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WEI CHUAN FOODS Corp.

2022 Annual Report

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Name of overseas securities exchange where the securities are listed and method of inquiry: None



Vision, Mission and Operation Philosophy of WEI CHUAN

Vision:

**To become the first choice of people's life
for GUNG-HO food company.**

Mission:

**We are sincerely devoted to creating a healthy and
convenient food culture.**

Operation Philosophy:

Integrity, Diligence and Innovation.

Core values:

Courage, Sharing and Creation.

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Chapter 1. Letter to Shareholders

I. 2022 Business Report

In 2022, global economic tensions, extreme weather, and huge fluctuations in interest rates and exchange rates caused the prices of raw materials to rise sharply; at the same time, under the influence of inflation and the epidemic, consumer behavior became more conservative, slowing down the market momentum and impacting the business operation. With the 2023 business environment, major international institutions are not optimistic. The IMF estimates that the global economic growth rate will slow down from 3.4% to 2.9% and according to the estimate of the Directorate General of Budget, Accounting and Statistics (DGBAS) of Executive Yuan, the growth in Taiwan will drop from 2.45% to 2.12%.

In the context of the food industry in Taiwan, the output value of Taiwan's food industry in 2022 was about NT\$ 747.8 billion, with a growth of 8.43%. With global inflation, cost pressures, consumer demand and habits after the pandemic, as well as the consolidation of domestic distributors and the transformation of the digital economy, the Company must continue to seek breakthrough, innovate, and develop products with higher quality and higher added value. Thus, the core of operation is aimed at "enhancement of organizational strength" and "brand creation", and on the basis of these two goals, "core competencies of brand marketing", "strategic competitive advantage with innovation and differentiation", "competitiveness with speed and quality" and "cross-functional integration and collaborative capabilities" have brought about qualitative changes in the operation and developed a positive cycle to cope with changes in the market environment and severe challenges from market competition.

In 2022, under the influence of unfavorable external environmental factors, the consolidated operating income is NT\$19,972,832 thousand, an increase of 0.8% compared with 2021; the consolidated operating profit is NT\$334,177 thousand, the net profit attributable to the owners of the parent company is NT\$240,283 thousand, and the earnings per share is NT\$0.47. For the individual financial performance of the parent company, the operating income is NT\$8,095,812 thousand, a decrease of 0.8% compared with 2021, with the operating profit of NT\$4,314 thousand.

Business in Taiwan:

In 2022, due to the sharp rise in raw material prices and conservative consumption, the operating performance was not as good as expected. Facing the current difficult operating environment and market challenges, the Company will start from "reshaping the value of brand assets and creating a new growth curve", "developing channel, optimizing customer service quality, and improving the operation system", and "establishing brand core competitive advantage and optimizing supply chain system" to strengthen the promotion of core strategies. At the same time, the planning and promotion of digital transformation have been carried out in response to the advent of the digital economy, to ensure the Company's operation develops a healthier and virtuous circle, providing a solid foundation for the medium and long-term business development.

Business in Mainland China:

The Company looks to accelerate the business development in Mainland China with the established policies and strategies. The strategy is to promote "building the foundation of mid-to-high-priced and high-priced brands and establishing a strong group of brands", "strengthening the cold storage market position in retail channels and achieving breakthrough in normal temperature storage products to expand market coverage", "strengthening the customer/regional/category development and core business competitiveness in sales channels", "continuously optimizing the accumulation of consumer assets in the operation of e-commerce platforms to effectively generate revenue" and "continuously optimizing of the core competitiveness of the products and the establishment and efficiency of the supply chain system".

Looking forward, with the long-term support of all shareholders, consumers and the general public, the Company is about to enter its 70th year with the management team upholding the value of healthy, safe, and convenient food. Under the strategic of "Cultivating in Taiwan and developing in Mainland China" and the business positioning of "food manufacturing, brand marketing, and channel management", the Company continues to develop the operation in Mainland China and strives to develop strategies to expand the export market, create new growth and better operating performance, laying a solid foundation for the sustainable development of the Company; at the same time, based on the corporate responsibility and value, we will invest in the cultivation of talents and the promotion of social and environmental protection related issues, and contribute to the place where we called home.

