the balance at the ending is more than that at beginning. If the inventory decreases at the end of the year, it shall be calculated as “zero”.
4. Cash dividends include the dividends in cash paid to holders of common stocks and preferred stocks.
5. Gross property, plant and equipment refer to total property, plant and equipment before subtracting by accumulated depreciation.

Note 4: The issuer shall distinguish the operating costs and operating expenses as fixed and floating ones by nature. If any estimation or judgment is involved, please note the reasonableness and consistency.

Note 5: In the case of shares issued by the Company with no par value or a par value other than NTD10 per share, said calculation about the ratio of the paid-in capital shall be replaced by the equity attributable to the parent company identified in the balance sheet.

III. Audit Committee's Review Report of AGV Products Corporation

Authorized

The 2022 business report, financial statements and appropriation of earnings of the Company were prepared by the board of directors and the financial statements have been audited by CPA Shu-man Tsai and Ching-lin Li of Crowe (TW) CPAs, and no nonconformities were found. We hereby issue the above report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Proposed for approval.

For

The Company's 2023 Annual Meeting of Shareholders

Audit Committee convener	Yung-Chien Wu
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Audit Committee member	Yung-Fu Tseng
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Audit Committee member	Wei-Lung Chen
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March 13, 2023

IV. Company's Parent Company Only Financial Report of the Most Recent Year

Audited by CPA

To AGV Products Corporation:

Audit opinions

We have audited the parent company only balance sheet of AGV Products Corporation as of December 31, 2022 and 2021, as well as the parent company only statement of comprehensive income, parent company only statement of changes in equity, and parent company only 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 the other independent auditors' report (please refer to the Other matters section), all material disclosures of the parent company only financial statements mentioned above were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and present a fair view of the parent company only financial position of AGV Products Corporation 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 parent company only 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 Products Corporation 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 are those matters that, in our professional judgment, were of most significance in the audit of the parent company only financial report of AGV Products Corporation for 2022. These matters were addressed in the content of our audit of the parent company only financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on them.

The following are the key audit matters in the parent company only financial report of AGV Products Corporation for 2022:

I. Fair value evaluation of investment property

For the accounting policy on investment property, see Note 4(11) of the parent company only financial report; for a description of the accounting basis and evaluation of investment property, see Note 6(10) of the parent company only financial report.

Description of key audit matters:

As of December 31, 2022, investment property held totaled NTD 1,458,986 thousand, accounting for 12.38% 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 11,532 thousand in 2022, accounting for 4.11% 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 rate adopted for evaluation contained material uncertainty. Thus, we consider the fair value evaluation of investment property as a key audit matter when auditing the parent company only financial report of AGV Products Corporation.

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 classification 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 the method, analysis period and discount rate) and evaluating the qualification and independence of such external appraiser. The appropriateness and completeness of information disclosed in the notes to the parent company only financial report is also evaluated.

II. Recognition of revenue

For the accounting policy on revenue recognition, see Note 4(18) of the financial report; for the details of revenue, see Note 6(23) of the financial report.

The main business of the AGV Products Corporation consists of the manufacturing, processing and sale of products related to drinks and canned foods. The transaction terms agreed in the sales contract signed with the customer will affect the judgment of AGV Products Corporation 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 has taken the responsibility for resale along with the obsolescence risk of the product. Therefore, we consider the test for recognition of the revenue of 2022 as a key audit matter when auditing the parent company only financial report of AGV Products Corporation.

Our main audit procedures include understanding the sales system of AGV Products Corporation, 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 conducted a comparison of two periods regarding the main trading customers, including a comparison of the accounts receivable turnover rate, accounts receivable turnover days and loan periods, and inquiries of the top 10 counterparties in two periods 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

We have not audited the financial statements of some associated companies disposed under the equity method in said parent company only financial reports of 2022 and 2021, which has been done by other CPAs. Thus, in our opinions expressed on the parent company only financial report, the amounts listed in the statement of associated companies were based on the other independent auditors' report. The investment in these invested companies under the equity method was NTD 1,704,152 thousand and NTD 1,877,660 thousand as of December 31, 2022 and 2021, respectively, accounting for 14.46% and 16.31% of the total assets, respectively. The share of profit or loss from associates and joint ventures under the equity method was NTD 36,043 thousand and NTD 104,785 thousand for the periods January 1 to December 31, 2022 and 2021, respectively, accounting for 12.86% and 41.10% of the net income before tax, respectively. The share of other comprehensive income from associates and joint ventures under the equity method was NTD (176,962) thousand and NTD 135,408 thousand, respectively accounting for (1,932.74)% and 40.02% of other net comprehensive income, respectively.

Responsibilities of management and the governance unit for the parent company only financial report

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

In preparing the parent company only financial report, management is also responsible for assessing the ability of AGV Products Corporation 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 Products Corporation or to cease operations, or there is a lack of any option except for liquidation or suspension.

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

Independent auditor's responsibilities for the audit of the parent company only financial report

Our objectives are to obtain reasonable assurance about whether the parent company only financial report 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 parent company only 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 parent company only 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 parent company only 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 Products Corporation.
- 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 Products Corporation 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 parent company only financial report shall be provided in the auditors' report to allow users of the parent company only 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 Products Corporation to cease to continue as a going concern.

- V. Evaluate the overall presentation, structure and content of the parent company only financial report (including relevant notes), and whether the parent company only 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 Products Corporation in order to express an opinion on the parent company only financial report. Our responsibilities as auditors are to instruct, supervise and execute audits and form an audit opinion on AGV Products Corporation.

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 key audit matters in the audit of the parent company only financial report of AGV Products Corporation for 2022 have been determined by us from those matters about which we have communicated with the governing unit. 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
Parent Company Only Balance Sheet
December 31, 2022 and 2021

Unit: NTD thousand

Code	Assets	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
Current assets					
1100	Cash and cash equivalent (Note 6(1))	\$ 295,067	3	\$ 317,549	3
1110	Financial assets at fair value through profit and loss – current (Notes 6 (2))	50,377	-	-	-
1150	Net notes receivable (Note 6(3))	9,061	-	9,065	-
1160	Net notes receivable – related parties (Note 7)	16,709	-	13,238	-
1170	Net accounts receivable (Note 6(4))	506,924	4	469,268	4
1180	Net accounts receivable – related parties (Note 7)	135,625	1	116,262	1
1200	Other accounts receivable	11,412	-	10,591	-
1210	Other accounts receivable – related parties (Note 7)	36,091	-	38,378	-
1220	Income tax assets in the current period	234	-	308	-
130x	Inventories (Note 6(5))	858,031	9	712,775	7
1410	Prepayments	56,944	-	55,871	-
1479	Other current assets – others	2,594	-	2,805	-
11xx	Total current assets	1,979,069	17	1,746,110	15
Non-current assets					
1517	Financial assets measured at fair value through other comprehensive income – non-current (Note 6(6))	1,113,167	9	957,755	8
1550	Investment accounted for using the equity method (Note 6(7))	6,050,637	51	6,096,735	53
1600	Property, plant and equipment (Note 6(8))	916,830	8	948,016	8
1755	Right-of-use assets (Note 6(9))	20,228	-	18,876	-
1760	Net investment property (Note 6(10))	1,458,986	12	1,448,369	13
1780	Intangible assets (Note 6(11))	2,874	-	2,645	-
1840	Deferred income tax assets (Note 6(28))	184,365	2	194,778	2
1920	Refundable deposits	30,570	1	53,555	1
1980	Other financial assets – non-current (Note 6(13))	20,030	-	20,000	-
1990	Other non-current assets – other (Note 6(12))	12,325	-	24,973	-
15xx	Total non-current assets	9,810,012	83	9,765,702	85
1xxx	Total assets	\$ 11,789,081	100	\$ 11,511,812	100
Liabilities and equity					
Current liabilities					
2100	Short-term loans (Note 6(14))	\$ 658,333	6	\$ 430,000	4
2130	Contract liabilities – current (Note 6(23))	4,674	-	2,226	-
2150	Notes payable	61,369	1	65,598	1
2170	Accounts payable	74,909	1	70,203	1
2180	Accounts payable – related parties (Note 7)	450,896	4	447,468	4
2200	Other payables (Note 6(15))	293,709	2	278,556	2
2220	Other payables – related parties (Note 7)	50,821	-	47,818	-
2250	Liability provision – current (Note 6(16))	18,556	-	17,943	-
2280	Lease liabilities – current (Note 6(9))	8,506	-	8,548	-
2310	Advance receipts (Note 7)	3	-	3	-
2320	Long-term liabilities maturing within a year or operating cycle (Note 6(18))	401,655	3	261,584	2
2399	Other current liabilities	3,717	-	4,065	-
21xx	Total current liabilities	2,027,148	17	1,634,012	14

(Continued on the next page)

(Continued from the previous page)

Code	Liabilities and equity	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
	Non-current liabilities				
2540	Long-term loans (Note 6(18))	2,829,797	25	3,051,185	26
2570	Deferred income tax liabilities (Note 6(28))	123,486	1	123,074	1
2580	Lease liabilities – non-current (Note 6(9))	13,337	-	12,197	-
2640	Net defined benefit liabilities – non-current (Note 6(17))	40,221	-	68,710	1
2645	Guarantee deposits	2,100	-	1,323	-
25xx	Total non-current liabilities	3,008,941	26	3,256,489	28
2xxx	Total liabilities	5,036,089	43	4,890,501	42
	Equity				
3100	Share capital (Note 6(19))				
3110	Common share capital	4,945,134	42	4,945,134	43
3200	Capital reserve (Note 6(20))	268,746	2	268,647	2
3300	Retained earnings (Note 6(21))				
3310	Legal reserve	83,884	1	64,882	1
3320	Special reserve	763,705	6	755,377	7
3350	Undistributed earnings	322,695	3	190,023	2
3400	Other equity (Note 6(22))	368,828	3	397,248	3
3xxx	Total equity	6,752,992	57	6,621,311	58
	Total liabilities and equity	\$ 11,789,081	100	\$ 11,511,812	100

(Please refer to the notes of the parent company only financial report)

Chairman: Kuan-Han Chen

President: Chih-Chan Chen

Accounting Manager: He-Shun Chang

AGV Products Corporation
Parent Company Only Statement of Comprehensive Income
January 1 to December 31, 2022 and 2021

Unit: NTD thousand

Code	Item	2022		2021	
		Amount	%	Amount	%
4000	Operating revenue (Note 6(23))	\$ 4,014,234	100	\$ 3,956,221	100
5000	Operating cost (Note 6(5))	(2,849,193)	(71)	(2,781,808)	(70)
5900	Gross profit (gross loss)	1,165,041	29	1,174,413	30
5910	Unrealized profit from sales	(5,845)	-	(6,421)	-
5920	Realized profit from sales	6,421	-	8,311	-
	Operating expense				
6100	Selling expenses	(688,546)	(17)	(707,687)	(18)
6200	Management expenses	(231,392)	(6)	(233,796)	(6)
6300	Research and development expenses	(45,606)	(1)	(49,460)	(1)
6450	Expected credit impairment profits (losses) (Note 6(4))	(16)	-	11	-
6000	Total operating expenses	(965,560)	(24)	(990,932)	(25)
6900	Operating profits (losses)	200,057	5	185,371	5
	Non-operating income and expenses				
7100	Interest revenue	822	-	1,677	-
7010	Other revenue (Note 6(25))	49,644	1	60,870	1
7020	Other profits and losses (Note 6(26))	165,362	4	(16,122)	-
7050	Financial cost (Note 6(27))	(82,451)	(2)	(78,951)	(2)
7070	Share of profit or loss from subsidiaries, associates and joint ventures under the equity method	(53,053)	(1)	102,096	3
7000	Total non-operating income and expense	80,324	2	69,570	2
7900	Net profit (loss) before tax	280,381	7	254,941	7
7950	Income tax profit (Note 6(28))	(2,491)	-	(53,759)	(2)
8200	Current net profit (loss)	277,890	7	201,182	5
	Other comprehensive income (Note 6(30))				
	Items not reclassified to profit or loss				
8310	Re-measurement of defined benefit plan	19,701	-	(4,474)	-
8316	Unrealized valuation profit/loss on investments in equity instruments measured at fair value through other comprehensive income	152,569	4	116,610	3
8330	Share of other comprehensive income from subsidiaries, associates and joint ventures under the equity method	(234,919)	(6)	237,778	6
8349	Income tax related to items not reclassified	(3,940)	-	895	-
	Items that may be subsequently reclassified as profit or loss				
8380	Share of other comprehensive income from subsidiaries, associates and joint ventures under the equity method	80,139	2	(14,164)	-
8399	Income tax related to items that may be reclassified	(4,394)	-	1,712	-
8300	Other comprehensive income (net)	9,156	-	338,357	9
8500	Total comprehensive income in the current period	\$ 287,046	7	\$ 539,539	14
	Earnings per share				
9750	Basic EPS (Note 6(31))	\$ 0.56		\$ 0.41	
9850	Diluted EPS (Note 6(31))	\$ 0.56		\$ 0.41	

(Please refer to the notes of the parent company only financial report)

Chairman: Kuan-Han Chen

President: Chih-Chan Chen

Accounting Manager: He-Shun Chang

AGV Products Corporation
Parent Company Only Statement of Changes in Equity
January 1 to December 31, 2022 and 2021

Unit: NTD thousand

	Retained earnings					Other equity items			Total equity
	Common share capital	Capital surplus	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	
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)	
2021 net profit (loss)	-	-	-	-	201,182	-	-	201,182	
2021 other comprehensive income	-	-	-	-	(11,053)	(16,352)	365,762	338,357	
2021 total comprehensive income	-	-	-	-	190,129	(16,352)	365,762	539,539	
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	
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)	
Changes of associates and joint ventures under the equity method	-	99	-	-	(7,110)	-	-	(7,011)	
Net profit (loss) for 2022	-	-	-	-	277,890	-	-	277,890	
Other comprehensive income for 2022	-	-	-	-	20,279	69,545	(80,668)	9,156	
Total comprehensive income for 2022	-	-	-	-	298,169	69,545	(80,668)	287,046	
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	

(Please refer to the notes of the parent company only financial report)

Chairman: Kuan-Han Chen

President: Chih-Chan Chen

Accounting Manager: He-Shun Chang

AGV Products Corporation
Parent Company Only Statement of Cash Flows
January 1 to December 31, 2022 and 2021

Item	2022	Unit: NTD thousand 2021
Cash flows from operating activities		
Current net profit (loss) before tax	\$ 280,381	\$ 254,941
Adjustments		
Income, expenses, and losses		
Depreciation expenses	64,807	71,247
Amortization expenses	1,180	1,211
Expected credit impairment losses (profits)	16	(11)
Net loss (profit) from financial assets and liabilities at fair value through profit or loss	(5,796)	-
Interest expenses	82,451	78,951
Interest revenue	(822)	(1,677)
Dividend revenue	(11,499)	(15,208)
Share of losses (profits) from subsidiaries, associates and joint ventures under the equity method	53,053	(102,096)
Losses (profits) from disposal and scrap of property, plant and equipment	(23)	144
Loss (Profit) on disposal of investments	(178,362)	-
Unrealized profits (losses) from sales	5,845	6,421
Realized losses (profits) from sales	(6,421)	(8,311)
Losses (profits) due to fair value adjustment in investment property	(11,532)	(7,175)
Total income/expense items	(7,103)	23,496
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	(44,581)	-
Decrease (increase) in notes receivable	4	2,618
Decrease (increase) in notes receivable – related parties	(3,475)	5,903
Decrease (increase) in accounts receivable	(37,645)	(62,093)
Decrease (increase) in accounts receivable – related parties	(19,386)	(15,057)
Decrease (increase) in other accounts receivable	(821)	3,720
Other accounts receivable – decrease (increase) for related parties	2,486	9,363
Decrease (increase) in inventory	(145,256)	(67,980)
Decrease (increase) in prepayments	(1,073)	(2,723)
Decrease (increase) in other current assets	211	125
Total net changes in assets related to operating activities	(249,536)	(126,124)
Net changes in liabilities related to operations		
Increase (decrease) in contract liabilities	2,448	(5,892)
Increase (decrease) in notes payable	(4,229)	5,566
Increase (decrease) in accounts payable	4,706	(10,731)
Increase (decrease) in accounts payable – related parties	3,428	(163,275)
Increase (decrease) in other payables	15,333	10,157
Other payables – increase (decrease) for related parties	3,003	3,999
Increase (decrease) in liability reserve	613	1,196
Increase (decrease) in advance receipts	-	3
Increase (decrease) in other current liabilities	(348)	(244)
Increase (decrease) in net defined benefit liabilities	(8,788)	(20,291)

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Item	2022	2021
Total net changes in liabilities related to operating activities	\$ 16,166	\$ (179,512)
Total net changes in assets and liabilities related to operating activities	(233,370)	(305,636)
Total adjustments	(240,473)	(282,140)
Cash inflow (outflow) from operations	39,908	(27,199)
Interest received	941	1,662
Stock dividend received	139,203	124,083
Returned (paid) income tax	74	(90)
Net cash inflow (outflow) from operating activities	180,126	98,456
Cash flows from investment activities		
Acquisition of financial assets measured at fair value through other comprehensive income	(87,900)	-
Disposal of financial assets measured at fair value through other comprehensive income	5,291	42
Refunds from decapitalization of financial assets measured at fair value through other comprehensive income	58,486	77,989
Acquisition of investment under the equity method	(96,550)	(320,312)
Acquisition of property, plant and equipment	(25,962)	(53,205)
Disposal of property, plant and equipment	724	300
Increase in refundable deposits	-	(5,350)
Decrease in refundable deposits	22,985	-
Acquisition of intangible assets	(1,409)	(1,283)
Increase in other financial assets	(30)	-
Decrease in other financial assets	-	28,025
Increase in other non-current assets	-	(10,764)
Decrease in other non-current assets	12,648	-
Net cash inflow (outflow) from investment activities	(111,717)	(284,558)
Cash flow from financing activities		
Increase in short-term loans	228,333	-
Decrease in short-term loans	-	(60,000)
Proceeds from long-term loans	248,000	2,570,000
Repayment of long-term loans	(330,829)	(2,316,599)
Increase in guarantee deposits	777	-
Decrease in guarantee deposits	-	(407)
Lease principle repayment	(8,306)	(7,408)
Distribution of cash dividends	(148,354)	-
Interest paid	(80,512)	(81,170)
Net cash inflow (outflow) from financing activities	(90,891)	104,416
Increase (decrease) in cash and cash equivalents in the current period	(22,482)	(81,686)
Balance of cash and cash equivalents, beginning	317,549	399,235
Balance of cash and cash equivalents, ending	\$ 295,067	\$ 317,549

(Please refer to the notes of the parent company only financial report)

Chairman: Kuan-Han Chen

President: Chih-Chan Chen

Accounting Manager: He-Shun Chang

AGV Products Corporation
Notes on the Parent Company Only 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.
- (2) The parent company only financial report is expressed in NTD, the functional currency of the Company.

2. Date and Procedures of Approval of the Financial Report

This parent company only financial report was published after its approval 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 Company evaluated that the above standards and interpretations applicable have no significant impact on the financial status and financial performance of the Company.

(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 Company shall restate the information of the comparative periods.

The Company evaluated that the above standards and interpretations applicable have no significant impact on the financial status and financial performance of the Company.

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

<u>New, Amended, or Revised Standards and Interpretations</u>	<u>Effective date published by the IASB</u>
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 parent company only financial report, the Company continues to assess the impact of the aforementioned standards and interpretations on the financial status and financial performance of the Company, 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 parent company only financial report are as follows. Unless otherwise provided, the policies are applicable to all the reporting periods.

(1) Compliance Statement

The parent only financial report has been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (hereinafter "IFRSs") as endorsed and promulgated by the FSC.

(2) Basis of preparation

A. Except for the following important items, the parent company only 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 the parent company only financial report in compliance with the IFRSs endorsed by the FSC requires some important accounting estimates. The application of the Company's accounting policy also requires management to use their judgment during the process. For items involving high-degree judgment or complexity or items involving important estimates and assumptions of the parent company only financial report, see the description in Note 5.

C. The Company applied the equity method to its invested subsidiaries, associates or joint ventures when preparing the parent company only financial report. To make the

current income, other comprehensive income and equity in the parent company only financial report identical with the current income, other comprehensive income and equity attributed to the owner of the Company in the Company's consolidated financial report, certain accounting treatment differences between the parent company only basis and consolidated basis were handled by adjusting the "investment under equity method", "shares of profit or loss in subsidiaries, associates and joint ventures under the equity method", "shares of other comprehensive income in subsidiaries, associates and joint ventures under the equity method", and related equity.

(3) Foreign currency translation

A. Foreign currency transaction and balance

- (A) Foreign currency transaction converts the conversion difference generated by the transaction to the functional currency, adopting the spot exchange rate on the date of transactions or measurement date, and recognizes the difference as current profit or loss.
- (B) The monetary assets and balance of liabilities in foreign currency are adjusted based on the spot exchange rate evaluation on the balance sheet date and the conversion difference generated by adjustment is recognized as current profit or loss.
- (C) 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.

B. Translation of foreign operations

- (A) For all subsidiaries and associates with differences in functional currency and presentation currency, the business result and financial status is converted to presentation currency using the following method:
 - a. The assets and liabilities presented in each balance sheet were translated based on the exchange rates closed on every balance sheet date.
 - b. The profits and losses presented in each statement of comprehensive income were translated based on the average exchange rates in the current period.
 - c. All resulted exchange differences were recognized under other comprehensive income.
- (B) When the foreign operation partially disposed or sold is an associate, the exchange differences in the other comprehensive income item will be reclassified proportionally to current profit or loss as a part of profit or loss from sales. However, when the Company maintains partial rights of the former associates but loses the control over the associates included in the foreign operation, it is conducted based on the disposal of all equity in the foreign operation.
- (C) During the partial disposal or sales of the subsidiaries included in the foreign operation, the accumulated exchange differences recognized under other comprehensive income are re-attributed proportionally as non-controlling equity of the foreign operation. However, when the Company maintains partial rights of the former subsidiary but loses the control over the subsidiary included in the foreign operation, it is conducted based on the disposal of all equity in the foreign operation.

- (4) 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 Company lists 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 liabilities, even if it is later refinanced or rearranged into long-term liabilities at any time between the balance sheet date and 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 Company lists all liabilities that do not comply with the following conditions as non-current.

(5) 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.

(6) Financial instruments

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

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 Company are financial assets measured at amortized cost 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 at fair value through profit or loss on a mandatory basis include investments in equity instruments not designated by the Company to be measured at fair value through other comprehensive income and investments in debt instruments not classified to be measured at amortized cost or measured at fair value through other comprehensive income.

Financial assets measured at fair value through profit or loss are measured at fair value, and the profits or losses generated from their remeasurement (excluding any dividend or interest generated from such financial assets) are recognized in profits/losses. For the method used to determine fair value, see Note 12(3).

b. Financial assets measured at amortized cost

Should the financial assets invested by the Company meet the following two conditions on 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. Equity instrument investments at fair value through other comprehensive income

The Company 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 acquiree 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 investment at fair value through other comprehensive income is immediately recognized upon the confirmation of the Company's right of receiving, excluding dividends representing obvious recovery of partial investment cost.

(B) Impairment of financial assets

- a. On each balance sheet date, the Company 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 Company will derecognize financial assets when they meet 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 Company 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 commencing the enterprise's residual equity of assets net of liabilities. The equity instruments issued by the Company are recognized based on the acquisition price less direct issuing cost.

C. Financial liabilities

(A) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method, except under the following circumstances:

- a. Financial liabilities measured at fair value through profit/loss refer to financial liabilities held for trading or financial liabilities designated as measured at fair value through profit/loss on initial recognition. Financial liabilities classified as held for trading refer to derivative instruments, except for financial contracts or designated and effective hedging instruments, which at the time of occurrence are primarily for repurchase in the short term. Financial liabilities meeting any of the following criteria will be designated by the Company as measured at fair value through profit/loss on initial recognition:
 - (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
 - (c) The financial liabilities are an instrument using the fair value basis for its management and performance evaluation in accordance with a written risk management policy.
- b. Financial liabilities measured at fair value through profit/loss are measured at fair value on initial recognition, and the related transaction costs are recognized as profit/loss in the current period. For such liabilities subsequently measured at fair value, any change in the fair value will be recognized as profit/loss in the current period.
- c. For financial liabilities designated as measured at fair value through profit/loss, any amount of fair value change arising from credit risk change will be recognized as other comprehensive income and will not be subsequently reclassified as profit/loss. The remaining amount of fair value change of such liabilities will be recognized as profit/loss. However, if the foregoing accounting treatment causes or exacerbates accounting mismatch, all profits or losses of such liabilities will be recognized as profit/loss.

(B) Derecognition of financial liabilities

The Company 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 Company 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.

(7) 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.

(8) Investment/subsidiaries/associates and joint ventures under the equity method

- A. Subsidiaries refer to the entities controlled by the Company (including structured entities). When the Company 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 Company controls the entities.
- B. Unrealized gains and losses on transactions between the Company and subsidiaries were written off. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- C. The shares of profit or loss acquired from subsidiaries by the Company were recognized as current profit or loss and shares of other comprehensive income were recognized as other comprehensive income. In the event that the shares of loss in the subsidiaries recognized by the Company equal to or exceed its equity in the subsidiaries, the Company continues the recognition of the losses based on the shareholding ratio.
- 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 difference between the adjustment value of non-controlling equity and fair value of paid or collected considerations was directly recognized as equity.
- E. When the Company forfeits control over its subsidiaries, its residual investment in the subsidiaries shall be re-measured based on fair value, and identified as the fair value of financial asset recognized initially or cost of the investment in associates or joint ventures recognized initially. The price difference between the fair value and book value is stated into current income. 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 Company's direct disposition of related assets or liabilities, namely, when the related assets or liabilities are disposed, the profit or loss recognized in other comprehensive income previously will be reclassified as profit or loss. When the Company loses control over the subsidiary, such profit or loss shall be reclassified into income from equity.
- F. The associates refer to entities which the Company has significant impact upon without any control and generally holds more than 20% of voting shares directly or

indirectly. The investment of the Company in associates adopts the equity method and is recognized based on cost upon acquisition.

- G. The shares of profit or loss acquired from associates by the Company were recognized as current profit or loss and shares of other comprehensive income were recognized as other comprehensive income. If the Company'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 Company in the associate), the Company will not recognize further losses, unless the Company has incurred legal or constructive obligations toward or made payments on behalf of the associate.
 - H. The unrealized profit or loss generated from the transactions between the Company and the associates were written off based on the Company's equity ratio of the associates; the unrealized loss was written off unless the evidence displayed the impairment of transferred assets in such transaction. Accounting policies of the associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
 - I. In case the Company loses its significant impact on an associate upon the disposal of the associate, the accounting treatment for all amounts related to the associate as recognized in other comprehensive income previously is identical with the basis for the Company's direct disposition of related assets or liabilities, namely, when the related assets or liabilities are disposed, the profit or loss recognized in other comprehensive income previously will be reclassified as profit or loss. When the Company loses 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.
 - J. The Company adopts the equity method to recognize it in the equity of joint ventures. Unrealized gains and losses on transactions between the Company and joint ventures were written off; however, in case the evidence displays decrease in net realizable value of assets or impairment loss of assets, it is immediately recognized as total loss. If the Company'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 associate determined using the equity method and any long-term equity de facto constituting part of the net investment of the Company in the associate), the Company will not recognize further losses, unless the Company has incurred legal or constructive obligations toward or made payments on behalf of the joint venture.
 - K. According to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," the current income and other comprehensive income as presented in the parent company only financial statements shall be identical with the current income and other comprehensive income attributable to the proportion allocated to the parent shareholder as presented in the financial statement prepared on the basis of consolidation. The shareholders' equity as presented in the parent company only financial statements shall be identical with the parent shareholders' equity as presented in the financial statement prepared on the basis of consolidation.
- (9) 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. Before property, plant and equipment under construction are ready for their intended use, any sample produced when testing whether such assets are able to operate normally is

measured at cost or net realizable value (whichever is lower), with its sales proceeds and cost recognized as profit/loss.

- 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 items will generate probable inflow to the Company 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 Company 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 its useful years are different from the previous estimate or the expected consumption pattern used in future economic benefits of such assets 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 change. The useful years of each asset are as follows:

Houses and buildings	3-55 years
Machinery and equipment	5-32 years
Other equipment	3-36 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.

(10) Lease

The Company 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 Company uses the relative single price of each lease component and the aggregated single price of non-lease component as the basis to allocate the consideration of the contract to individual lease components.

A. The Company was the Lessee

For all other leases of the Company, 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 expense on a straight-line basis.

Right-of-use assets

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 deducting 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 the 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 Company 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 Company was the Lessor

Upon the sublease of right-of-use assets, the Company uses the use-of-right assets (instead of underlying assets) to determine the sublease classification. However, if the main lease is applicable to the Company'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 Company 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 Company 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.

(11) 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.

(12) 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 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.

(13) Impairment of non-financial assets

The Company 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.

(14) 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.

(15) 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 Company 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.

(16) 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.

(17) 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 current income tax is based on the taxable income generated by the Company adopting the statutory tax rate or tax rate substantially enacted 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. Taxable temporary difference generated from investment in subsidiaries shall not be recognized if the time of reversal is controllable by the Company and the difference is not likely to be reversed 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.

(18) Recognition of revenue

The Company'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 Company 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.

(19) 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 Company 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 parent company only financial report, the important judgments, accounting estimates and assumptions adopted by the Company for accounting policies are as follows:

(1) Significant judgments adopted by the accounting policy

A. Business model judgment of financial asset classification

The Company 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 Company 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 there is any change in the business model, the Company will reclassify financial assets in accordance with IFRS 9 and apply the reclassification prospectively from the date of reclassification.

B. Recognition of revenue

In accordance with IFRS 15, the Company determines it to be the principal or agent of any transaction transferring specific products or services to a customer based on whether the customer has or has not acquired the control of such products or services prior to their transfer. If the Company determines it to be the agent of such transaction, the net transaction amount will be recognized as revenue.

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

- (A) The Company acquires the control of such product or asset from the counterparty before transferring the product or other assets to the customer; or
- (B) The Company 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 Company 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 services for the customer.

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

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

- (2) The Company bears the inventory risk before transferring specific product 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 Company has the discretionary power to set the price.

C. Lease period

When determining the lease period, the Company 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 improvement conducted (or expect to be conducted) during the contract period and the importance of underlying assets to the operation of the Company. When material matters or significant changes in circumstances occur within the Company's scope of control, the lease period will be re-evaluated.

(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 Company 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 Company. The Company takes the historical experience, current market conditions, and forward-looking information 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 when the assets and liabilities at fair value has no open quotation in active market, the Company decides whether to commission external appraisal and determine appropriate fair value valuation technique according to relevant regulations or judgment. If the fair value estimate cannot acquire Level 1 input, the investment of unlisted stocks by the Company refers to information regarding the invested company's financial status and operating result analysis, recent transaction price, quotation of same equity instrument in an inactive market, quotation of similar instruments in active markets 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 are different from expectations, there might be changes in fair value. The Company 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 Company 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 Company'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 investment under the equity method might be impaired causing the book amount to be unable to be recovered, the Company will immediately evaluate the impairment of such investment. The Company evaluates the recoverable amount based on the held discount value of expected cash flow estimated or discount value of receivable cash dividend expected and future cash flow generated from disposal of investments 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 Company must make judgments and estimates to determine the net realizable value of the inventory at the end of the reporting period. The Company 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 Company 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 Company.

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	\$ 749	\$ 771
Checking deposit	3	3
Savings deposit	293,911	288,381
Foreign currency deposit	404	28,394
Total	\$ 295,067	\$ 317,549

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

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

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

Item	December 31, 2022	December 31, 2021
Non-derivative financial assets		
Listed stocks	\$ 50,377	\$ -
Total	\$ 50,377	\$ -

A. The net profits (losses) recognized by the Company in 2022 and 2021 were NTD 5,796 thousand and NTD 0 thousand respectively.

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

C. For methods related to the management and evaluation of credit risks, see Note 12(2).

(3) Net notes receivable

Item	December 31, 2022	December 31, 2021
Carried at amortized cost		
Total book amount	\$ 9,070	\$ 9,074
Less: Allowance loss	(9)	(9)
Net notes receivable	\$ 9,061	\$ 9,065

A. The receivable notes of the Company 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	\$ 507,641	\$ 469,996
Less: Allowance loss	(717)	(728)
Net accounts receivable	\$ 506,924	\$ 469,268

A. For the Company's accounts receivable generated from sale of products. The average credit period is O/A 45-90 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 Company have not been pledged.

C. The Company 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 Company's historical experience of credit losses, the loss types of different customer groups have no significant differences between them. 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 Company 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%	\$ 662,013	\$ (570)	\$ 661,443
Overdue 0–30 days	0%~1%	6,878	(2)	6,876
Overdue 31–90 days	0%~20%	-	-	-
Overdue 91–180 days	0%~30%	-	-	-
Overdue 181–365 days	0%~50%	-	-	-
Trading counterparty with signs of default	0%~100%	209	(209)	-
Total		\$ 669,100	\$ (781)	\$ 668,319

December 31, 2021	Expected credit loss	Total book amount	Loss allowance (lifetime expected credit loss)	Amortized cost
Undue	0%~1%	\$ 598,334	\$ (505)	\$ 597,829
Overdue 0–30 days	0%~1%	7,477	(2)	7,475
Overdue 31–90 days	0%~20%	294	-	294
Overdue 91–180 days	0%~30%	2,235	-	2,235
Overdue 181–365 days	0%~50%	-	-	-
Trading counterparty with signs of default	0%~100%	258	(258)	-
Total		\$ 608,598	\$ (765)	\$ 607,833

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	\$ 765	\$ 776
Plus: Impairment loss appropriated	16	-
Less: Impairment loss reversed	-	(11)
Less: Irrecoverable amounts written off	-	-
Balance – ending	\$ 781	\$ 765

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 Company shall directly write off relevant accounts receivable. However, the Company will continue the recourse and the recovered amount from recourse is recognized as profit or loss. The Company's accounts receivable for the contract amounts written off in 2022 and 2021 were both NTD0 thousand.

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

(5) Cost of inventory and sales

Item	December 31, 2022	December 31, 2021
Raw material	\$ 99,867	\$ 95,546
Supplies	63,758	60,170
Goods in process	85,924	94,284
Finished products	608,482	462,775
Total	<u>\$ 858,031</u>	<u>\$ 712,775</u>

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

Item	2022	2021
Cost of sold inventory	\$ 2,652,696	\$ 2,626,752
Processing cost	154,034	107,655
Manufacturing expenses not amortized	33,032	30,542
Loss (revaluation profit) on inventory devaluation	(1,183)	10,042
Loss on scrapped inventory	13,606	9,422
Loss (profit) on inventory	25	22
Revenue from scraps	(3,017)	(2,627)
Total operating costs	<u>\$ 2,849,193</u>	<u>\$ 2,781,808</u>

B. In 2022 and 2021, due to the Company 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 (1,183) thousand and NTD 10,042 thousand respectively.

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

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

Item	December 31, 2022	December 31, 2021
Non-current		
Equity instruments		
Domestic TWSE/TPEX listed stocks	\$ 102,579	\$ 102,579
Domestic non-TWSE/TPEX-listed stocks	857,337	843,866
Overseas non-listed (non-OTC) stocks	16,820	16,820
Valuation adjustment	136,431	(5,510)
Total	<u>\$ 1,113,167</u>	<u>\$ 957,755</u>

A. The Company invested in domestic non-TWSE/TPEX-listed stocks listed above based on mid and long-term investment purpose and expected to gain profit from long-term investment. The management of the Company considers that if the changes in short-term fair value of such investment is recognized as profit or loss, it is not consistent

with previous long-term investment planning. Thus, management chose to specify that such investment to be at fair value through other comprehensive income.

- B. In 2022 and 2021, the Company adjusted its investment positions to spread risks, and sold part of its shares at fair value. Other related equity-realized losses on financial assets measured at fair value through other comprehensive income, amounting to NTD1,282 thousand and NTD242 thousand (excluding the related amounts of NTD(18,579) thousand and NTD(7,716) thousand recognized using the equity method), were transferred to retained earnings.
- C. Changes in expected credit impairment loss of debt instrument investment at fair value through other comprehensive income recognized by the Company: None.
- D. 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 Company for pledge as of December 31, 2022 and 2021.
- E. The Company pledged part of financial assets at fair value through other comprehensive income as collateral for the loans of the Company on December 31, 2022 and 2021. Please refer to Note 8.
- F. For relevant credit risk management and evaluation methods, please refer to Note 12.

(7) Investment under the equity method

Invested company	December 31, 2022	December 31, 2021
Subsidiaries:		
Sontenkan Resort Development Co., Ltd.	\$ 1,663,244	\$ 1,637,484
Apoland Development (Singapore) Pte Ltd.	154,341	211,089
Others	833,464	958,961
Subtotal	<u>\$ 2,651,049</u>	<u>\$ 2,807,534</u>
Associated companies:		
Important associates:		
Taiwan First Biotechnology Corp.	\$ 1,241,018	\$ 1,218,396
NICE Enterprise Co., Ltd.	1,188,570	1,241,533
Individual unimportant associates	967,908	824,729
Subtotal	<u>\$ 3,397,496</u>	<u>\$ 3,284,658</u>
Joint ventures:		
Individual unimportant joint ventures	2,092	4,543
Total	<u><u>\$ 6,050,637</u></u>	<u><u>\$ 6,096,735</u></u>

A. Subsidiaries:

(A) For information about the Company's subsidiaries, see Note 4(3) of the Company's 2022 consolidated financial report.