II. A Summary of the Business Plan for 2023

A. Food Business - Taiwan

In response to the changing industry environment, the Company's operation strategies focus on "brand/ category focused operation, deepened channel development, and continuously optimized operation management system", to lay a sustainable foundation for the middle-term and long-term business development while the Company actively accumulates driver for growth of food business. Key points of business targets and strategies for 2023:

(I) Business targets of the main products:

Category	Main Products	Estimated Sales in 2023	Unit
Dairy foods (including soybean milk)		89,136	Ton
Beverages	Coffee beverage	25,555	Ton
	Juice beverage	13,804	Ton
Spices	Seasoner	3,174	Ton
	Sauce and salad	7,732	Ton
	Convenient foods	1,455	Ton
Egg products		2,967	Ton
Snacks		2,024	Ton

(II) key points of strategies:

1. Brand/ category focused operation:
 - (1) Focus on development and enhancement of core brand / value chain competitiveness.
 - (2) Speed up establishment of growth driver and brand assets of potential brand/ category.
 - (3) Develop potential opportunities of new brands/ new categories, and accumulate new growth driver.
2. Establishment and development of channels:
 - (1) Deepen general marketing of the retail channels, and improve operation performance.
 - (2) Transform and upgrade business channels, and improve business model.
 - (3) Accelerate rapid development of new channels, and establish business model.
3. Optimization of supply chain and operation management system:
 - (1) Continue to deepen and promote food safety and protection system, and industry upgrading.
 - (2) Continue to deepen and integrate production and marketing supply chain system.
 - (3) Optimize the operation management system, and promote overall computerization.
 - (4) Deepen roots of philosophy and culture, and cultivate key strategic talents.

B. Food Business – Mainland China

Wei Chuan's overall business strategy in Mainland China is to have high-value products and brands with efficient production, supply, and market system to meet the diverse demand of consumers, promoting the market position of all low-temperature products, developing the market for non-frozen products, and establishing a high-efficiency market coverage. The business channel accelerates customer development and product development, completes the product structure, strengthens supply chain, enhances organizational collaboration, and continues to establish the core competitiveness of the B2B business. The new collaboration model of smart retail business secures key resources, establishes private customer acquisition, enables digital operations and vertical integration, and improves service capabilities. Key points of strategies for 2023:

1. Brand/Product: Promote the brands of Daily C / Delicious Coconut Milk / Bernachon, actively manage the Wei Chuan dairy brand, expand refrigerated dairy products, promote high-end milk, non-frozen products to develop new customers and channels.
2. Business: focus on consumer satisfaction, promote the five internal basic skills (channel development, digital empowerment, private asset accumulation, supply chain efficiency, organizational human resources), and establish innovation, hot-selling products, and brand growth.
3. Supply chain: continuous promotion of quality/cost/benefit optimization and production line automation.
4. Organization: Implement the policy of elite team and strengthen the cultivation of key talents.
5. System: Continuous promotion of informatization and digital transformation of the working environment.

C. Packaging Materials Business

The Company mainly engages in the manufacturing of food mold, injection mold and plastic caps. Meanwhile, the Company continues to expand the development of core products and new products, plan new production lines and work together with the partners to develop the markets for coffee cup caps and chain packaging materials, speed up the middle-term and long-term technology development of molds, reduce production costs, and positively develop new customers and new products, so as to lay a solid foundation for growth.

D. Import and Export Trade

Import business gives play to the comprehensive procurement effect in the integration of the Group's demands, assists to develop new sources and materials, reduces costs of raw materials; enhances source management; guarantees quality and food safety; establishes strategic partnership with the suppliers; masters the exclusive sources of goods, and ensures demand of raw materials; and new business opportunities outside the Group. In terms of the export business, mainly to consolidate the sales of existing products and markets, and actively develop new products, new customers and new channels to expand the export market.