(B) In September 2022, the Company lost its control of Koya Biotech Corp., which was transferred to investment accounted for using the equity method. See the description in Note 6(29).

B. Associated companies:

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

Company name	Shareholding ratio	
	December 31, 2022	December 31, 2021
Taiwan First Biotechnology Corp.	41.28%	41.28%
NICE Enterprise Co., Ltd.	28.24%	28.24%

For information on the associates' nature of business, main business place and country where the company is registered, please refer to Table 7 and Table 8 in Note 13.

(B) The summarized financial information of associates important to the Company is 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	1,912,817	1,667,603
Equity	\$ 4,072,706	\$ 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	3,520,462	3,412,733
Current liabilities	937,584	1,104,236
Non-current liabilities	1,376,954	1,018,263
Equity	\$ 2,607,948	\$ 2,543,541
Shares of the associates' net assets	\$ 1,076,542	\$ 1,049,955
Internal profit or loss	(15,334)	(13,881)
Deferred credits	25,538	28,050
Goodwill	154,272	154,272
Book value of associates	\$ 1,241,018	\$ 1,218,396

b. Statement of comprehensive income

Company name	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

Company name	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	\$ 60,233	\$ 54,757

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

	2022	2021
Shares held:		
Current net profit	\$ 17,295	\$ 24,870
Other comprehensive income (net amount after tax)	(146,959)	125,355
Total comprehensive income in the current period	\$ (129,664)	\$ 150,225

C. Joint ventures:

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

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

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

(8) Property, plant and equipment

Item	December 31, 2022	December 31, 2021
Land	\$ 550,171	\$ 550,171
Houses and buildings	881,782	881,178
Machinery and equipment	1,205,016	1,185,827
Other equipment	557,261	553,199
Equipment pending acceptance and construction in progress	6,267	23,594
Total cost	\$ 3,200,497	\$ 3,193,969
Less: Accumulated depreciation	(2,283,667)	(2,245,953)
Total	\$ 916,830	\$ 948,016

	Land	Houses and buildings	Machinery and equipment	Other equipment	Equipment pending acceptance and construction in progress	Total
<u>Costs</u>						
Balance as of January 1, 2022	\$ 550,171	\$ 881,178	\$ 1,185,827	\$ 553,199	\$ 23,594	\$ 3,193,969
Increase	-	1,507	7,194	5,281	11,373	25,355
Disposal	-	(903)	(4,957)	(12,967)	-	(18,827)
Reclassification	-	-	16,952	11,748	(28,700)	-
Balance as of December 31, 2022	\$ 550,171	\$ 881,782	\$ 1,205,016	\$ 557,261	\$ 6,267	\$ 3,200,497
<u>Accumulated depreciation</u>						
Balance as of January 1, 2022	\$ -	\$ 638,540	\$ 1,092,201	\$ 515,212	\$ -	\$ 2,245,953
Depreciation expenses	-	21,401	23,821	10,618	-	55,840
Disposal	-	(799)	(4,733)	(12,594)	-	(18,126)
Balance as of December 31, 2022	\$ -	\$ 659,142	\$ 1,111,289	\$ 513,236	\$ -	\$ 2,283,667

	Land	Houses and buildings	Machinery and equipment	Other equipment	Equipment pending acceptance and construction in progress	Total
Costs						
Balance on January 1, 2021	\$ 548,166	\$ 873,562	\$ 1,181,550	\$ 556,175	\$ 11,371	\$ 3,170,824
Increase	-	-	-	-	52,151	52,151
Disposal	-	(1,255)	(14,188)	(13,563)	-	(29,006)
Reclassification	2,005	8,871	18,465	10,587	(39,928)	-
Balance on December 31, 2021	\$ 550,171	\$ 881,178	\$ 1,185,827	\$ 553,199	\$ 23,594	\$ 3,193,969
Accumulated depreciation						
Balance on January 1, 2021	\$ -	\$ 614,498	\$ 1,084,169	\$ 512,773	\$ -	\$ 2,211,440
Depreciation expenses	-	25,207	22,078	15,790	-	63,075
Disposal	-	(1,165)	(14,046)	(13,351)	-	(28,562)
Balance on December 31, 2021	\$ -	\$ 638,540	\$ 1,092,201	\$ 515,212	\$ -	\$ 2,245,953

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	\$ 25,355	\$ 52,151
Increase/decrease of payables on equipment	607	1,054
Paid cash amount for purchase of property, plant and equipment	\$ 25,962	\$ 53,205

B. For the capitalized amount and interest rate interval of the loan cost of property, plant and equipment, see the description in Note 6(27).

C. Impairment of property, plant and equipment: None.

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

(9) Lease agreement

A. Right-of-use assets

Item	December 31, 2022	December 31, 2021
Houses and buildings	\$ 10,865	\$ 10,865
Machinery and equipment	16,694	16,694
Transportation equipment	12,136	2,732
Total cost	\$ 39,695	\$ 30,291
Less: Accumulated depreciation	(19,467)	(11,415)
Net amount	\$ 20,228	\$ 18,876

Costs	Houses and buildings	Machinery and equipment	Transportation equipment	Total
Balance as of January 1, 2022	\$ 10,865	\$ 16,694	\$ 2,732	\$ 30,291
Increase in the current period	-	-	9,404	9,404
Balance as of December 31, 2022	\$ 10,865	\$ 16,694	\$ 12,136	\$ 39,695
Accumulated depreciation				
Balance as of January 1, 2022	\$ -	\$ 11,340	\$ 75	\$ 11,415
Depreciation expenses	2,173	3,780	2,099	8,052
Balance as of December 31, 2022	\$ 2,173	\$ 15,120	\$ 2,174	\$ 19,467

Costs	Houses and buildings	Machinery and equipment	Transportation equipment	Total
Balance on January 1, 2021	\$ 7,994	\$ 16,694	\$ 3,120	\$ 27,808
Increase in the current period	10,865	-	2,732	13,597
Decrease in the current period	(118)	-	-	(118)
Derecognition in the current period	(7,876)	-	(3,120)	(10,996)
Balance on December 31, 2021	\$ 10,865	\$ 16,694	\$ 2,732	\$ 30,291
Accumulated depreciation				
Balance on January 1, 2021	\$ 5,455	\$ 7,560	\$ 2,138	\$ 15,153
Depreciation expenses	2,421	3,780	1,057	7,258
Derecognition in the current period	(7,876)	-	(3,120)	(10,996)
Balance on December 31, 2021	\$ -	\$ 11,340	\$ 75	\$ 11,415

B. Lease liabilities

	December 31, 2022	December 31, 2021
Book amount of lease liabilities		
Current	\$ 8,506	\$ 8,548
Non-current	\$ 13,337	\$ 12,197

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

	December 31, 2022	December 31, 2021
Houses and buildings	1.97%	1.97%
Machine and equipment	2.54%	2.54%
Transportation equipment	1.97%	1.97%

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

C. Important lease activities and terms

The Company leased health research institutes, Tetra Pak equipment, trucks and vehicles for operational use. The lease period is 1-5 years and the Company included the right of renewal of those with expired lease periods in the lease liabilities. According to the contract agreement, the Company shall not sublease assets of the 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 agreements concluded by the Company to rent out investment property under operating leases, see the description in Note 6(10).

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

Item	2022	2021
Short-term lease expenses	\$ 3,968	\$ 4,061
Expenses of lease of low-price assets	\$ -	\$ -
Variable lease payment not included in measurement of lease liabilities Paid expenses	\$ -	\$ -
Total cash outflow of lease (Note)	\$ 12,274	\$ 11,469

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

The Company 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.

(10) Net investment property

Item	December 31, 2022	December 31, 2021
At fair value – commissioned appraisal	\$ 1,062,331	\$ 1,050,799
Measured at cost	396,655	397,570
Total	\$ 1,458,986	\$ 1,448,369

A. Investment property at fair value

Item	2022	2021
Balance – beginning	\$ 1,050,799	\$ 1,043,624
Profit on valuation	11,532	7,175
Balance – ending	\$ 1,062,331	\$ 1,050,799

- (A) The fair values of investment property as of December 31, 2022 and 2021 were appraised by Tien-Ching Hsieh, a certified real estate appraiser of Taiwan from CPAC on January 6 and 7, 2023, January 5 and 6, 2022, and December 30, 2021.
- (B) Besides undeveloped land, the fair value of investment assets is appraised based on the income approach. The fair value will increase when 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	\$ 737,934	\$ 696,615
Estimated future cash outflow	26,482	26,131
Estimated future net cash inflow	\$ 711,452	\$ 670,484
Discount rate	3.22%	2.595%

- a. In 2022, the monthly market rent of regions where investment property is located was between NTD 615 and NTD 2,359 per ping (approx. 3.31 m²). The rent of similar comparable items in the market was between NTD 636 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 Chungghwa Post Co., Ltd., plus 0.75 % as the minimum, and plus 1% as the presumed discount rate.

(C) Because the land at Jianguo Section in Dounan Township, Yunlin County and Zhuweizi Section in Chiayi City 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	\$ 1,057,949	\$ 1,021,426
Profit margin	15% ~ 18%	15% ~ 18%
Overall capital interest rate	1.76% ~ 1.91%	1.36% ~ 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	\$ 397,570	\$ 398,484
Depreciation appropriated	(915)	(914)
Balance – ending	\$ 396,655	\$ 397,570

This refers to the investment property leased to subsidiaries for operating purpose.

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	\$ 6,743	\$ 6,743
Direct operating expenses incurred from investment property generating rental revenue in the current period	\$ 5,423	\$ 5,399
Direct operating expenses incurred from investment property not generating rental revenue in the current period	\$ 252	\$ 240

E. The total lease payments receivable in the future regarding the investment property leased as operating lease is as follows:

	December 31, 2022	December 31, 2021
Not more than 1 year	\$ 6,743	\$ 6,743
1 year to 5 years	-	-
More than 5 years	-	-
Total	\$ 6,743	\$ 6,743

F. The fair value of the Company's investment property as of December 31, 2022 and 2021, was NTD 1,062,331 thousand and NTD 1,050,799 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.

(11) Intangible assets

Item	December 31, 2022	December 31, 2021
Computer software cost	\$ 33,636	\$ 32,227
Less: Accumulated amortization	(30,762)	(29,582)
Net amount	\$ 2,874	\$ 2,645

Costs	Computer software cost	Costs	Computer software cost
Balance as of January 1, 2022	\$ 32,227	Balance on January 1, 2021	\$ 30,944
Increase	1,409	Increase	1,283
Balance as of December 31, 2022	\$ 33,636	Balance on December 31, 2021	\$ 32,227
Accumulated amortization		Accumulated amortization	
Balance as of January 1, 2022	\$ 29,582	Balance on January 1, 2021	\$ 28,371
Amortization expenses	1,180	Amortization expenses	1,211
Balance as of December 31, 2022	\$ 30,762	Balance on December 31, 2021	\$ 29,582

(12) Other non-current assets – others

Item	December 31, 2022	December 31, 2021
Long-term prepaid expenses	\$ 12,285	\$ 24,973
Others	40	-
Total	\$ 12,325	\$ 24,973

(13) Other financial assets – non-current

Item	December 31, 2022	December 31, 2021
Pledged bank deposits	\$ 20,030	\$ 20,000

(14) Short-term loans

Item	December 31, 2022	December 31, 2021
Credit loans	\$ 423,333	\$ 310,000
Mortgage loan	235,000	120,000
Total	\$ 658,333	\$ 430,000

Interest rate interval	1.975%-2.22%	1.69%-1.85%
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For the portion of investment property provided as collateral by the Company, please refer to Note 8.

(15) Other payables

Item	December 31, 2022	December 31, 2021
Commission payable	\$ 118,961	\$ 106,931
Remuneration and bonus payable	122,217	120,640
Tax payable	2,414	2,496
Repair expenses payable	5,936	4,290
Payables on equipment	1,046	1,653
Advertisement expenses payable	2,613	2,135
Insurance payable	6,817	6,453
Recycling fee payable	6,656	7,455
Other payables	27,049	26,503
Total	<u>\$ 293,709</u>	<u>\$ 278,556</u>

(16) Liability reserve – current

Item	Employee benefit	Item	Employee benefit
January 1, 2022	\$ 17,943	January 1, 2021	\$ 16,747
Current increase of liability reserve	13,380	Current increase of liability reserve	12,894
Liability reserve used currently	(10,935)	Liability reserve used currently	(10,026)
Unused amount reversed currently	(1,832)	Unused amount reversed currently	(1,672)
December 31, 2022	<u>\$ 18,556</u>	December 31, 2021	<u>\$ 17,943</u>

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

(17) Pension

A. Defined contribution plan

(A) The Company applied the pension system under the “Labor Pension Act,” which was identified as the defined contribution plan managed by the government. Under the plan, the Company contributed 6% of each employee’s salary to a personal account maintained at the Bureau of Labor Insurance on a monthly basis.

(B) In 2022 and 2021, the Company recognized NTD 12,312 thousand and NTD 11,814 thousand in the respective 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 based on the domestic “Labor Standards Act” applicable to the Company is a defined pension plan managed by the government. 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 appropriates 13% of the total monthly salary of an employee as a pension and deposits it into a special account at the Bank of Taiwan in the name of the Labor Pension Fund Supervisory Committee. If, by the end of each year, the estimated balance in the special account is insufficient for payments to employees who are expected to meet the criteria for retirement in the next year, the Company will make up the difference in the next year. The account is managed by the Bureau of Labor Funds, Ministry of Labor. The Company has no right to affect the investment management strategies.

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

Item	December 31, 2022	December 31, 2021
Current values of the ascertained fringe benefit obligations	\$ 191,828	\$ 215,828
Fair values of the planned assets	(151,607)	(147,118)
Defined benefit liabilities	\$ 40,221	\$ 68,710

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

Item	2022		
	Current values of the ascertained fringe benefit obligations	Fair values of the planned assets	Defined benefit liabilities
Balance on January 1	\$ 215,828	\$ (147,118)	\$ 68,710
Service cost			
Service cost in the current period	594	-	594
Interest expenses (revenue)	1,142	(795)	347
Recognized as profit and/or loss	\$ 1,736	\$ (795)	\$ 941
Re-measurement amount			
Return on plan assets (excluding amount included in the net interest)	\$ -	\$ (11,406)	\$ (11,406)
Actuarial losses (profits) –			
Effects of changes in financial assumptions	(5,578)	-	(5,578)
Adjustment through experience	(2,717)	-	(2,717)
Recognized under other comprehensive income	\$ (8,295)	\$ (11,406)	\$ (19,701)
Appropriated by employer	-	(9,729)	(9,729)
Benefit payment	(17,441)	17,441	-
Balance on December 31	\$ 191,828	\$ (151,607)	\$ 40,221

Item	2021		
	Current values of the ascertained fringe benefit obligations	Fair values of the planned assets	Defined benefit liabilities
Balance on January 1	\$ 225,705	\$ (141,178)	\$ 84,527
Service cost			
Service cost in the current period	933	-	933
Interest expenses (revenue)	1,660	(1,056)	604
Recognized as profit and/or loss	\$ 2,593	\$ (1,056)	\$ 1,537
Re-measurement amount			
Return on plan assets (excluding amount included in the net interest)	\$ -	\$ (1,474)	\$ (1,474)
Actuarial losses (profits) –			
Effects of changes in financial assumptions	1,883	-	1,883
Adjustment through experience	4,065	-	4,065
Recognized under other comprehensive income	\$ 5,948	\$ (1,474)	\$ 4,474
Appropriated by employer	-	(11,138)	(11,138)
Benefit payment	(18,418)	7,728	(10,690)
Balance on December 31	\$ 215,828	\$ (147,118)	\$ 68,710

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

Item	Measurement date	
	December 31, 2022	December 31, 2021
Discount rate	1.25%	0.55%
Anticipated raise ratio of salaries	1.00%	1.00%
Average maturity of defined benefit obligation	8.7 years	9.1 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%	\$ (1,933)	\$ (2,346)
Decrease by 0.25%	\$ 1,992	\$ 2,420
Anticipated raise ratio of salaries		
Increase by 1%	\$ 8,272	\$ 10,099
Decrease by 1%	\$ (7,498)	\$ (9,109)

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 Company is expected to contribute NTD 9,354 thousand to the pension plan.

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

Item	December 31, 2022	December 31, 2021
Bank syndicated loans	\$ 2,137,500	\$ 2,160,000
Secured bank loans	1,100,000	1,137,666
Bank credit loans	-	22,663
Total	\$ 3,237,500	\$ 3,320,329
Less: Unamortized discount	(6,048)	(7,560)
Less: Long-term liabilities due within a year	(401,655)	(261,584)
Long-term loans	\$ 2,829,797	\$ 3,051,185
Interest rate interval	1.926%-2.575%	1.421%-2.38%

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

(19) Common share capital

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

Item	2022		2021	
	Shares (thousand shares)	Amount	Shares (thousand shares)	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.

(20) 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 exceeding 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.

(21) 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	<u>\$ 763,705</u>	<u>\$ 755,377</u>

(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	<u>\$ 670,020</u>

As of December 31, 2022, the special reserve was classified as accumulated net increase in the fair value of investment property (not taking into account the effects of legal reserve and income tax), and the amount not set aside due to insufficient undistributed earnings was 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:

Item	Earnings distribution		Dividends per share (NTD)	
	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	<u>\$ 175,684</u>	<u>\$ 213,970</u>		

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	<u>197,805</u>	0.4
Total	<u>\$ 253,966</u>	

(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.

(22) 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
Unrealized valuation profit (loss) of financial assets measured at fair value through other comprehensive income	-	152,569	152,569
Share of associates and joint ventures under the equity method	69,545	(233,237)	(163,692)
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
Unrealized valuation profit (loss) of financial assets measured at fair value through other comprehensive income	-	116,610	116,610
Share of associates and joint ventures under the equity method	(16,352)	241,436	225,084
Disposal of equity instruments measured at fair value through other comprehensive income	-	242	242
Balance on December 31, 2021	\$ (103,812)	\$ 501,060	\$ 397,248

(23) Operating revenue

Item	2022	2021
Revenue from customer contracts		
Sales revenue	\$ 4,241,685	\$ 4,240,633
Revenue from processing	164,523	117,303
Total sales revenue from customer contracts	\$ 4,406,208	\$ 4,357,936
Less: Sales return	(28,121)	(28,573)
Sales discount	(363,853)	(373,142)
Net operating revenue from customer contracts	\$ 4,014,234	\$ 3,956,221

A. Details of customer contracts

(A) Sales revenue

The Company mainly engages in the selling of drinks and canned foods to wholesalers and retailers. According to general commercial practices, the Company 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 Company 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.

B. Details of revenue from customer contracts

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

2022:

Main area and market	Drinks and canned foods	Processing	Total
Taiwan	\$ 3,849,711	\$ 164,523	\$ 4,014,234
Product line			
Tradition series	\$ 1,006,167	\$ -	\$ 1,006,167
Dessert series	703,855	7,248	711,103
Drink series	1,340,022	157,275	1,497,297
Oat milk series	686,007	-	686,007
Oil series	100,906	-	100,906
Health series	12,754	-	12,754
Total	\$ 3,849,711	\$ 164,523	\$ 4,014,234

Timing of revenue recognition			
Fulfillment of performance obligation at certain timing	\$ 3,849,711	\$ 164,523	\$ 4,014,234
Gradual fulfillment of performance obligation over time	-	-	-
Total	\$ 3,849,711	\$ 164,523	\$ 4,014,234

2021:

Main area and market	Drinks and canned foods	Processing	Total
Taiwan	\$ 3,838,918	\$ 117,303	\$ 3,956,221
Product line			
Tradition series	\$ 1,045,068	\$ -	\$ 1,045,068
Dessert series	707,010	13,646	720,656
Drink series	1,274,029	103,657	1,377,686
Oat milk series	715,008	-	715,008
Oil series	85,531	-	85,531
Health series	12,272	-	12,272
Total	\$ 3,838,918	\$ 117,303	\$ 3,956,221
Timing of revenue recognition			
Fulfillment of performance obligation at certain timing	\$ 3,838,918	\$ 117,303	\$ 3,956,221
Gradual fulfillment of performance obligation over time	-	-	-
Total	\$ 3,838,918	\$ 117,303	\$ 3,956,221

C. Contract balance

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

Item	December 31, 2022	December 31, 2021
Receivable	\$ 668,319	\$ 607,833
Contract assets	-	-
Total	\$ 668,319	\$ 607,833
Contract liabilities – current	\$ 4,674	\$ 2,226

(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) Allowance loss of contract assets: None.

(C) 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	\$ 2,226	\$ 8,118
Fulfilled performance obligation from the previous period	\$ -	\$ -

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

By nature	2022		
	As operating costs	As operating expenses	Total
Employee benefit expenses			
Salary expenses	\$ 138,811	\$ 236,195	\$ 375,006
Expenses for labor and health insurance	13,934	17,596	31,530
Pension expenses	5,841	7,412	13,253
Remuneration to directors	-	7,691	7,691
Other employee benefit expenses	18,342	12,293	30,635
Depreciation expenses (Note 1)	43,418	19,323	62,741
Amortization expenses	-	1,180	1,180
Total	\$ 220,346	\$ 301,690	\$ 522,036

By nature	2021		
	As operating costs	As operating expenses	Total
Employee benefit expenses			
Salary expenses	\$ 136,410	\$ 241,936	\$ 378,346
Expenses for labor and health insurance	13,398	17,798	31,196
Pension expenses	5,797	7,554	13,351
Remuneration to directors	-	7,531	7,531
Other employee benefit expenses	18,297	12,013	30,310
Depreciation expenses (Note 2)	43,870	25,134	69,004
Amortization expenses	6	1,205	1,211
Total	\$ 217,778	\$ 313,171	\$ 530,949

(Note 1) This does not include the leased asset depreciation expenses of NTD 2,066 thousand stated in non-operating expenses.

(Note 2) This does not include the leased asset depreciation expenses of NTD 2,243 thousand stated in non-operating expenses.

A. The additional information on the number of employees and employee benefit expenses of the Company in 2022 and 2021 is as follows:

Item	December 31, 2022	December 31, 2021
Number of employees	572	568
Number of directors not concurred as employees	4	4
Average employee benefit expenses	\$ 793	\$ 804
Average employee salary expenses	\$ 660	\$ 671
Changes in average employee salary expenses	(1.64%)	3.23%

B. The Company's remuneration policies (including directors, managers and employees) are as follows:

(A) Remuneration to directors

According to the regulations of the Company's Articles of Incorporation, the board of directors is authorized to determine the remunerations to directors in accordance with the degree of involvement and the value of contribution to the Company's operations and the payment standards of the industry domestically and internationally. The Articles of Incorporation also specified that the remuneration to directors shall not exceed 1% of the profit in the current year.

(B) Remuneration to managers

The remuneration to the Company's managers is based on their duties, contributions, the current business performance of the Company and consideration of the Company's future risk. It is reviewed by the remuneration committee and submitted for the resolution by the board of directors.

(C) Remuneration to employees

The Company is devoted to providing its employees with salary and benefits that meet the average level of their peers. The Company provides a competitive remuneration system premised on a simultaneous consideration of external competition, internal equity and legality, and upholds the philosophy of sharing profit with employees to retain and encourage them. The Company's remuneration to employees includes monthly salary and employee remuneration distributed by the Company based on the profit conditions in the current year. According to the Articles of Incorporation, it specified that the remuneration to employees shall not be less than 1% of the profit in the current year.

C. According to the Company's Articles of Incorporation, if there is profit made by the Company, 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 and supervisors. Where the Company has any cumulative loss, the profit shall be reserved to offset the loss. The Company distributed no less than 1% of said profit before tax as the remuneration to employees and no more than 1% thereof as the remuneration to directors and supervisors in 2022 and 2021. 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.

D. 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.

E. 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.

(25) Other revenue

Item	2022	2021
Rental revenue	\$ 9,831	\$ 10,050
Dividend revenue	11,499	15,208
Service revenue	22,734	25,251
Others	5,580	10,361
Total	\$ 49,644	\$ 60,870

(26) Other profits and losses

Item	2022	2021
Net profit (loss) on financial assets and liabilities measured at fair value through profit/loss	\$ 5,796	\$ -
Profit (loss) on disposal of property, plant and equipment	23	(144)
Profit (Loss) on disposal of investments (Note)	178,362	-
Profit (loss) of foreign exchange, net	(5,119)	1,782
sProfit (loss) from fair value adjustment – investment property	11,532	7,175
Lease cost	(6,473)	(6,632)
Service cost	(18,716)	(18,259)
Others	(43)	(44)
Total	\$ 165,362	\$ (16,122)

(Note) See the description in Note 6(29).

(27) Finance costs

Item	2022	2021
Interest from bank loans	\$ 80,161	\$ 72,151
Other finance costs	2,213	6,873
Interest from lease liabilities	401	238
Subtotal	\$ 82,775	\$ 79,262
Less: Capitalized amount of qualifying assets	(324)	(311)
Finance costs	\$ 82,451	\$ 78,951

(28) Income tax

A. Income tax expenses

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

Item	2022	2021
<u>Income tax in the current period</u>		
Income tax generated in the current period	\$ -	\$ -

Additional tax levied on undistributed earnings	-	-
Total income tax in the current period	\$ -	\$ -
<u>Deferred income tax</u>		
Initial occurrence and reversal of temporary difference	\$ 2,491	\$ 53,759
Deferred income tax expenses	\$ 2,491	\$ 53,759
Income tax expenses (profits)	\$ 2,491	\$ 53,759

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

Item	2022	2021
Exchange difference in the financial statement translation of foreign operations	\$ 4,394	\$ (1,712)
Re-measurement of defined benefit pension plan	3,940	(895)
Total	\$ 8,334	\$ (2,607)

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	\$ 280,381	\$ 254,941
Tax calculated based on net profit before tax at the statutory tax rate	\$ 56,076	\$ 50,988
Tax effects of adjustments		
Effects not included in the calculation of taxable income		
Investment losses (profits) recognized under the equity method	10,611	(20,419)
Losses (profits) from adjustment of unrealized fair value	(2,306)	(1,435)
Realized losses on investment	(22,874)	-
Unrealized profits on investment	(35,672)	-
Other adjustments	(4,888)	(16,015)
Deduction of losses	(947)	(13,119)
Net change in deferred income tax		
Deduction of losses	947	15,345
Temporary difference	1,544	38,414
Income tax expenses recognized as profit or loss	\$ 2,491	\$ 53,759

The applicable tax rate of the Company is 20% and the applicable tax rate for undistributed earnings is 5%.

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

Item	2022			
	Balance – beginning	Recognized as profit (loss)	Recognized under other comprehensive income	Balance – ending
Deferred income tax assets:				
Temporary difference				
Investment losses (profits) under the equity method	\$ 169,736	\$ 747	\$ (4,378)	\$ 166,105
Pension	13,742	(1,758)	(3,940)	8,044
Unused deduction of losses	4,666	(947)	-	3,719
Others	6,634	(137)	-	6,497
Subtotal	<u>\$ 194,778</u>	<u>\$ (2,095)</u>	<u>\$ (8,318)</u>	<u>\$ 184,365</u>
Deferred income tax liabilities				
Temporary difference				
Increment tax on land value	\$ (116,359)	\$ 166	\$ -	\$ (116,193)
Others	(6,715)	(562)	(16)	(7,293)
Subtotal	<u>\$ (123,074)</u>	<u>\$ (396)</u>	<u>\$ (16)</u>	<u>\$ (123,486)</u>
Total	<u>\$ 71,704</u>	<u>\$ (2,491)</u>	<u>\$ (8,334)</u>	<u>\$ 60,879</u>

Item	2021			
	Balance – beginning	Recognized as profit (loss)	Recognized under other comprehensive income	Balance – ending
Deferred income tax assets:				
Temporary difference				
Investment losses (profits) under the equity method	\$ 204,667	\$ (36,639)	\$ 1,708	\$ 169,736
Pension	16,905	(4,058)	895	13,742
Unused deduction of losses	20,011	(15,345)	-	4,666
Others	4,415	2,219	-	6,634
Subtotal	<u>\$ 245,998</u>	<u>\$ (53,823)</u>	<u>\$ 2,603</u>	<u>\$ 194,778</u>
Deferred income tax liabilities				
Temporary difference				
Increment tax on land value	\$ (117,208)	\$ 849	\$ -	\$ (116,359)
Others	(5,934)	(785)	4	(6,715)
Subtotal	<u>\$ (123,142)</u>	<u>\$ 64</u>	<u>\$ 4</u>	<u>\$ (123,074)</u>

Total	<u>\$ 122,856</u>	<u>\$ (53,759)</u>	<u>\$ 2,607</u>	<u>\$ 71,704</u>
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D. Items not recognized as deferred tax assets

Item	December 31, 2022	December 31, 2021
Temporary difference	<u>\$ 337,573</u>	<u>\$ 311,137</u>

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

(29) Disposal of subsidiaries

A. In September 2022, as a result of the Company's failure to participate in the cash capital increase by Koya Biotech Corp., the Company's shareholding therein dropped from 87.90% to 42.90%, causing the Company to lose its control of Koya Biotech Corp. The Company has recognized the difference in the carrying value of investment on the date when the Company lost such control in September 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	<u>(100,000)</u>

Net assets on disposal of common shares	\$ 111,782
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C. Profit on disposal of subsidiaries

Item	Amount
Fair value of investment under the equity method acquired due to loss of control	\$ 276,585
Consideration received	-
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)

(30) Other comprehensive income

Item	2022		
	Before tax	Income tax (expenses) profits	Net amount after tax
Items not reclassified to profit or loss:			
Re-measurement of defined benefit plan	\$ 19,701	\$ (3,940)	\$ 15,761
Unrealized valuation profit/loss on investments in equity instruments measured at fair value through other comprehensive income	152,569	-	152,569
Share of subsidiaries, associates and joint ventures under the equity method	(234,919)	-	(234,919)
Subtotal	\$ (62,649)	\$ (3,940)	\$ (66,589)
Items may be subsequently reclassified as profit or loss:			
Share of subsidiaries, associates and joint ventures under the equity method			
Exchange difference in the financial statement translation of foreign operations	\$ 73,939	\$ (4,394)	\$ 69,545
Unrealized valuation profit or loss of debt financial assets at fair value through other comprehensive income	6,200	-	6,200
Subtotal	\$ 80,139	\$ (4,394)	\$ 75,745
Recognized under other comprehensive income	\$ 17,490	\$ (8,334)	\$ 9,156

Item	2021		
	Before tax	Income tax (expenses) profits	Net amount after tax
Items not reclassified to profit or loss:			
Re-measurement of defined benefit plan	\$ (4,474)	\$ 895	\$ (3,579)
Unrealized valuation profit/loss on investments in equity instruments measured at fair value through other comprehensive income	116,610	-	116,610
Share of subsidiaries, associates and joint ventures under the equity method	237,778	-	237,778
Subtotal	<u>\$ 349,914</u>	<u>\$ 895</u>	<u>\$ 350,809</u>
Items may be subsequently reclassified as profit or loss:			
Share of subsidiaries, associates and joint ventures under the equity method			
Exchange difference in the financial statement translation of foreign operations	\$ (18,064)	\$ 1,712	\$ (16,352)
Unrealized valuation profit or loss of debt financial assets at fair value through other comprehensive income	3,900	-	3,900
Subtotal	<u>\$ (14,164)</u>	<u>\$ 1,712</u>	<u>\$ (12,452)</u>
Recognized under other comprehensive income	<u>\$ 335,750</u>	<u>\$ 2,607</u>	<u>\$ 338,357</u>

(31) 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)	<u>\$ 0.56</u>	<u>\$ 0.41</u>
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	<u>\$ 277,890</u>	<u>\$ 201,182</u>
Weighted average number of current outstanding shares (thousand shares)	<u>\$ 494,513</u>	<u>\$ 494,513</u>
Effects of remuneration to employees (Note)	379	321
Weighted average number of outstanding common stock to be used	<u>\$ 494,892</u>	<u>\$ 494,834</u>

to calculate diluted EPS (thousand shares)		
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

<u>Name of the related party</u>	<u>Relationship with the Company</u>
Aiken Biotechnology International Co., Ltd.	Subsidiary
AGV First Biotech Food (BVI) Limited.	Subsidiary
Alpha International Developments Limited	Subsidiary
Apoland Development (Singapore) Pte Ltd.	Subsidiary
Mascot International (BVI) Corporation	Subsidiary
Shandong AGV Food Technology Co., Ltd.	Subsidiary
Xiamen Aijian Traders Co., Ltd.	Subsidiary
Aco Distribution Corp.	Subsidiary
Rosahill Leisure Industry Co., Ltd.	Subsidiary
Sontenkan Resort Development Co., Ltd.	Subsidiary
Yunlin Dairy Technology Corp.	Subsidiary
Hopeland Distribution Corp.	Subsidiary
Hope Choice Distribution Corp.	Subsidiary
Defender Private Security Inc.	Subsidiary
Sasaya Vitagreen Co., Ltd.	Subsidiary
Shanghai AGV Foods Co., Ltd.	Subsidiary
Koya Biotech Corp.	Associate (Note)
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
Nice Investment	Associate
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
Pi-Hsia Ma	Other related parties
Shui Niu Cuo Co., Ltd.	Other related parties
Taiwan Daily Chemical Biotechnology Inc.	Other related parties

(Note) In September 2022, the Company's shareholding therein dropped from 87.90% to 42.90%, causing the Company to lose its control of the associate.

(3) Major transactions with the related party:

A. Operating revenue

Item	Category/Name of the related party	2022	2021
Sales revenue	Subsidiary		
	Hope Choice Distribution Corp.	\$ 640,508	\$ 609,402
	Aco Distribution Corp.	194,617	189,477
	Others	126,383	106,276
	Associate	83,840	51,959
	Other related parties		
	NICECO International Corp.	108,337	120,595
	Others	2,699	3,164
	Total	<u>\$ 1,156,384</u>	<u>\$ 1,080,873</u>

For said terms of sale, besides the health food sold to subsidiaries, we do not sell the same kind of food to the non-related party. Therefore, there is no other similar customer available for the comparison of selling price. Both parties agreed to use the cost, adding the agreed gross margin as the basis of valuation. The collection period is O/A 30–90 days based on the distribution channels while other selling prices have no significant difference from those of the general distributors and the collection period is O/A 30–70 days.

B. Purchase

Category/Name of the related party	2022	2021
Subsidiary	\$ 109,484	\$ 123,599
Associate		
Taiwan First Biotechnology Corp.	1,113,256	1,064,460
Others	11,450	-
Other related parties		
NICECO International Corp.	308,275	288,873
Others	171	143
Total	<u>\$ 1,542,636</u>	<u>\$ 1,477,075</u>

The purchase price has no significant difference from that of general suppliers. Regarding the payment method, besides commissioning other related parties to import goods, the Company follows the example of export practices 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 30–90 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	\$ 2	\$ -
	Other related parties		
	NICECO International Corp.	16,724	13,251
	Total	\$ 16,726	\$ 13,251
	Less: Allowance loss	(17)	(13)
	Net amount	\$ 16,709	\$ 13,238
Accounts receivable	Subsidiary	\$ 97,966	\$ 101,960
	Associate	28,535	4,658
	Other related parties	9,162	9,659
	Total	\$ 135,663	\$ 116,277
	Less: Allowance loss	(38)	(15)
	Net amount	\$ 135,625	\$ 116,262
Other accounts receivable	Subsidiary		
	Sontenkan	\$ 4,742	\$ 4,742
	Others	2,788	5,074
	Associate		
	Taiwan First Biotechnology Corp.	5,652	5,609
	Nice Investment	6,499	4,373
	Kuo Cheng Investment	6,294	8,520
	Others	798	84
	Other related parties		
	Nice Capital & Finance Corp.	9,314	9,272
	Others	4	704
	Total	\$ 36,091	\$ 38,378
	Less: Allowance loss	-	-
	Net amount	\$ 36,091	\$ 38,378
	Refundable deposits	Subsidiary	
Koya Biotech Corp.		\$ -	\$ 45,000
Yunlin Dairy Technology Corp.		3,000	3,000
Total		\$ 3,000	\$ 48,000
Associate			
Koya Biotech Corp.	\$ 5,000	\$ -	

Total	\$	5,000	\$	-
Other related parties				
NICECO International Corp.	\$	15,000	\$	-
Total	\$	15,000	\$	-

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

Item	Category/Name of the related party	December 31, 2022	December 31, 2021
Accounts payable	Subsidiary	\$ 3,125	\$ 4,914
	Associate		
	Taiwan First Biotechnology Corp.	436,864	411,467
	Others	30	-
	Other related parties	10,877	31,087
Total	\$ 450,896	\$ 447,468	
Other payables	Subsidiary	\$ 1,168	\$ 1,153
	Associate	23,765	19,996
	Other related parties	25,888	26,669
	Total	\$ 50,821	\$ 47,818

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.	\$ 1,431	\$ 4,237
Other related parties		
NICECO International Corp.	16,212	9,204
Janfusun Fancyworld Corp.	16,309	30,423
Total	\$ 33,952	\$ 43,864

G. Guarantee deposits

Category/Name of the related party	December 31, 2022	December 31, 2021
Associate		
Hopeman Distribution Co., Ltd.	\$ 356	\$ 151
Total	\$ 356	\$ 151

H. 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	2021	
	Proceeds from disposal	Profit or loss from disposal
Associate	\$ 300	\$ 300

I. 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	\$ 9,176	\$ 11,527

Category/Name of the related party	2022	2021
Interest expenses		
Associate	\$ 192	\$ 29

(B) Lease expenses:

Category/Name of the related party	2022	2021
Subsidiary	\$ 590	\$ 539

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

J. Lease agreement: Please refer to Note 7(3)12.

K. Endorsement and guarantee:

Category/Name of the related party	2022	2021
Subsidiary		
Sontenkan Resort Development Co., Ltd.	\$ 800,000	\$ 800,000
Yunlin Dairy Technology Corp.	220,000	230,000
Koya Biotech Corp.	-	270,000
Shanghai AGV Foods Co., Ltd.	132,282	-
Associate		
Koya Biotech Corp.	270,000	-
Total	\$ 1,422,282	\$ 1,300,000

For endorsement/guarantee for others by the Company, please refer to Note 13.