Chapter 2. Company Profile

I. Date of Incorporation: September 22, 1953.

II. Company History:

- 1953: Mr. Huang Lieh Huo founded the Company, formerly known as Ho Tai Chemical Industry Co., Ltd.
- 1954: Renamed as Wei Chuan Foods Industry Co., Ltd., and planned to establish the soy sauce business.
- 1955: Expanded the equipment for the Gourmet Powder Plant, and acquired Taipei ranch as one of the Company's business division.
- 1956: Begun to manufacture soy sauce, pickles and cans in response to the supply market demands.
- 1957: Laid a foundation for public company.
- 1958: Established a laboratory, to promote research and development, and introduced the production method for gourmet powder fermentation method.
- 1959: Built a fermentation plant to successfully engage in mass production of gourmet powder.
- 1960: Merged Wei Chuan Dairy Industry Co., Ltd., and established the Dairy Foods Business Division, to establish diversified management system.
- 1961: Expanded equipment for the production of gourmet powder, kept the public informed of the financial affairs of the Company, and listed its shares.
- 1962: Built a canning plant and an ice cream plant in Taichung. Made IPO.
- 1963: Built a milk powder plant.
- 1964: Founded Kuang Hua Food Co. together with Chinese Thai people to produce gourmet powder for Thailand markets.
- 1967: Built a soybean milk powder plant to develop infant foods business.
- 1968: Expanded production equipment for the soy sauce plant, increased the branches, and promoted target management system.
The sales turnover exceeded NT\$ 400 million.
- 1969: Updated equipment for dairy frozen foods in Taipei plant. Manufacturing method of gourmet powder was replaced with direct recycling method to reduce costs and increase yield.
- 1970: Established a new soy sauce plant and Kaohsiung dairy plant and enabled computer.
- 1971: Launched soy sauce.
- 1972: Launched new products Chen Wei Pickled Cucumbers and Chen Wei Soy Sauce.
- 1976: Commenced construction for Douliu Complex Daily Foods Plant.
- 1978: Launched new product Tetra Packed Dairy.
- 1979: Developed plain taste canned foods, apple milk powder, instant milk powder and fresh juice.
- 1980: Built Douliu Milk Powder Plant, which was formally put into operation in July to produce new fresh juice. Launched soybean milk.
- 1981: Built Puxin Plant for flour production equipment.
- 1982: Established business division system, expanded equipment for Douliu Milk Powder Plant. China Youth Store Co., Ltd. invested by the Company was formally established.
- 1983: Launched new products such as fresh juice in pop cans, soft drinks in aluminum foil package, sports beverages, fresh jelly, and tuna fish sauce.
- 1984: Renamed as Wei Chuan Company Limited. Launched UCC pop-caned coffee.
- 1985: Renamed Wei Chuan Foods Corp. Launched new product guava juice.