L. Others

(A) Various revenues

Category/Name of the related party	2022	2021
Subsidiary	\$ 12,734	\$ 17,097
Associate	7,060	11,066
Other related parties	12,780	12,787
Total	\$ 32,574	\$ 40,950

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
Subsidiary	\$ 23,710	\$ 23,324
Associate		
Hopeman Distribution Co., Ltd.	140,375	138,175
Others	12,034	11,674
Other related parties		
Tangli Culture Media Co., Ltd.	161,337	191,751
Others	27,932	23,615
Total	\$ 365,388	\$ 388,539

- a. To promote the sale of products, the Company commissioned Tangli Culture Media to provide advertisement planning services. It is responsible for product market survey, 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 Company, and the product delivery expenses is calculated based on certain ratio of net sales.
- c. Other expenses such as management consultation services are paid according to the contract agreement.
- (C) The Company's participation in the cash capital increases, claims converted into capital increase and increases in investment amounts for the related party is as follows:

2022:

Invested company	Increase of investment		Shareholding ratio	
	Shares (thousand shares)	Amount	Before capital increase	After capital increase
Sontenkan Resort Development Co., Ltd.	8,000	\$ 80,000	100.00%	100.00%
AGV First Biotech Food (BVI) Limited.	200	5,517	100.00%	100.00%
Apoland Development (Singapore) Pte Ltd.	540	11,034	93.08%	93.16%
Koya Biotech Corp. - preferred shares	8,790	87,900	-	-

2021:

Invested company	Increase of investment		Shareholding ratio	
	Shares (thousand shares)	Amount	Before capital increase	After capital increase
Sontenkan Resort Development Co., Ltd.	25,500	\$ 255,000	100.00%	100.00%
AGV First Biotech Food (BVI) Limited.	2,200	61,710	100.00%	100.00%
Apoland Development (Singapore) Pte Ltd.	176	3,602	93.08%	93.10%

(4) Information about remuneration to key management

Item	2022	2021
Salary and other short-term employee benefits	\$ 26,062	\$ 17,127
Benefits after severance/retirement	800	743
Other long-term employee benefits	1,133	1,056
Total	\$ 27,995	\$ 18,926

8. Pledged assets

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

Item	December 31, 2022	December 31, 2021
Pledged demand deposits	\$ 20,030	\$ 20,000
Investment under the equity method	475,943	467,267
Property, plant and equipment (net amount)	644,722	653,280
Investment property	1,450,577	1,439,937
Total	\$ 2,591,272	\$ 2,580,484

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 Company amounted to NTD 2,955,000 thousand and NTD 2,920,000 thousand, respectively, which was 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 Company for performance guarantees of construction and assuring claims of payment for goods amounted to NTD 44,913 thousand and NTD 48,957 thousand, respectively, which was recognized as guarantee notes and accounts received and guarantee notes and accounts receivable.
- (3) As of December 31, 2022 and 2021, the details regarding unused letters of credit issued by the Company are as follows:

Item	Unit: NTD thousand	
	December 31, 2022	December 31, 2021
Amount of letter of credit	USD 276	USD 1,395
Guarantee amount	-	-

- (4) For endorsements/guarantees provided by the Company to others as of December 31, 2022 and 2021, see Note 7(3)11.
- (5) Significant capital expenses for which contracts have been signed but which have not occurred:

Item	December 31, 2022	December 31, 2021
Property, plant and equipment	\$ 1,600	\$ 8,369

10. Losses Due to Major Disasters: None.

11. Significant subsequent events:

On March 13, 2023, the Board of Directors 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 Company must retain sufficient capital to meet the needs of extensions as well as plant and equipment improvements. Thus, the capital management of the Company 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 debt 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 Company, 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 Company 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 Company's major financial activities in accordance with the relevant norms and internal control systems. Upon implementation of the financial plan, the Company 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 Company is exposed to exchange rate risks resulting from the sale, procurement and deposit transactions measured with a currency other than the functional currency of the Company. The Company has adopted New Taiwan Dollars as the functional currency. These transactions are denominated in the major currency of USD. To avoid the fluctuation of foreign currency transactions and future cash flow due to changes in the exchange rate, the Company uses foreign currency deposits to hedge the risk of exchange rates. The utilization of foreign currency deposits can assist the Company to hedge but not totally eliminate the impact caused by the changes in foreign exchange rate. The net investment in the foreign operation was for strategic investment, therefore the Company did not adopt any hedging policy against it.

(B) Foreign exchange exposure and sensitivity analysis

			December 31, 2022			
			Amount recognized (NTD)	Sensitivity analysis		
Foreign currency	Exchange rate	Extent of change		Impact on profit or loss	Impact on equity	
(Foreign currency : Functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD : NTD	13	30.71	404	1% appreciation	4	-
<u>Non-monetary items</u>						
<u>Investment under the equity method</u>						
USD : NTD	17,505	30.71	537,577	1% appreciation	-	5,376
			December 31, 2021			
			Amount recognized (NTD)	Sensitivity analysis		
Foreign currency	Exchange rate	Extent of change		Impact on profit or loss	Impact on equity	
(Foreign currency : Functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD : NTD	1,026	27.68	28,394	1% appreciation	284	-
<u>Non-monetary items</u>						
<u>Investment under the equity method</u>						
USD : NTD	22,071	27.68	610,929	1% appreciation	-	6,109
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD : NTD	1,101	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 Company'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 (5,119) thousand and NTD 1,782 thousand in 2022 and 2021, respectively.

b. Price risk

Due to the fact that the equity instrument investments held by the Company indicated in the 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 Company is exposed to the price risk of financial instruments.

The Company mainly invested in domestic TWSE/TPEX-listed and non-TWSE/TPEX-listed stocks, beneficiary certificates and debt instruments, and the price of such equity and debt instruments 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 504 thousand and NTD 0 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 11,132 thousand and NTD 9,578 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 Company's financial assets and financial liabilities exposed to interest rate exposure on the reporting date is as follows:

Item	Book amount	
	December 31, 2022	December 31, 2021
Interest rate risk with fair value:		
Financial assets	\$ 5,000	\$ 45,000
Financial liabilities	(21,843)	(20,745)
Net amount	<u>\$ (16,843)</u>	<u>\$ 24,255</u>
Interest rate risk with cash flow:		
Financial assets	\$ 314,345	\$ 336,775
Financial liabilities	(3,889,785)	(3,742,769)
Net amount	<u>\$ (3,575,440)</u>	<u>\$ (3,405,994)</u>

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

The Company does not classify any financial assets or liabilities with fixed interest rates as financial assets at fair value through profit or loss or at fair value through other comprehensive income and 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 Company's financial instrument of the variable interest rate are assets (liabilities) with variable interest rates. The change in market interest rate will result in changes in the effective rate and cause changes in the future cash flow. The net profits in 2022 and 2021 will increase (decrease) by NTD (35,754) thousand and NTD (34,060) thousand, respectively, for every 1% decrease (increase) in the market interest rate.

(B) Credit risk

The Company's credit risk is the risk of financial loss that would be incurred by the Company 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 other comprehensive income.

Credit risk related to the operation

To maintain the quality of the accounts receivable, the Company 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 Company, historical transaction record and current economic situation of the customer.

Financial credit risk

The credit risk of bank deposits and other financial instruments is measured and monitored by the Finance and Accounting Departments of the Company. Since the transaction counterparties and the contract performance parties of the Company 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, the Company does not have debt instrument investments classified as those measured at amortized cost and fair value through other comprehensive income.

a. Concentration of credit risk

As of December 31, 2022 and 2021, the balance of receivables of the top 10 customers accounted for 67.95% and 66.23% of the Company's balance of receivables, respectively, which had credit risk due to concentration. 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: None. (The Company does not have debt instrument investment classified as those measured at amortized cost and fair value through other comprehensive income.)

c. 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 financial assets recognized in the balance sheet and collateral held by the Company, overall agreement on net settlement and other credit enhancements is shown in the following table:

December 31, 2022	Amount of decrease in maximum credit risk exposure				
	Book amount	Collateral	Overall agreement on net settlement	Other credit enhancement	Total
Financial instruments to which the impairment requirements of IFRS 9 are not applicable:					
Financial assets at fair value through profit or loss	\$ 50,377	\$ -	\$ -	\$ -	\$ -
Financial assets measured at fair value through other comprehensive income	1,113,167	-	-	-	-
Total	\$ 1,163,544	\$ -	\$ -	\$ -	\$ -

December 31, 2021	Amount of decrease in maximum credit risk exposure				
	Book amount	Collateral	Overall agreement on net settlement	Other credit enhancement	Total
Financial instruments to which the impairment requirements of IFRS 9 are not applicable:					
Financial assets at fair value through profit or loss	\$ -	\$ -	\$ -	\$ -	\$ -
Financial assets measured at fair value through other comprehensive income	957,755	48,694	-	-	48,694
Total	\$ 957,755	\$ 48,694	\$ -	\$ -	\$ 48,694

(C) Liquidity risk

a. Liquidity risk management

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

b. Maturity analysis on asset liabilities

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

Non-derivative financial liabilities	December 31, 2022						Contractual cash flow	Book amount
	Within 6 months	7-12 months	1-2 years	2-5 years	More than 5 years			
Short-term loans	\$ 60,000	\$ 598,333	\$ -	\$ -	\$ -	\$ 658,333	\$ 658,333	
Notes payable	61,369	-	-	-	-	61,369	61,369	
Accounts payable	525,805	-	-	-	-	525,805	525,805	
Other payables	338,807	5,723	-	-	-	344,530	344,530	
Long-term loans (including those due within one year)	147,833	255,333	369,667	2,464,667	-	3,237,500	3,231,452	
Lease liabilities	4,550	4,282	9,468	4,247	-	22,547	21,843	
Guarantee deposits	2,100	-	-	-	-	2,100	2,100	
Total	\$ 1,140,464	\$ 863,671	\$ 379,135	\$ 2,468,914	\$ -	\$ 4,852,184	\$ 4,845,432	

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	\$ 8,832	\$ 13,715	\$ -	\$ -	\$ -	\$ -	\$ 22,547

December 31, 2021							
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	\$ 300,000	\$ 130,000	\$ -	\$ -	\$ -	\$ 430,000	\$ 430,000
Notes payable	65,598	-	-	-	-	65,598	65,598
Accounts payable	517,671	-	-	-	-	517,671	517,671
Other payables	321,171	5,203	-	-	-	326,374	326,374
Long-term loans (including those due within one year)	112,748	150,348	312,733	2,744,500	-	3,320,329	3,312,769
Lease liabilities	3,608	3,609	8,023	4,560	-	19,800	20,745
Guarantee deposits	1,323	-	-	-	-	1,323	1,323
Total	\$ 1,322,119	\$ 289,160	\$ 320,756	\$ 2,749,060	\$ -	\$ 4,681,095	\$ 4,674,480

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	\$ 7,217	\$ 12,583	\$ -	\$ -	\$ -	\$ -	\$ 19,800

The Company 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 Company's various financial assets and financial liabilities as of December 31, 2022 and 2021, is as follows:

	December 31, 2022	December 31, 2021
<u>Financial assets</u>		
Financial assets measured at amortized cost		
Cash and cash equivalents	\$ 295,067	\$ 317,549
Notes and accounts receivable (including the related party)	668,319	607,833
Other accounts receivable (including related parties)	47,503	48,969
Refundable deposits	30,570	53,555
Other financial assets – non-current	20,030	20,000
Financial assets at fair value through profit or loss – current	50,377	-
Financial assets measured at fair value through other comprehensive income – non-current	1,113,167	957,755

Financial liabilities

Financial liabilities measured at amortized cost

Short-term loans	658,333	430,000
Notes and accounts payable (including the related party)	587,174	583,269
Other accounts payable (including related parties)	344,530	326,374
Long-term loans due within one year or one operating cycle	401,655	261,584
Long-term loans	2,829,797	3,051,185
Lease liabilities (including current and non-current)	21,843	20,745
Guarantee deposits	2,100	1,323

(3) Fair value information:

A. For information on the fair value of the Company's financial assets and liabilities not at fair value, please refer to Note 12(3)3. Description. For information of the fair value of the Company's investment property measured at fair value, see Note 6(10).

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

Item	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Assets				
<u>Fair value with repetition</u>				
Financial assets at fair value through profit or loss				
Non-derivative financial assets held for trading	\$ 50,377	\$ -	\$ -	\$ 50,377
Domestic TWSE/TPEX listed stocks				
Financial assets measured at fair value through other comprehensive income				
Domestic TWSE/TPEX listed stocks	30,377	-	-	30,377
Domestic non-TWSE/TPEX-listed stocks	-	-	202,896	202,896
Domestic non-TWSE/TPEX-listed preferred stocks	-	-	879,894	879,894
Investment property (Note)	-	-	1,062,331	1,062,331
Total	\$ 80,754	\$ -	\$ 2,145,121	\$ 2,225,875

Item	December 31, 2021			
	Level 1	Level 2	Level 3	Total
Assets				
<u>Fair value with repetition</u>				
Financial assets at fair value through profit or loss				
Non-derivative financial assets held for trading	\$ -	\$ -	\$ -	\$ -
Domestic TWSE/TPEX listed stocks				
Financial assets measured at fair value through other comprehensive income				
Domestic TWSE/TPEX listed stocks	32,134	-	-	32,134
Domestic non-TWSE/TPEX-listed stocks	-	-	269,986	269,986
Domestic non-TWSE/TPEX-listed preferred stocks	-	-	655,635	655,635
Investment property (Note)	-	-	1,050,799	1,050,799
Total	\$ 32,134	\$ -	\$ 1,976,420	\$ 2,008,554

(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 Company 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.

(B) Investment property

- a. The fair value valuation technique adopted by the Company 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 valued 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 Chunghwa Post Co., Ltd., plus 0.75 % as the minimum, and plus 1% 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 Company. 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 Company, 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	Item	Financial assets measured at fair value through other comprehensive income – equity instrument
January 1, 2022	\$ 925,621	January 1, 2021	\$ 802,486
Level 1 transferred into Level 3 (Note)	-	Level 1 transferred into Level 3 (Note)	82,572
Current acquisition	87,900	Current acquisition	-
Current disposition	(5,291)	Current disposition	(42)
Refunds from decapitalization	(58,486)	Refunds from decapitalization	(77,989)
Capital reduction to make up losses	(9,369)	Capital reduction to make up losses	-
Recognized under other comprehensive income	142,415	Recognized under other comprehensive income	118,594
December 31, 2022	<u>\$ 1,082,790</u>	December 31, 2021	<u>\$ 925,621</u>

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

(B) Investment property:

Item	2022	2021
January 1	\$ 1,050,799	\$ 1,043,624
Profit or loss recognized in current profit or loss	11,532	7,175
December 31	<u>\$ 1,062,331</u>	<u>\$ 1,050,799</u>

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

(A) Financial instruments:

The TWSE/TPEX unlisted stocks held by the Company without an active market adopt the market approach, income approach and asset-based 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. 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 control	14.02%	The higher the discount of the controlling equity, the lower the estimated fair value.
		Discount for lack of marketability	10.00%~24.40%	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	15.40%~20.37%	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	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 control	13.34%	The higher the discount of the controlling equity, the lower the estimated fair value.
		Discount for lack of marketability	10.52%~24.02%	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%~28.16%	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	32.28%	The higher the discount of the marketability, the lower the estimated fair value.

(B) Investment property:

	December 31, 2022	Valuation	Unobservable	Interval	Relation between
	Fair value	technique	major input	(weighted	inputs and fair value
				average)	
Investment property:					
Income approach	\$ 516,580	Discounted cash flow method	Discount rate Revenue capitalization rate of period-end value	3.22% 1.20%-1.56%	The higher the discount rate or revenue capitalization rate, the lower the fair value.
Land development approach	545,751	Land development analysis approach	Proper profit margin Overall capital interest rate	15%-18% 1.76%-1.91%	The higher the proper rate of return or overall capital interest rate, the lower the fair value.
Total	<u>\$ 1,062,331</u>				

	December 31, 2021	Valuation	Unobservable	Interval	Relation between
	Fair value	technique	major input	(weighted	inputs and fair value
				average)	
Investment property:					
Income approach	\$ 513,570	Discounted cash flow method	Discount rate Revenue capitalization rate of period-end value	2.595% 1.18%-1.58%	The higher the discount rate or revenue capitalization rate, the lower the fair value.
Land development approach	537,229	Land development analysis approach	Proper profit margin Overall capital interest rate	15%-18% 1.36%-1.50%	The higher the proper rate of return or overall capital interest rate, the lower the fair value.
Total	<u>\$ 1,050,799</u>				

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

For the Company's evaluation process for fair value classified as Level 3, the Company ensures 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.

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

13. Noted Disclosures

- (1) Information Related to Major Transactions:
 - 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.
- (2) Information Related to Reinvested Enterprises: Table 7.
- (3) Information on Investments in Mainland China: Table 8.
- (4) Major Shareholders Information: Table 9.

Table 1

AGV Products Corporation
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		Limit of loans to individual borrowers (Note 1)	Maximum amount of loans (Note 2)
													Name	Value		
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.

Table 2

AGV Products Corporation
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 Company lost its control of the associate 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 associate. In accordance with Article 20 of the Regulations Governing Lending of Funds and Making of Endorsements/Guarantees by Public Companies, the Company 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
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	
		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	

No.	Holder	Type and name	Relationship with the security issuer	Account title	End of year				Remarks
					Shares (unit)	Book amount	Shareholding ratio	Fair value	
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 Development Co., Ltd.	Share / Goldbank Investment Development Corp.	—	Financial assets measured at fair value through other comprehensive income – non-current	43	337	0.22%	337	
		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	
		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	

No.	Holder	Type and name	Relationship with the security issuer	Account title	End of year				Remarks
					Shares (unit)	Book amount	Shareholding ratio	Fair value	
		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	
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	

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. – 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	

Table 4

AGV Products Corporation
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
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	64.90%	
									Accounts receivable	8,586	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%		

Table 6

AGV Products Corporation
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.