- 1986: Built UCC baked and fried coffee plant and Taichung Nandun Plant. Jiayi Distribution Center was formally put into operation.
The Company invested Sung Ching Supermarket. Kangguo Marketing Co., Ltd. was duly established.
The Company cooperated with Morinaga Milk Industry Co., Ltd. to improve daily production and quality management technology.
- 1987: Launched three-stage feeding milk powder S1. Douliu Milk Powder Plant implemented good food manufacturing practice, and Taichung Distribution Center was duly put into operation.
- 1988: Signed the cooperation plan with USA AM/PM, launched three-stage feeding milk powder S2 and S3. Wastewater treatment project of Taipei Gourmet Powder Plant was completed, and is in line with the new emission standards. An Pin Supermarket Co., Ltd. invested by the Company was duly established.
- 1989: completed construction of Taichung Seasoning Food Plant, and expanded and developed refrigerated foods business. Increased capital of NT\$ 300 million in cash. 30,000,000 new shares were issued at premium of NT\$ 40 per share to raise NT\$ 1.2 billion in total.
- 1990: Increased capital of NT\$ 250 million in cash. 25,000,000 new shares were issued at premium of NT\$ 20 per share to raise NT\$ 0.5 billion in total.
- 1991: Capitalized reserve of NT\$ 132,504,470. The Company's paid-up capital was NT\$2,782,593,910.
- 1992: Authorized capital was NT\$ 3.5 billion. Paid-in capital was NT\$ 3,144,331,110. There was a variety of new products. Fresh dairy foods were launched.
- 1993: Capitalized reserve of NT\$ 377,319,730. The Company's paid-in capital was NT\$ 3,521,650,840.
- 1994: Capitalized reserve of NT\$ 422,598,100. The Company's paid-in capital was NT\$ 3,944,248,940.
- 1995: Capitalized surplus reserve of NT\$ 315,539,910. The Company's paid-in capital was NT\$ 4,259,788,850.
- 1996: Increased capital of NT\$ 425,978,880. The Company's paid-in capital was NT\$ 4,685,767,730.
- 1997: Increased capital of NT\$ 374,861,410. The Company's paid-in capital was NT\$ 5,060,629,140.
- 1998: Held the shareholders' meeting to re-elect the directors and supervisors. Wei, Ying-Hsing and Wei, Ying-Chung were elected as the new Chairman and Vice Chairman. New equipment works for Kaohsiung Dairy Plant #2 and expansion works for Taichung Juice Plant were completed. Meanwhile, 31 categories of new products were developed, including seasoning, dairy products, sauce products, dairy foods, snacks, juice and tea beverage.
Land of Taipei Plant was sold.
- 1999: All employees of Wei Chuan Group attended the Corporate Culture Seminar held in Pu Hsin Ranch to establish a new "Vision" and "Management Philosophy" of Wei Chuan. Four products, namely, Wei Hsiao Pao Pure Meat Crisp Cake, Lin Feng Ying High-quality Fresh Milk, Daily C Pure Juice and Wei Chuan Yogurt, won the "National Consumption Gold Award" granted by the Consumer Association of the Republic of China. Wei Chuan Fresh Milk won the "Top Gold Award" granted by the World Food Evaluation Association. Meanwhile, Wei Chuan Fresh Milk and Yogurt also won the "Gold Award".

- 2000: Duly established Bio-technology Center, leading new milestone for Wei Chuan's transformation from professional field of food nutrition towards biotechnology. The Company kept improving its 47 years of professional knowledge in the application of biotechnology based on food research and development, and expanded it to the application of production technology, driving the upgrading of the whole enterprise. Wei Chuan Biotechnology Center now has two core technologies, liquid fermentation and lactic acid bacteria fermentation. It is one of a few domestic enterprise research centers that have the ability to independently cultivate and preserve bacteria. The first product "Logen Bifidobacterium" passed the certification of the Department of Health under the Healthy Food Act.
- 2001: Held the shareholders' meeting to re-elect the directors and supervisors. Mr. Wei, Ying-Chung was elected as the Chairman; Mr. Chen Chin-Tsai was elected as the Vice Chairman; the former Executive Vice General Manager Wang Ya-Ling was promoted as General Manager. Healthy Balanced Oil of Super-low Cooking Fume for Healthy Kitchen won the National Quality Award of Medical Biotechnology.
- 2002: Logen Bifidobacterium and Grape Seed CE won the Quality Medical Award of the Republic of China. Master Kong instant noodles were launched in Taiwan.
- 2003: 50th Anniversary Celebration Part was held in Mandarin Crown Hotel, Taipei. President Chen, Shui-Bian delivered a speech. Douliu New Plant of Master Kong was completed and duly put into operation.
- 2004: Held the shareholders' meeting to re-elect the directors and supervisors. Mr. Wei, Ying-Chung was re-elected as the Chairman, and Mr. Chen, Chin-Tsai was re-elected as the Vice Chairman. Brazilian Mushroom Drink and Collagen Essence won the National Quality Award of Medical Biotechnology. Female Exclusive Milk Powder of Cranberry Formula and Green Flow Coconut Formula, Collagen Essence, Brazilian Mushroom Drink, Milk Pudding Series and other products won the Excellent Product Award of the Institute Food Science and Technology of the Republic of China. By resolution of the Board of Directors, the Company merged with the subsidiary Taiwan UB that engaged in the same business activities. After merger, the Company was the surviving company, and Taiwan UB was merged.
- 2005: The Company obtained patent for low-cooking fume edible oil. Lotus Seed Gluten, Green TP Healthy Oil, Soufflé Cheese Cake, Daily C 100% Orange Grapefruit Juice, 50 UP Healthy Nutrition Milk Powder and Mini Instant Noodles Q-CUP Series won the New Product Award of the Institute Food Science and Technology of the Republic of China.
- 2006: Natural Red Yeast passed healthy food certification. Natural Red Yeast and Dr. Chuang Physiological Soup won the National Quality Award of Medical Biotechnology. Wei Chuan Soy Milk Cheese, Limited Fresh Milk Series, CoQ10 plus, High-Flavor Gourmet Powder (Bonito and Mushroom), Wei Chuan Ho Feng Sesame Sauce won New Product Award of the Institute Food Science and Technology of the Republic of China.
- 2007: Held the shareholders' meeting to re-elect the directors and supervisors. Mr. Wei, Ying-Chung was re-elected as the Chairman, and Mr. Chen, Chin-Tsai was re-elected as the Vice Chairman.
- The fist "Vincent Breed" Composite Bakery was opened.
- Chin Sui Low-Sugar High-fiber Soymilk and Wei Chuan Healthy Edible Oil passed healthy food certification.
- Gold Brown Rice Oil for Healthy Kitchen won the National Quality Standard Award.
- Sweet Grease Cake, Healthy Grain Garden- Low-Sugar Healthy Grain Powder, P327 Functional Yoghurt and VOSSI Canada Glacier Water won New Product Award of the Institute Food Science and Technology of the Republic of China.

- 2008: The 55th Anniversary Celebration Party & Family Day was held in Pu Hsin Ranch.
Kaohsiung Business Office, the first building under green and environmental protection act, was established.
The Company was the sole sponsor for the outdoor art shows of the National Palace Museum for a long term.
- 2009: Promoted Wei Chuan's corporate culture events, repositioned and communicated the Company's vision, mission, operation philosophy, belief and code of conduct.
Sponsored the Baseball Team of Yung Ching Middle School in Changhua County to promote basic baseball education.
Promoted the humanistic public welfare event of "Silent Thoughts and Nice Words Running around the Street" together with Tzu Chi Foundation.
The Group participated in "8.8" typhoon relief event.
- 2010: Mr. Huang, Lieh-Huo, founder of the Company, passed away on March 21, 2010 at the age of 100.
Annual shareholders' meeting was held to amend the Articles of Incorporation. In accordance with the Articles of Incorporation as amended, the number of the directors and supervisors was respectively adjusted to 9 and 2 instead of 15 and 3. Besides, the directors and supervisors were re-elected. Mr. Wei, Ying-Chung was re-elected as Chairman, and Mr. Wang, Hsi-Ho was elected as the Vice Chairman.
Land of the original Taipei factory in Sanchong was acquired by tendering, and Top Rate was founded to engage in the real estate development business.
The Company reached settlement with Hsin Yen for the legal proceeding in connection with the land purchase and sale contact.
The Company established cooperation with Kenko to seize market shares of salad seasoning in Mainland China.
The affiliate Sung Ching Supermarket launched new concept store "Matsusei Exquisite Life", and also won the First Prize for Excellent Service Award of "Fresh Food Supermarket" of the 8th Vision in the year.
Sponsored performance of large opera "Princess Turandot in Taiwan, to promote cross-strait culture exchange.
- 2011: Although plasticizer was contained in food upon domestic food inspection, all products of Wei Chuan passed the inspection of SGS and nationally accepted inspection companies, and did not contain any plasticizers.
Lin Feng Ying Brand was awarded as one of "Top 100 Brands of Taiwan" by the Ministry of Economic Affairs.
The Company's Board of Directors subordinated the Remuneration Committee.
- 2012: In response to "Safe Food Traceability Cloud Application Program" initiated by the Council of Science and Technology of the Executive Yuan, Wei Chuan and other food manufacturers jointly introduced access to the food history in a digital and convenient way.
"Vincent Breed" Bread Business Division supported Taiwan's "Hsi Yuan Wheat" so as to positively support local agricultural development in Taiwan through the platform of public welfare. It introduced a series of commodities in combination with local fruits of Taiwan, to support the agricultural development of Taiwan by actual actions.
Douliu Plant passed ISO14001 and ISO14064 International Environmental Protection Certification.