Table 7

AGV Products Corporation
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)		

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			
	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	
	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	-	-	-	

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			
	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)	
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)	

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			
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)	
	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.

Table 8

AGV Products Corporation
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 (USD28,172)	1,200,364 (USD39,087)	4,051,795
	Xiamen Aijian Traders Co., Ltd.	51,900 (USD1,690)	51,900 (USD1,690)	
	Shandong AGV Food Technology Co., Ltd.	524,575 (USD17,082)	614,121 (USD19,997)	
	Zhangzhou Pientzhuang AGV Biohealthy Food Limited	45,000 (USD1,466)	45,000 (USD1,466)	
	Dongruntang Biotech Corp.	27,480 (USD895)	82,961 (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 Pientzhuang AGV Biohealthy Food Limited: This is a reinvestment in Zhangzhou Pientzhuang 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.

(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 9

AGV Products Corporation
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

The Company has disclosed the information of the operating segment in the consolidated financial report, and thus will not disclose it again in the parent company only financial report.

V. Company's Consolidated Financial Report of the Most Recent Year Audited by CPA

(I) 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

(II) 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		December 31, 2021	
		Amount	%	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		December 31, 2021	
		Amount	%	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

Code	Item	2022		2021	
		Amount	%	Amount	%
Unit: NTD thousand					
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							Total equity attributable to the parent company	Non-controlling equity	Total equity
	Common share capital	Capital surplus	Retained earnings			Other equity items				
			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

Item	2022	Unit: NTD thousand 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	<u>(36,334)</u>	<u>53,833</u>
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	<u>(267,219)</u>	<u>(140,439)</u>
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	<u>16,384</u>	<u>(161,027)</u>
Total net changes in assets and liabilities related to operating activities	<u>(250,835)</u>	<u>(301,466)</u>
Total adjustments	<u>(287,169)</u>	<u>(247,633)</u>
Cash inflow (outflow) from operations	16,093	37,611
Interest received	1,668	456
Stock dividend received	123,317	88,611

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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.

<u>New, Amended, or Revised Standards and Interpretations</u>	<u>Effective date published by the IASB (Note 1)</u>
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:

<u>New, Amended, or Revised Standards and Interpretations</u>	<u>Effective date published by the IASB</u>
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 or 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	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:

Name of subsidiary	Shareholding ratio	December 31, 2022	
		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:

Item	AGV First Biotech Food (BVI) Limited. and its subsidiaries	
	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 loses 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 to 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.

Right-of-use assets

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 deducting 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		<u>\$ 732,543</u>	<u>\$ (3,634)</u>	<u>\$ 728,909</u>

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		<u>\$ 669,580</u>	<u>\$ (4,794)</u>	<u>\$ 664,786</u>

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	<u>\$ 3,634</u>	<u>\$ 4,794</u>

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	<u>\$ 16,681</u>	<u>\$ 18,102</u>

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:

Company name	Shareholding ratio	
	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	<u>\$ 4,072,705</u>	<u>\$ 4,258,936</u>
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	<u>\$ 1,188,570</u>	<u>\$ 1,241,533</u>

	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	<u>\$ 2,607,949</u>	<u>\$ 2,543,541</u>
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	<u>\$ 1,323,150</u>	<u>\$ 1,299,041</u>

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	<u>\$ (125,296)</u>	<u>\$ 373,855</u>
Dividend acquired from associates	<u>\$ 17,228</u>	<u>\$ 14,767</u>

	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 m²). 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	<u>\$ 7,727</u>	<u>\$ 8,319</u>

	Patent	Computer software cost	Trademark	Total
<u>Costs</u>				
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	<u>\$ 5,000</u>	<u>\$ 39,498</u>	<u>\$ 21,733</u>	<u>\$ 66,231</u>
<u>Accumulated amortization</u>				
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	<u>\$ 5,000</u>	<u>\$ 36,334</u>	<u>\$ 17,170</u>	<u>\$ 58,504</u>

	Patent	Computer software cost	Trademark	Total
<u>Costs</u>				
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	<u>\$ 5,000</u>	<u>\$ 37,990</u>	<u>\$ 21,733</u>	<u>\$ 64,723</u>
<u>Accumulated amortization</u>				

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	Fair values of the planned assets	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	Fair values of the planned assets	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:

Item	Measurement date	
	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		2021	
	Shares (thousand shares)	Amount	Shares (thousand shares)	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 exceeding 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	<u>\$ 670,020</u>

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:

Item	Earnings distribution		Dividends per share (NTD)	
	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	<u>\$ 175,684</u>	<u>\$ 213,970</u>		

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	<u>\$ 253,966</u>	

(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	<u>\$ 764,480</u>	<u>\$ 776,058</u>

(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	<u>\$ 4,800,625</u>	<u>\$ 4,710,880</u>

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
<u>Main area and market</u>				
Taiwan	\$ 4,393,955	\$ 225,154	\$ 38,555	\$ 4,657,664
Mainland China	110,896	29,035	-	139,931
Total	<u>\$ 4,504,851</u>	<u>\$ 254,189</u>	<u>\$ 38,555</u>	<u>\$ 4,797,595</u>
<u>Product line</u>				
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	<u>\$ 4,504,851</u>	<u>\$ 254,189</u>	<u>\$ 38,555</u>	<u>\$ 4,797,595</u>
<u>Timing of revenue recognition</u>				
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	<u>\$ 4,504,851</u>	<u>\$ 254,189</u>	<u>\$ 38,555</u>	<u>\$ 4,797,595</u>

2021:

	Drinks and canned foods	Processing	Management service	Total
<u>Main area and market</u>				
Taiwan	\$ 4,326,429	\$ 203,318	\$ 37,973	\$ 4,567,720
Mainland China	95,044	44,990	-	140,034
Total	<u>\$ 4,421,473</u>	<u>\$ 248,308</u>	<u>\$ 37,973</u>	<u>\$ 4,707,754</u>
<u>Product line</u>				
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	<u>\$ 4,421,473</u>	<u>\$ 248,308</u>	<u>\$ 37,973</u>	<u>\$ 4,707,754</u>
<u>Timing of revenue recognition</u>				
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	<u>\$ 4,421,473</u>	<u>\$ 248,308</u>	<u>\$ 37,973</u>	<u>\$ 4,707,754</u>

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	<u>\$ 728,909</u>	<u>\$ 664,786</u>
Contract liabilities – current	<u>\$ 13,714</u>	<u>\$ 12,959</u>

(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	<u>\$ 361,305</u>	<u>\$ 461,781</u>	<u>\$ 823,086</u>

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	<u>\$ 354,062</u>	<u>\$ 463,997</u>	<u>\$ 818,059</u>

(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	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,602</u>	<u>\$ -</u>

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	<u>\$ 56,933</u>	<u>\$ 72,310</u>

(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	<u>\$ 84,996</u>	<u>\$ (525)</u>

(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
<u>Income tax in the current period</u>		
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
<u>Deferred income tax</u>		
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:

Item	2022				
	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				
	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	<u>\$ 257,215</u>	<u>\$ (57,508)</u>	<u>\$ 2,750</u>	<u>\$ -</u>	<u>\$ 202,457</u>
Deferred income tax liabilities					
Temporary difference					
Increment tax on land value	\$ (134,332)	\$ 567	\$ -	\$ -	\$ (133,765)
Others	(7,126)	(910)	126	-	(7,910)
Subtotal	<u>\$ (141,458)</u>	<u>\$ (343)</u>	<u>\$ 126</u>	<u>\$ -</u>	<u>\$ (141,675)</u>
Total	<u>\$ 115,757</u>	<u>\$ (57,851)</u>	<u>\$ 2,876</u>	<u>\$ -</u>	<u>\$ 60,782</u>

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	<u>\$ 527,339</u>	<u>\$ 497,921</u>

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	<u>\$ 111,782</u>

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	<u>\$ 178,362</u>

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	<u>\$ (41,144)</u>

(34) Other comprehensive income

Item	2022		
	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	<u>\$ (60,835)</u>	<u>\$ (4,501)</u>	<u>\$ (65,336)</u>
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	<u>\$ 81,538</u>	<u>\$ (4,533)</u>	<u>\$ 77,005</u>
Recognized under other comprehensive income	<u>\$ 20,703</u>	<u>\$ (9,034)</u>	<u>\$ 11,669</u>

Item	2021		
	Before tax	Income tax (expenses) profits	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	<u>\$ 357,785</u>	<u>\$ 1,122</u>	<u>\$ 358,907</u>
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	<u>\$ (14,567)</u>	<u>\$ 1,754</u>	<u>\$ (12,813)</u>
Recognized under other comprehensive income	<u>\$ 343,218</u>	<u>\$ 2,876</u>	<u>\$ 346,094</u>

(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)	<u>\$ 0.56</u>	<u>\$ 0.41</u>
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	<u>\$ 277,890</u>	<u>\$ 201,182</u>
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)	<u>\$ 494,892</u>	<u>\$ 494,834</u>
Diluted EPS (after tax) (NTD)	<u>\$ 0.56</u>	<u>\$ 0.41</u>

(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	<u>\$ 213,578</u>	<u>\$ 185,889</u>
Rental income	Associate	\$ 1,804	\$ 1,804

Other related parties	36	36
Total	<u>\$ 1,840</u>	<u>\$ 1,840</u>

(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	<u>\$ 1,524,024</u>	<u>\$ 1,448,252</u>

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	<u>\$ 16,834</u>	<u>\$ 13,489</u>
	Less: Allowance loss	(17)	(13)
	Net amount	<u>\$ 16,817</u>	<u>\$ 13,476</u>
Accounts receivable	Associate	\$ 30,701	\$ 6,780
	Other related parties	11,299	12,410
	Total	<u>\$ 42,000</u>	<u>\$ 19,190</u>

	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

<u>Category/Name of the related party</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
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	<u>\$ 34,249</u>	<u>\$ 44,582</u>

G. Guarantee deposits

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

H. Refundable deposits

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

I. Property transaction

(A) Acquisition of property, plant and equipment:

<u>Category/Name of the related party</u>	<u>2022</u>	<u>2021</u>
Other related parties	\$ -	\$ 150

(B) Disposal of property, plant and equipment:

2022: None.

2021:

<u>Category/Name of the related party</u>	<u>Proceeds from disposal</u>	<u>Profit or loss from disposal</u>
Affiliated companies	\$ 300	\$ 300

(C) Acquisition of financial assets:

2022:

<u>Category/Name of the related party</u>	<u>Transaction item</u>	<u>Transaction amount</u>
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:

<u>Category/Name of the related party</u>	<u>Transaction item</u>	<u>Transaction amount</u>
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

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

<u>Category/Name of the related party</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
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	<u>\$ 22,287</u>	<u>\$ 28,814</u>

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	<u>\$ 342,559</u>	<u>\$ 366,027</u>

(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:

Invested company	Increase of investment		Shareholding ratio	
	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, Wujiacuo 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:

Item	Unit: NTD thousand	
	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 occurred:

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):

	Foreign currency	Exchange rate	Amount recognized (NTD)	December 31, 2022		
				Extent of change	Impact on profit or loss	Impact on equity
(Foreign currency: Functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
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	-
<u>Non-monetary items</u>						
<u>Investment under the equity method</u>						
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
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD : RMB	18,634	6.9646	572,255	1% appreciation	(5,723)	-
December 31, 2021						
<u>Sensitivity analysis</u>						
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Amount recognized (NTD)</u>	<u>Extent of change</u>	<u>Impact on profit or loss</u>	<u>Impact on equity</u>
(Foreign currency: Functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
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	-
<u>Non-monetary items</u>						
<u>Investment under the equity method</u>						
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
<u>Financial liabilities</u>						
<u>Monetary items</u>						
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:

Item	Book amount	
	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	<u>\$ (37,728)</u>	<u>\$ (43,264)</u>
Interest rate risk with cash flow:		
Financial assets	\$ 630,425	\$ 699,174
Financial liabilities	(4,803,202)	(4,981,764)
Net amount	<u>\$ (4,172,777)</u>	<u>\$ (4,282,590)</u>

(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:

December 31, 2022	Book amount	Amount of decrease in maximum credit risk exposure			Total
		Collateral	Overall agreement on net settlement	Other credit enhancement	
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	Amount of decrease in maximum credit risk exposure				
	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	\$ 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:

Non-derivative financial liabilities	December 31, 2022					Contractual cash flow	Book amount
	Within 6 months	7-12 months	1-2 years	2-5 years	More than 5 years		
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

December 31, 2021

Non-derivative financial liabilities	December 31, 2021					Contractual cash flow	Book amount
	Within 6 months	7-12 months	1-2 years	2-5 years	More than 5 years		
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
<u>Financial assets</u>		
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
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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:				
<u>Fair value with repetition</u>				
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:				
<u>Fair value with repetition</u>				
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 valued 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	<u>\$ 2,612,537</u>				

	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	<u>\$ 2,602,263</u>				

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		Limit of loans to individual borrowers (Note 1)	Maximum amount of loans (Note 2)
													Name	Value		
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	64.90%	
									Accounts receivable	8,586	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 Pientzehuangu 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 Corporation	Shanghai AGV Foods Co., Ltd.	865,177 (USD28,172)	1,200,364 (USD39,087)	4,051,795
	Xiamen Aijian Traders Co., Ltd.	51,900 (USD1,690)	51,900 (USD1,690)	
	Shandong AGV Food Technology Co., Ltd.	524,575 (USD17,082)	614,121 (USD19,997)	
	Zhangzhou Pientzhuang AGV Biohealthy Food Limited	45,000 (USD1,466)	45,000 (USD1,466)	
	Dongruntang Biotech Corp.	27,480 (USD895)	82,961 (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 Pientzhuang AGV Biohealthy Food Limited: This is a reinvestment in Zhangzhou Pientzhuang 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	<u>\$ 303,262</u>	<u>\$ 285,244</u>

(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	<u>\$ 4,800,625</u>	<u>\$ 4,710,880</u>

(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	<u>\$ 4,800,625</u>	<u>\$ 4,710,880</u>

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

VI. If the Company or its affiliate has encountered any financial difficulties in the most recent years and up to the publication date of the annual report, the impact on the Company's financial condition shall be specified: None.

Seven. Review and Analysis of Financial Status and Financial Performance and Risk Management

I. Financial status

The main reasons for, and impact of, any material change in the Company's assets, liabilities, or equity during the most recent two years, and description of future countermeasure:

Unit: NTD thousand

Item \ Year	2022	2021	Difference	
			Amount	%
Current assets	2,559,073	2,404,150	154,923	6.44%
Fund and investment (Note 1)	5,614,802	5,415,840	198,962	3.67%
Property, plant and equipment (Note 2)	5,286,835	5,736,731	-449,896	-7.84%
Other assets	294,479	280,053	14,426	5.15%
Total assets	13,755,189	13,836,774	-81,585	-0.59%
Current liabilities	2,858,783	2,719,358	139,425	5.13%
Long-term liabilities	3,378,934	3,720,047	-341,113	-9.17%
Total liabilities	6,237,717	6,439,405	-201,688	-3.13%
Capital stock	4,945,134	4,945,134	-	-
Capital surplus	268,746	268,647	99	0.04%
Retained earnings	1,170,284	1,010,282	160,002	15.84%
Other equity	368,828	397,248	-28,420	-7.15%
Treasury stock	-	-	-	-
Total equity of owners of the parent	6,752,992	6,621,311	131,681	1.99%

Note 1: fund and investment refers to the total of financial assets measured at fair value through other comprehensive income – non-current and investment under the equity method.

Note 2: the property, plant and equipment refers to the total of the property, plant and equipment, right-of-use assets and investment property.

(I) Main reasons for material changes (changes exceeding 20%):

An increase or decrease of 20% or more has not occurred.

(II) Impact: No significant impact.

(III) Future countermeasures: N/A.

II. Financial Performance

Main reasons for any material change in operating revenues, operating income, or income before tax in the most recent two years, sales volume forecast and the basis therefor, and the impact on the Company's future financial operations and countermeasure:

Unit: NTD thousand

Item \ Year	2022	2021	Difference	
			Amount	%
Operating revenue	4,800,625	4,710,880	89,745	1.91%
Operating costs	3,363,675	3,251,492	112,183	3.45%
Gross profit	1,436,950	1,459,388	-22,438	-1.54%
Operating expenses	1,265,682	1,287,853	-22,171	-1.72%
Operating profit (loss)	171,268	171,535	-267	-0.16%
Non-operating income and expenses	131,994	113,709	18,285	16.08%
Net profit (loss) before tax	303,262	285,244	18,018	6.32%
Income tax expenses (gains)	15,469	68,077	-52,608	-77.28%
Current net profit (loss)	287,793	217,167	70,626	32.52%

- (I) Main reasons for material changes (change of no less than 20%):
1. Decrease in income tax expense by 77.28%: Mainly due to capital reduction by the investee company to make up for losses.
 2. Increase in net profit of the current period by 32.52%: Mainly due to an increase in non-operating revenues and expenses and a decrease in income tax expense.
- (II) Expected sales volumes and their basis:
- The Company is a brand in the downstream of the food industry. The scope of its primary business includes the manufacturing and sales of traditional pickles, desserts, drinks, fruit juice, cereal milk, and other products. The sales volumes of the Company's products are mainly affected by demographic, climate, and economic changes. Taking into account factors including the actual sales volumes of products in past years, the plan for the launching of new products in this year, and internal and external economic and environmental changes in the future, the sales volumes of the Company's products are expected to grow reasonably this year.
- (III) Impact on the Company's future financial operations: No significant impact.
- (IV) Countermeasures: N/A.

III. Analysis of Cash flow

Description and analysis of cash flow changes in the most recent year, improvement plans for illiquidity, and liquidity analysis for the coming year

(I) Description and analysis of cash flow changes in 2022:

Item	Year		Increase (decrease) ratio %
	2022	2021	
Cash flow ratio	4.49%	4.38%	2.51%
Cash flow sufficiency ratio	103.60%	73.49%	40.97%
Cash reinvestment ratio	-0.14%	0.87%	-116.09%

The changes are analyzed and described as follows:

Increase in cash flow adequacy ratio by 40.97%: Mainly due to a decrease in capital expenditures in the most recent five years.

Decrease in cash reinvestment ratio by 116.09%: Mainly due to the distribution of cash dividends.

(II) Improvement plans for illiquidity: None.

(III) Cash liquidity analysis for the next year:

Unit: NTD thousand

Cash balance at beginning of period	Expected annual net cash flow from operating activities	Expected annual cash outflow	Expected cash surplus (deficit) amount	Expected cash deficiency amount remedies	
				Investment plan	Fundraising plan
616,521	306,247	248,647	674,121	—	—

1. Operating activities: The expected growth of operating revenue and increase in profits from main business will generate the net cash inflow from operating activities.

2. Investment activities: The expected increase in the long-term and short-term investments and capital expenditure will generate net cash outflow.

3. Financing activities: The expected payment of the long-term and short-term loans will generate net cash outflow.

IV. Material capital expenditure in the most recent years and impacts on business performance

The capital expenditure plan of the Company is planned according to the business strategies of the Company. The main items include long-term investment and purchase of fixed assets.

The long-term investment is planned in accordance with the long-term business strategies and mainly includes the re-investment conducted in response to the demand of future business expansion and future development trend of the industry. There was no material capital expenditure in 2022. For fixed assets, the repair of plant equipment, purchase of machine and equipment as well as the upgrading and replacement of equipment parts totaled NTD42,686,000 in 2022.

V. The re-investment policy in the most recent year, the main reasons for the profits/losses generated thereby, improvement plan, and investment plans for the coming year

The Company's re-investment policy is to invest in the upstream and downstream industries along with the peripheral industry relevant to our main business, or focus on the investment in the leisure industry supporting the main business. We expect to diversify the operating risk in the industry by vertical or horizontal integration and diversified operations to improve the Company's profits and return on shareholder's equity. The recognized profit or loss of the Company's re-investment in 2022, and the main reason and improvement plan thereof is as follows:

Unit: NTD thousand

Item/Description	Scope of business	Investment profit or loss recognized in 2022	Main cause of profit or loss	Rectification
Apoland Resource International (BVI) Corp.	Re-investment business	(2,532)	The business performance of reinvested company is not yet revealed	Active management
Defender Private Security Inc.	Security business	3,552	Proper cost control	None
Aco Distribution Corp.	Proprietary business	6,127	Successful market development	None
Sasaya Vitagreen Co., Ltd.	Proprietary business	5	The business performance of reinvested company is not yet revealed in the transformation stage	None
Sontenkan Resort Development Co., Ltd.	Leisure and recreation business	(59,010)	The business performance of reinvested company is not yet revealed in the development stage	Active management
Koya Biotech Corp.	Gardening business and oil production	(7,563)	The business performance of reinvested company is not yet revealed in the transformation stage	Active development of new business
AGV International (BVI) Limited	Re-investment business	7	The company is in the preparation stage	None
Alpha International Developments Limited	Re-investment business	(1,076)	The business performance of reinvested company is not yet revealed	Active management
Hope Choice Distribution Corp.	Proprietary business	3,760	Successful market development	None
Mascot International (BVI) Corporation	Re-investment business	(6,626)	The business performance of reinvested company is not yet revealed	Active management

Item/Description	Scope of business	Investment profit or loss recognized in 2022	Main cause of profit or loss	Rectification
Apoland Development (Singapore) Pte Ltd.	Re-investment business	(98,337)	The business performance of reinvested company is not yet revealed	Active management
Hopeland Distribution Corp.	Proprietary business	1,325	Successful market development	None
Yunlin Dairy Technology Corp.	Dairy manufacturing	20,437	Successful market development	None
Taiwan First Biotechnology Corp.	Food manufacturing	101,305	Successful market development	None
AGV Biohealthy Food Limited	Re-investment business	(223)	The re-investment is in the development stage	Active management
Aiken Biotechnology International Co., Ltd.	Biotechnology service	2,973	Successful market development	None
AGV First Biotech Food (BVI) Limited.	Re-investment business	(52,633)	The business performance of reinvested company is not yet revealed	Active management
YANJING AGV INTERNATIONAL COMPANY LIMITED	Proprietary business	(2,451)	In the transformation stage	None
Heding International Development Co., Ltd.	Re-investment business	2,710	Re-investment profit	None
ALPHA BIOTECH DEVELOPMENT (BVI) LIMITED	Re-investment business	2	The company is in the preparation stage	None
Kuo Cheng Investment Development Corp.	Re-investment business	5,091	Re-investment profit	None
HOPEMAN DISTRIBUTION CO., LTD.	Logistics business	3,431	Successful market development	None
Nice Investment Development Ltd.	Re-investment business	13,508	Re-investment profit	None
Nicostar Capital Investment (BVI) Ltd.	Re-investment business	(848)	The re-investment is in the development stage	None
Eastern Formosa Resource Development Corporation	Recreation business	239	The re-investment is in the development stage	None
Tongjitang Medicinal Biotech Corp.	Medical biotechnology	413	The re-investment is in the development stage	None
NICE Enterprise Co., Ltd.	Household chemicals	13,049	Successful market development	None
TAI FU INTERNATIONAL CORP.	Food manufacturing	312	Re-investment profit	None

The Company's investment plans for the coming year will focus on the food industry and related leisure industry in the hope of expanding the business scale. We will also improve the completeness and competitive advantage of the Company's future product lines based on the principles of vertical integration and technology development. We will only evaluate and consider industries irrelevant to food or leisure industry if it is beneficial to the subsequent operation development for the entire Company.

VI. Risk analysis and assessment made in the most recent year and up to the printing date of the annual report

(I) Impact of changes to interest and exchange rates as well as inflation on the Company's earnings, and responsive measures

1. Interest rate change

The interest rate interval of the Company's short-term bank loans in 2022 was between 1.975% and 2.22%. Due to the impact of COVID-19 and the Russia–Ukraine war on the world, in consideration of the unclear status of international environment and domestic economy, the Central Bank is expected to follow the Fed's step to escalate the interest rate progressively for the short-term interest rate, in order to suppress the inflation. Therefore, the designated personnel of the Company's Financial Department conducts regular or irregular evaluation on the interest rate of bank loans and pays attention to the changes in financial markets at home and abroad at all times while maintaining close connection with the bank to acquire privileged interest rate and sufficient limits.

2. Exchange rate change

The Company does not accept foreign currency payments for the products it sells, but it is still in need of foreign currencies since some of its finished goods are processed abroad. In this regard, the Company has directed designated personnel at the Financial Department to pay constant attention to changes in the exchange rate market and keep full track of trends in exchange rates and the timeliness of exchange based on the information of exchange rate changes provided by banks dealing with the Company. Personnel have also been directed to open foreign exchange deposit accounts for purchasing foreign currencies at appropriate times in order to meet the need for foreign currency payments arising from imported finished goods and reduce the risks caused by exchange rate fluctuations.

3. Inflation

In recent years, the world has witnessed rising prices of commodities, including raw materials used for food production, as a result of out-of-balance agricultural production caused by climate anomalies, leading to potential inflation concerns. Nevertheless, the inflation rate in Taiwan has remained within certain levels thanks to government efforts in stabilizing financial order and prices. Furthermore, the Company has continued to control production costs and marketing expenses, management and research in recent years, thus limiting the impact of inflation on the operations and profits of the Company. In the future, in order to reduce the negative effects of inflation on its operations, the Company will increase the added values of products through strategies such as product innovation and differentiation, and will maintain control over costs.

(II) Policy on high-risk, high-leverage investments, loaning of funds to others, endorsements and guarantees as well as derivatives transactions, main reason for profits or losses and future countermeasures

Item	Policy	Main cause of profit or loss	Future countermeasures
High-risk, high-leverage investments	The Company does not engage in high-risk, high-leverage investments	None	None
Loaning funds to others	Implemented based on the Company's "Regulations on Loaning of Funds to Others"	None	None
Endorsement/guarantee	Implemented based on the Company's "Regulations on Endorsements and Guarantees"	None	None
Derivatives transactions	The Company does not engage in "derivatives transactions"	None	None

(III) Future research and development projects, and expenditures expected in connection therewith

1. Our design meets the food and health regulations while giving consideration to the idea of ecological conservation and economic benefits. We also research and develop functional products meeting natural, healthy, nutritious, safe and hygienic needs.
2. We promote marketing-oriented product research and development to create a sense of belonging for the consumer. By controlling the consumer and market trends, channel information and after-sales service, we provide products that fully satisfy the customer.
3. According to the idea of similar origins between food and medicine as well as preventive medicine, we use biopharmacy technology to develop health food with "antioxidant effect and prevention of modern illness."
4. We establish a R&D environment with creative and innovative learning to cultivate R&D talents with comprehensive international perspective in aspects of health, technique, intelligent and manner.
5. Being dedicated to the "material extract biotechnology" and core technology of "cold aseptic filling" for manufacturing, we develop new products with concepts meeting the contemporary trends of "germ-free, no pollution, natural flavor preserved, nutritious, healthy and eco-friendly."

6. Taiwan has become an aging society with aging population structure in Taiwan society. In the future, we actively develop commodities for the senior and comprehensive products with nutrient formula through industry-government-academia collaborations.
7. By introducing foreign technology, seeking for international strategic alliances, establishing globalized operation mechanism for R&D of the Group and developing intelligent network, we accelerate the integration of entire R&D technology to create global competitive advantage for the Group.
8. Engage in deployment in response to the home economy in the post-epidemic era, and proactively invest capital in innovation and R&D of new products including plant protein drinks, traditional cuisine series, appetizer series, and prepared foods series.
9. By investing in comprehensive food and drink plant and new product lines, we integrate R&D and new equipment to actively develop functional grain drinks managed by AGV for many years, such as oats milk, peanut milk and almond milk.
10. The expected expenditures for future research and development by the Company is about NTD60,000 thousand in 2023.

(IV) Impact on the Company's financial operations of important policy and legal developments at home and abroad, and responsive measures
None.

(V) Impact on the Company's business and finance due to technological or industrial changes (including cyber security risk), and responsive measures:

As the diet habits of the consumer gradually change to aspects of high added value foods, convenience foods and diversified food types, the market demand begins to grow for all kinds of frozen prepared foods, prepared foods suitable for the aging population and current needs, health foods and foods convenient to prepare in response to the aging society and current consumption demand. Recently, food businesses have begun to make efforts in refinement of food processing, nano-grinding technology and extracting technology.

Nevertheless, the price increase of raw materials in the post-epidemic era results in the pressure of food businesses due to the increase of production cost; on the other hand, because of the rising health consciousness of the public, the consumer demand transforms from the pursuit of enlarged quantity in the past into the requirement for quality. Encountering the changes in technology and industry, the Company provides the following responsive measures:

1. Production innovation: Use the production advantage of cold aseptic filling to develop products which other competitors are unable to produce and plan to invest in production line for

- prepared foods to produce prepared foods and foods for the elderly.
2. Sales innovation: Expand domestic and foreign markets by innovating quality product and integrating strategic partners.
 3. Manpower innovation: Strengthen creativity, improve execution and enhance teamwork of specialists in each department.
 4. R&D innovation: In response to the rise of health awareness in the nation, the Company develops prepared foods, drinks or health foods. For example, food series with the pursuit of health to meet the demand of the public, including the pure dense oats series, appetizer series, compound fermented milk, capsules, caplets, prepared foods and supplements for the senior.

(VI) Impact of changes in the Company's image upon its crisis management, and countermeasures

None.

(VII) Expected benefits and potential risks of any merger or acquisition, and measures to be adopted in response

The Company has no plan for merger or acquisition up to the present day.

(VIII) Expected benefits and potential risks of any plant expansion, and measures to be adopted in response

None.

(IX) Risks associated with any consolidation of purchasing or sales operations, and measures to be adopted in response

The main production/sales items of the Company include room temperature and low temperature processed foods and drinks with various types of products. According to the sales of top 10 customers in the most recent three years, because Hope Choice Distribution Corp. is designated by the Company for the sales and delivery of room temperature products in domestic traditional channels and CHUAN LIAN Enterprise Co., Ltd. is the largest franchises supermarket in the nation, the two companies accounted higher weight for the sales of the Company in recent years while the sales amount of other individual customer was less than 10% of the current net sales amount. In addition, the Company has control over Hope Choice Distribution Corp. since it is a 100% owned subsidiary of the Company. Hope Choice Distribution Corp. has a wide scope of product types and the downstream customers are traditional grocery stores, small shops as well as small and medium supermarkets with decentralized customer groups. In conclusion, the Company has no risk of sales concentration.

In addition, the Company commissioned AGV First Biotech Food (BVI)

Limited. to produce bottled drinks since 2006 with weight of purchase respectively accounted for 36.06% and 35.30% in 2021 and 2022, which was the largest supplier of the Company. However, AGV First Biotech Food (BVI) Limited. is the affiliate of the Company with 41.28% of shareholding. The supply quality and delivery over the years is good without any supply shortage or interruption. Overall, the Company has no risk of concentrated purchases.

- (X) Impact and risk associated with large share transfers or changes in shareholdings of directors, supervisors, or shareholders who hold more than 10% of the Company's shares, and countermeasures: None.
- (XI) Impact on and risk to the Company of change in management rights and countermeasures: None.
- (XII) (For litigation or non-litigation cases indicating the Company and directors, supervisors, President, substantial responsible person, major shareholder with shareholding exceeding 10% of the Company and affiliates that are involved in major lawsuits with affirmative judgment or is pending in the court proceeding, non-litigation or administrative dispute cases with results capable of causing material impacts on the interests of Shareholder or stock price, the dispute fact, claim amount, litigation starting date, primary litigation parties and handling status up to the printing date of the annual report shall be disclosed: None.
- (XIII) Other significant risks and countermeasure:
None.

VII. Other Important matters:

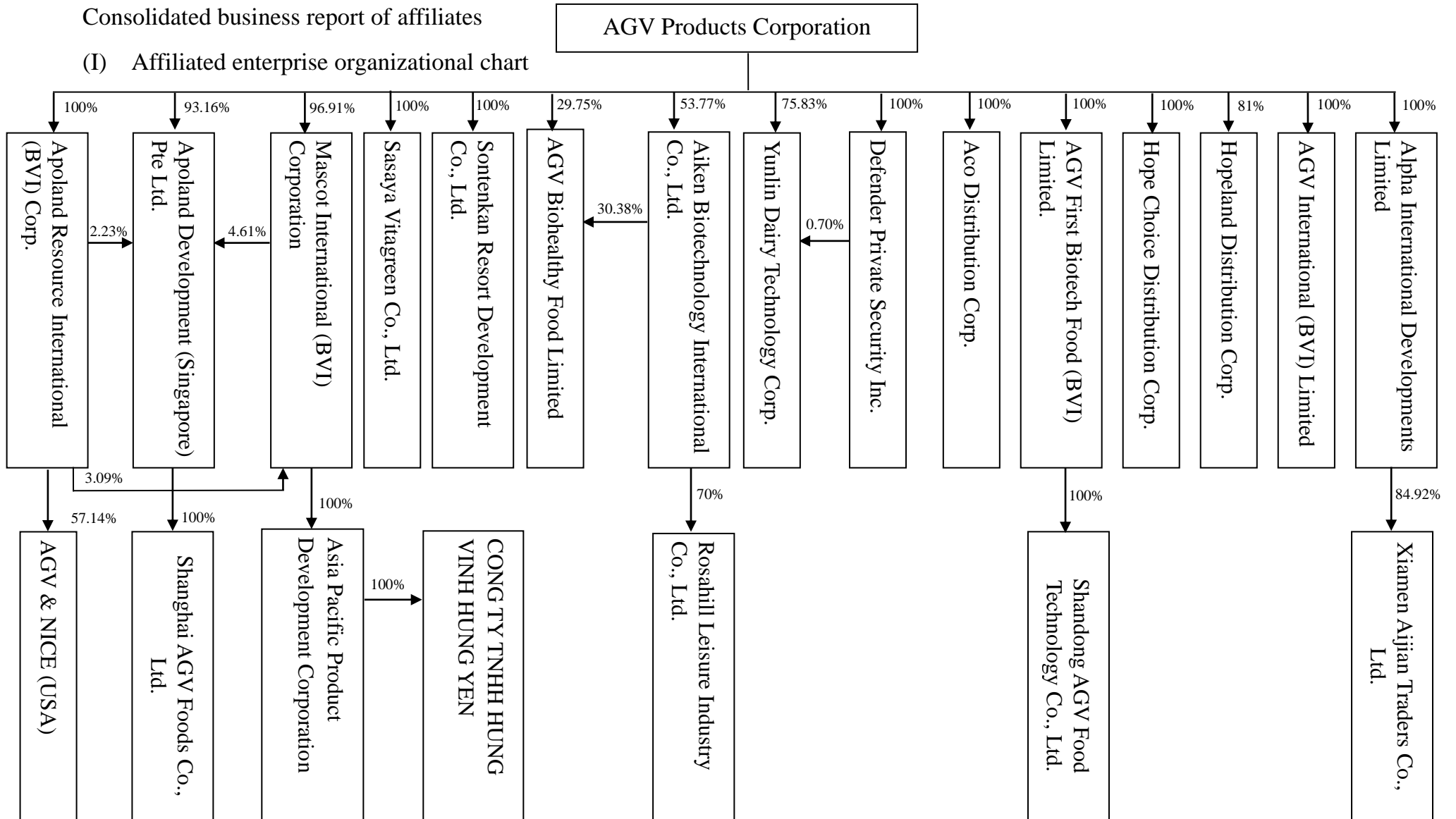
None.