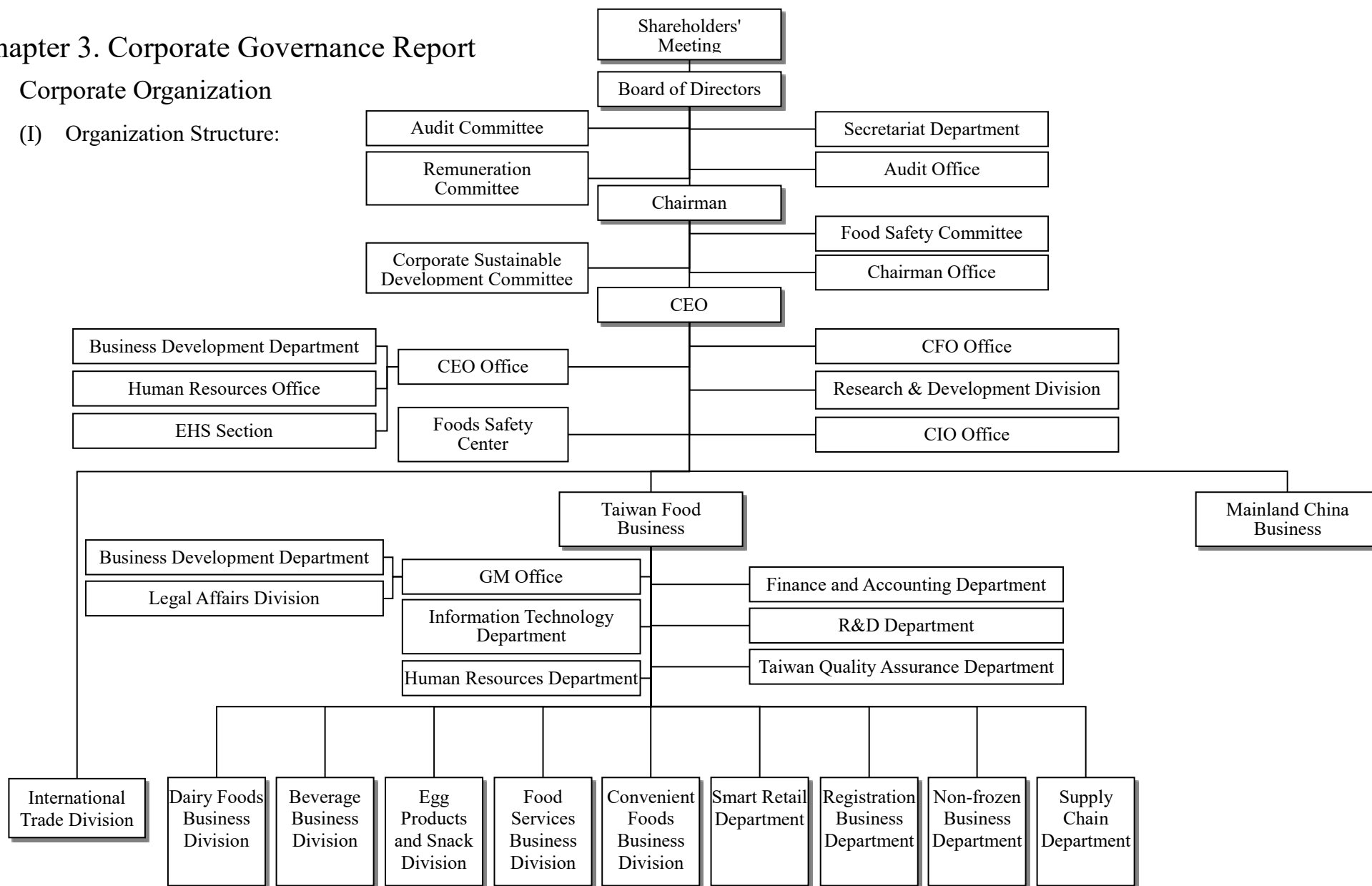
- 2013: The Complex Building of Taichung Plant that adopted concept design under the Energy Conservation and Environmental Protection Act was completed and put into operation. The Building was composed of a canteen, office, conference room and other spaces. The annual shareholders' meeting was held to re-elect the directors and supervisors. Mr. Wei, Ying-Chung was re-elected as Chairman, and Mr. Wang, Hsi-Ho was re-elected as the Vice Chairman.
- The Company sponsored the "Puppet Opera Production and Publication Project" of the National Culture and Arts Foundation, to support the promotion of Taiwan's traditional art and culture, and fulfill its social art and culture responsibilities by actual actions.
- The 60th Anniversary Celebration Party & Family Day was held in Pu Hsin Ranch. Besides, 60 bald cypress saplings were planted to symbolize the implantation of Ideas "Love the Earth, Just Do It". Musicians Lee, Shou-Chuan, Wu Hsiung and Chen, Fei-Wu were invited to compose the song "Wei Chuan 60 Years" to commemorate the occasion.
- Douliu Plant was the first factory to pass conformity examination of the clean production assessment system of the Ministry of Economic Affairs and the Bureau of Industry.
- The edible oil event taken place in Taiwan had a strong impact on the edible oil consumption market. The Company's edible oil brand was also affected.
- 2014: Due to edible oil events broke out for two consecutive years giving rise to the purchase boycott movement, the Company's reputation was affected with a strong impact on the performance. Production and manufacturing of edible oil and instant noodles were stopped.
- Mr. Wei, Ying-Chung resigned from the office of Chairman and Director.
- Corporate shareholders appointed four new director representatives and one new supervisor representative. The majority of the members of the Board of Directors were new. Mr. Lee, Feng-Ao was elected as the Chairman. With more than two decades of professional experience in connection to consumer rights and interest in Taiwan, he led to reform in Wei Chuan. In