Eight. Special Items to be Included

I. Affiliated Enterprise Information

Consolidated business report of affiliates

(I) Affiliated enterprise organizational chart



(II) Basic information and business of affiliates

December 31, 2022 Unit: NTD thousand

Enterprise name	Establishment date	Address	Paid-in capital	Primary business or production item
Hope Choice Distribution Corp.	2001.05.22	No. 81, Jiangwen St., West Dist., Chiayi City	NTD65,000	Proprietary business
Hopeland Distribution Corp.	1989.10.13	17F., No. 97, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City	NTD15,000	Proprietary business
Aco Distribution Corp.	1986.08.04	13F., No. 515, Zhongxiao Rd., Zhongzhuang Vil., East Dist., Chiayi City	NTD54,720	Proprietary business
Aiken Biotechnology International Co., Ltd.	2004.10.19	No. 1, Fuquan, Fuquan Vil., Minxiong Township, Chiayi County	NTD107,066	Biotechnology service
Rosahill Leisure Industry Co., Ltd.	2013.11.19	1F., No. 77, Jiangwen St., West Dist., Chiayi City	NTD25,000	Proprietary business
Sasaya Vitagreen Co., Ltd.	2005.03.11	No. 81, Jiangwen St., West Dist., Chiayi City	NTD5,000	Proprietary business
Sontenkan Resort Development Co., Ltd.	1999.03.16	12F.-2, No. 515, Zhongxiao Rd., Chiayi City	NTD1,692,441	Leisure and recreation business
Defender Private Security Inc.	1990.07.03	3F.-2, No. 515, Zhongxiao Rd., East Dist., Chiayi City	NTD40,000	Security business
Koya Biotech Corp.	1991.04.13	No. 152, Sec. 2, Yunlin Rd., Douliu City, Yunlin County	NTD314,887	Gardening business and oil production
Yunlin Dairy Technology Corp.	2002.09.12	No. 78, Gongye Rd., Liuzhong Vil., Douliu City, Yunlin County	NTD62,700	Dairy manufacturing and sales
Mascot International (BVI) Corporation	1993.09.24	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	USD9,900	Re-investment business
Apoland Resource International (BVI) Corp.	1997.07.22	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	USD11,510	Re-investment business
Apoland Development (Singapore) Pte Ltd.	1993.09.14	8 Wilkie Edge, #03-01 Wilkie Edge, Singapore 228095	USD46,164	Re-investment business
Asia Pacific Product Development Corporation	1995.11.18	Aiguoshe, Nance County, Hai Duong Province, Vietnam	VND26,032,702	Planting, processing and export of vegetables
Shanghai AGV Foods Co., Ltd.	1994.03.02	No. 5268, Bei Song Highway, Chedun, Songjiang District, Shanghai	CNY311,721	Food manufacturing and sales
AGV & NICE (USA), INC.	2002.04.12	44370 OLD WARM SPRINGS BLVD. FREMONT, CA94538	USD70	Marketing business
Xiamen Aijian Traders Co., Ltd.	2009.09.30	18 F., Building 2, No. 625, Sishui Road, Wuyuan Bay, Huli District, Xiamen City	CNY12,545	Food

Enterprise name	Establishment date	Address	Paid-in capital	Primary business or production item
Alpha International Developments Limited	2004.08.30	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	USD2,433	Re-investment business
AGV International (BVI) Limited	2011.08.30	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	USD460	Re-investment business
AGV First Biotech Food (BVI) Limited.	2011.10.12	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	USD46,213	Re-investment business
SHANDONG AGV FOOD TECHNOLOGY CO., LTD	2012.09.14	Room 512-513, Development Area Building 3, Kaiyuan Rd., Jiyang District, Jinan	CNY259,186	Food
AGV Biohealthy Food Limited	2013.05.25	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	USD2,633	Food
CONG TY TNHH HUNG VINH HUNG YEN	2015.03.12	Liangping Township, Jindong County, Hung Yen Province, Vietnam	VND2,398,399	Planting, processing and export of vegetables

(III) Director and president information of affiliates

December 31, 2022 Unit: shares;%

Enterprise name	Title	Name or representative	Shareholdings	
			Shares/capital amount	Shares/capital amount
Hope Choice Distribution Corp.	Chairman	Representative of AGV Products Corporation: Wang Yuan-Chun	6,500,000	100.00%
	Director	Representative of AGV Products Corporation: Kuan-Han Chen		
	Director	Representative of AGV Products Corporation: Chih-Chan Chen		
	Director	Representative of AGV Products Corporation: Chien-Hua Chen		
	Director	Representative of AGV Products Corporation: Nai-Pin Lin		
	Supervisor	Representative of AGV Products Corporation: Hsien-Chueh Hsieh		
	Supervisor	Representative of AGV Products Corporation: Kuan-Hua Chen		
Hopeland Distribution Corp.	Chairman	Representative of AGV Products Corporation: Jui-Hsu Wu	1,215,000	81.00%
	Director	Representative of AGV Products Corporation: Chih-Chan Chen		
	Director	Representative of AGV Products Corporation: Chien-Hua Chen		
	Director	Representative of AGV Products Corporation: Chin-Huang Chen		
	Director	Representative of AGV Products Corporation: Ching-Chih Chang		
	Supervisor	Representative of NICE Enterprise Co., Ltd.: Hsien-Chueh Hsieh	285,000	19.00%
	Supervisor	Representative of NICE Enterprise Co., Ltd.: Ming-Cheng Hung		
Aco Distribution Corp.	Chairman	Representative of AGV Products Corporation: Jui-Hsu Wu	5,472,000	100.00%
	Director	Representative of AGV Products Corporation: Hsien-Chueh Hsieh		
	Director	Representative of AGV Products Corporation: Chih-Chan Chen		
	Director	Representative of AGV Products Corporation: Chien-Hua Chen		
	Director	Representative of AGV Products Corporation: Yueh-Chu Tsai		
	Supervisor	Representative of AGV Products Corporation: Chih-Cheng Yang		
	Supervisor	Representative of AGV Products Corporation: Chen-Jung Chang		

Enterprise name	Title	Name or representative	Shareholdings	
			Shares/capital amount	Shares/capital amount
Sontenkan Resort Development Co., Ltd.	Chairman	Representative of AGV Products Corporation: Nai-Pin Lin	Ordinary stock: 157,181,050 Preferred stock: 12,063,093	100.00%
	Director	Representative of AGV Products Corporation: Michael Chen		
	Director	Representative of AGV Products Corporation: Ching-Jen Chen		
	Director	Representative of AGV Products Corporation: Chih-Chan Chen		
	Director	Representative of AGV Products Corporation: Chung-Sung Chen		
	Director	Representative of AGV Products Corporation: Kuan-Te He		
	Director	Representative of AGV Products Corporation: Ming-Fa Lai		
	Supervisor	Representative of AGV Products Corporation: Ching-Liang Chen		
	Supervisor	Representative of AGV Products Corporation: Tzu-Chiang Wang		
	Supervisor	Representative of AGV Products Corporation: Kwan-Ju Chen		
Asia Pacific Product Development Corporation	Shareholder	Mascot International (BVI) Corporation	1,903,100	100.00%
Aiken Biotechnology International Co., Ltd.	Chairman	Representative of AGV Products Corporation: Chih-Yu Chang	5,756,900	53.77%
	Director	Representative of AGV Products Corporation: Kuan-Han Chen		
	Director	Representative of AGV Products Corporation: Chih-Chan Chen		
	Director	Representative of AGV Products Corporation: Chang-Fa Wang		
	Director	Representative of AGV Products Corporation: Kuan-Te He		
	Supervisor	Representative of Taiwan First Biotechnology Corp.: Michael Chen		
	Supervisor	Representative of Taiwan First Biotechnology Corp.: Ching-Jen Chen		
	Supervisor	Representative of Taiwan First Biotechnology Corp.: Hsien-Chueh Hsieh		

Enterprise name	Title	Name or representative	Shareholdings	
			Shares/capital amount	Shares/capital amount
Rosahill Leisure Industry Co., Ltd.	Chairman	Representative of Aiken Biotechnology International Co., Ltd.: Kuan-Te He	1,750,000	70.00%
	Director	Representative of Aiken Biotechnology International Co., Ltd.: Michael Chen		
	Director	Representative of Aiken Biotechnology International Co., Ltd.: Ching-Jen Chen		
	Director	Representative of Aiken Biotechnology International Co., Ltd.: Ching-Liang Chen		
	Director	Representative of Aiken Biotechnology International Co., Ltd.: Chih-Yu Chang		
	Director	Representative of Aiken Biotechnology International Co., Ltd.: Hsien-Chueh Hsieh		
	Director	Representative of Aiken Biotechnology International Co., Ltd.: Chih-Cheng Yang		
	Supervisor	Representative of Ho Yuan Investment Co., Ltd.: Kuan-Han Chen	500,000	20.00%
	Supervisor	Representative of Ho Yuan Investment Co., Ltd.: Chih-Chan Chen		
Supervisor	Representative of Ho Yuan Investment Co., Ltd.: Kuan-Ju Chen			
Sasaya Vitagreen Co., Ltd.	Chairman	Representative of AGV Products Corporation: Jui-Hsu Wu	500,000	100.00%
	Director	Representative of AGV Products Corporation: Hsien-Chueh Hsieh		
	Director	Representative of AGV Products Corporation: Chih-Chan Chen		
	Director	Representative of AGV Products Corporation: Chien-Hua Chen		
	Director	Representative of AGV Products Corporation: Wang Yuan-Chun		
	Supervisor	Representative of AGV Products Corporation: Nai-Pin Lin		
Defender Private Security Inc.	Chairman	Representative of AGV Products Corporation: Ching-Jen Chen	4,000,000	100.00%
	Director	Representative of AGV Products Corporation: Kuan-Han Chen		
	Director	Representative of AGV Products Corporation: Ching-Liang Chen		
	Director	Representative of AGV Products Corporation: Chih-Hung Chen		
	Director	Representative of AGV Products Corporation: Hsien-Chueh Hsieh		
	Director	Representative of AGV Products Corporation: Yueh-Chu Tsai		
	Director	Representative of AGV Products Corporation: Ming-Fa Lai		
	Supervisor	Representative of AGV Products Corporation: Michael Chen		
	Supervisor	Representative of AGV Products Corporation: Chih-Chan Chen		

Enterprise name	Title	Name or representative	Shareholdings	
			Shares/capital amount	Shares/capital amount
Yunlin Dairy Technology Corp.	Chairman	Representative of Koya Biotech Corp.: Hsien-Chueh Hsieh	65,161	1.04%
	Director	Representative of Koya Biotech Corp.: Michael Chen		
	Director	Representative of Koya Biotech Corp.: Yueh-Chu Tsai		
	Director	Representative of Defender Private Security Inc.: Pai-Fang Hsu	43,860	0.70%
	Director	Representative of Taiwan First Biotechnology Corp.: Ching-Jen Chen	126,322	2.01%
	Director	Representative of Taiwan First Biotechnology Corp.: Chang-Fa Wang		
	Director	Representative of Taiwan First Biotechnology Corp.: Shih-Pei Yang		
	Supervisor	Representative of AGV Products Corporation: Chih-Chan Chen	4,754,551	75.83%
Supervisor	Representative of AGV Products Corporation: Chih-Cheng Yang			
AGV & NICE (USA), INC.	Shareholder	Apoland Resource International (BVI) Corp.	40,000	57.14%
	Shareholder	Niceco Holdings Limited	30,000	42.86%
Koya Biotech Corp.	Chairman	Representative of Taiwan First Biotechnology Corp.: Kuan-Han Chen	Ordinary stock: 8,249,211	38.39%
	Director	Representative of Taiwan First Biotechnology Corp.: Chang-Fa Wang		
	Director	Representative of Taiwan First Biotechnology Corp.: Hsien-Chueh Hsieh	Preferred stock: 1,210,000	12.10%
	Director	Representative of AGV Products Corporation: Ching-Jen Chen	Ordinary stock: 9,219,489	42.90%
	Director	Representative of AGV Products Corporation: Chih-Chan Chen		
	Director	Representative of AGV Products Corporation: Tse-Min Pao	Preferred stock: 8,790,000	87.90%
	Director	Representative of Thunder Tiger Corporation: Kuan-Ju Chen	Ordinary stock: 4,000,000	18.61%
	Supervisor	Representative of Aiken Biotechnology International Co., Ltd.: Ching-Liang Chen	Ordinary stock: 10,000	0.05%
	Supervisor	Representative of Aiken Biotechnology International Co., Ltd.: Michael Chen		
Supervisor	Representative of Ttbio Corp.: Gene,Su	Ordinary stock: 10,000	0.05%	
Apoland Resource International (BVI) Corp.	Shareholder	AGV Products Corporation	11,510,000	100.00%
Mascot International (BVI) Corporation	Shareholder	AGV Products Corporation	Ordinary stock: 9,413,000	96.91%
	Shareholder	Apoland Resource International (BVI) Corp.	Ordinary stock: 300,000	3.09%
	Shareholder	Tongjitang Medicinal Biotech Corp.	Preferred stock: 288,000	96.00%

Enterprise name	Title	Name or representative	Shareholdings	
			Shares/capital amount	Shares/capital amount
	Shareholder	Kun-Chin Chang	Preferred stock: 8,000	2.67%
	Shareholder	Ching-Yao Chen	Preferred stock: 4,000	1.33%
Apoland Development (Singapore) Pte Ltd.	Shareholder	AGV Products Corporation	Ordinary stock: 55,037,121	93.16%
	Shareholder	Mascot International (BVI) Corporation	Ordinary stock: 2,721,424	4.61%
	Shareholder	Apoland Resource International (BVI) Corp.	Ordinary stock: 1,320,116	2.23%
	Shareholder	Taiwan First Biotechnology Corp.	Preferred stock: 1,300,000	72.53%
	Shareholder	Tongjitang Medicinal Biotech Corp.	Preferred stock: 478,110	26.67%
	Shareholder	Yu-Ying Chen Hung	Preferred stock: 14,352	0.80%
Shanghai AGV Foods Co., Ltd.	Shareholder	Apoland Development (Singapore) Pte Ltd.	43,800,000	100.00%
Xiamen Aijian Traders Co., Ltd.	Shareholder	Alpha International Developments Limited	1,690,000	84.92%
	Shareholder	Likeda Development Co., Ltd.	300,000	15.08%
Alpha International Developments Limited	Shareholder	AGV Products Corporation	2,433,455	100.00%
AGV International (BVI) Limited	Shareholder	AGV Products Corporation	460,000	100.00%
AGV First Biotech Food (BVI) Limited.	Shareholder	AGV Products Corporation	Ordinary stock: 28,013,400	100.00%
	Shareholder	Taiwan First Biotechnology Corp.	Preferred stock: 18,100,000	99.45%
	Shareholder	Aiken Biotechnology International Co., Ltd.	Preferred stock: 100,000	0.55%
Shandong AGV Food Technology Co., Ltd.	Shareholder	AGV First Biotech Food (BVI) Limited.	259,186,235	100.00%
AGV Biohealthy Food Limited	Shareholder	AGV Products Corporation	783,300	29.75%
	Shareholder	Aiken Biotechnology International Co., Ltd.	800,000	30.38%
	Shareholder	Taiwan First Biotechnology Corp.	1,050,000	39.87%
CONG TY TNHH HUNG VINH HUNG YEN	Shareholder	Asia Pacific Product Development Corporation	2,398,398,870	100.00%

(IV) Operation overview of affiliates

Unit: NTD thousand

Enterprise name	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating profit	Current profit or loss after tax	EPS after tax
AGV Products Corporation	4,945,134	11,789,081	5,036,089	6,752,992	4,014,234	200,057	277,890	0.56
Hope Choice Distribution Corp.	65,000	185,754	97,581	88,173	804,406	4,754	3,861	0.59
Hopeland Distribution Corp.	15,000	57,488	33,129	24,359	127,166	2,642	1,636	1.09
Aco Distribution Corp.	54,720	151,480	48,331	103,149	233,333	6,897	6,098	1.11
Aiken Biotechnology International Co., Ltd.	107,066	170,200	12,904	157,296	50,103	3,496	5,832	0.54
Sasaya Vitagreen Co., Ltd.	5,000	4,526	42	4,484	0	-2	5	0.01
Sontenkan Resort Development Co., Ltd.	1,722,441	2,473,377	709,192	1,764,185	3,030	-6,141	-59,010	-0.65
Defender Private Security Inc.	40,000	73,764	15,177	58,587	52,561	-311	3,552	0.89
Koya Biotech Corp. (original Koya Agriculture Biotech Corp.)	62,700	391,461	230,422	161,039	451,299	36,553	26,877	4.29
Yunlin Dairy Technology Corp.	304,017	66,265	0	66,265	0	-156	-6,837	-0.70
Mascot International (BVI) Corporation	58,444	4,232	1,293	2,939	0	-1,448	-1,568	-0.82
Asia Pacific Product Development Corporation	353,472	103,713	0	103,713	0	-1	-2,532	-0.22
Apoland Resource International (BVI) Corp.	2,150	0	0	0	0	0	0	-
AGV & NICE (USA), INC. NICE Enterprise Co., Ltd.	1,417,689	434,289	224,905	209,384	107,942	-62,197	-105,695	-1.79
Apoland Development (Singapore) Pte Ltd.	1,374,678	430,204	551,563	-121,359	107,942	-61,283	-104,783	-
Shanghai AGV Foods Co., Ltd.	55,324	30,360	1,706	28,654	37,852	-1,076	-1,269	-
Xiamen Aijian Traders Co., Ltd.	74,731	27,232	0	27,232	0	0	-1,076	-0.44
Alpha International Developments Limited	14,127	14,241	0	14,241	0	0	7	0.02

Enterprise name	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating profit	Current profit or loss after tax	EPS after tax
AGV International (BVI) Limited	1,419,214	772,266	83,343	688,923	0	-3	-52,633	-1.89
AGV First Biotech Food (BVI) Limited.	1,143,000	777,982	163,873	614,109	0	-19,672	-52,631	-
Shandong AGV Food Technology Co., Ltd.	4,945,134	11,789,081	5,036,089	6,752,992	4,014,234	200,057	277,890	0.56
Rosahill Leisure Industry Co., Ltd.	25,000	68,595	9,772	58,823	49,421	10,673	7,466	2.99
AGV Biohealthy Food Limited	80,869	62,524	0	62,524	0	0	-750	-0.28
CONG TY TNHH HUNG VINH HUNG YEN	3,082	16	176	-160	0	-123	-123	-

Note: The paid-in capital with common stocks of Sontenkan Resort Development Co., Ltd. was NTD1,571,810,500, the preferred stock was NTD120,630,930 and the capital collected in advance was NTD30,000,000.

The paid-in capital with common stocks of Mascot International (BVI) Corporation was NTD298,286,230 and the preferred stock was NTD5,730,486.

The paid-in capital with common stocks of Apoland Development (Singapore) Pte Ltd. was NTD1,356,921,964 and the preferred stock was NTD44,490,283 and the capital collected in advance was NTD16,276,300.

II. Any private placement of securities in the most recent year up to the publication date of the annual report.:

- On May 11, 2021, the 13th meeting of the 17th Board of Directors adopted a resolution to approve the proposal for issuance of no more than 100,000,000 common shares from cash capital increases via private placement. The proposal was then submitted to the 2021 annual shareholders' meeting as required by law and approved by a resolution without amendment.
Implementation: On May 9, 2022, the 20th meeting of the 17th Board of Directors adopted a resolution approving that the issuance will not continue in the remaining period, and that a report thereon will be submitted to the 2022 annual shareholders' meeting.
- On May 9, 2022, the 20th meeting of the 17th Board of Directors adopted a resolution to approve the proposal for issuance of no more than 100,000,000 common shares from cash capital increases via private placement. The proposal was then submitted to the 2022 annual shareholders' meeting as required by law and approved by a resolution without amendment.
Implementation: On March 13, 2023, the 5th meeting of the 18th Board of Directors adopted a resolution approving that the issuance will not continue in the remaining period, and that a report thereon will be submitted to the 2023 annual shareholders' meeting.
- On March 13, 2023, the 5th meeting of the 18th Board of Directors adopted a resolution to approve the proposal for issuance of no more than 100,000,000 common shares from cash capital increases via private placement. The proposal will then be submitted to the 2023 annual shareholders' meeting for resolution.

III. Holding or disposal of the Company's shares by subsidiaries in the most recent year and up to the publication date of the annual report

None.

IV. Events having material impact on shareholders' equity or securities prices listed in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act in the most recent year and up to the publication date of the annual report

None.

V. Additional information required to be disclosed:None.

AGV Products Corporation

Chairman: Kuan-Han Chen

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