addition to the establishment of food traceability mechanism, he also incorporated the business ethics in the development of foods, urged full information disclosure to satisfy the consumer's right to know, right to choose and right for safety, and improved the food quality to offer "safe and healthy" products to the consumers, so as to regain confidence and reliance from the customers.
- 2015: Vigorously promoted three food safety actions: "Whole Product Traceability", "Simplification of Formula" and "Quality in line with International Standards", led the industry to launch the first bottle of transparent fresh milk in Taiwan, and made milk source, production process and inspection items transparent and open through QRcode.
- Mr. Lee, Feng-Ao resigned from the office of Chairman, and Mr. Wang, Hsi-Ho was elected as the Chairman.
- In order to centralize the resources for development of the cross-Strait food business, the Board of Directors passed the proposal on transfer of certain assets for reinvestment in Sung Ching.
- The Company continued to promote food safety reform to meet the international clean label trend. In the principles of minimum or zero additives of the industry, three star products of simple formula were launched: Lin Feng Ying Yoghurt, soybean milk, brewed sauce, enabling the consumers to have high-quality, absolutely safe and delicious foods.

- 2016: "Dairy Farmer 4.0" Plan was initiated to promote industry upgrading in terms of source management, world-class quality, science-based ranch and sustainable operation.
By focusing on food industry, the Board of Directors passed proposal on sale of equity in Wang Te Hsing Tea Co., Ltd., Wei Chuan Enterprise Co., Ltd., UCC Coffee Taiwan Co., Ltd., and Taiwan Calbee Food Co., Ltd.
The Company participated in the capital increment plan of Comtrend Engineering Co., Ltd. and China Youth Store Co., Ltd., and carried out the liquidation.
Brewed sauce won the Top Three-star Award of the International Taste & Quality Institute (iTQi).
The directors were re-elected, and three independent directors were elected. The Audit Committee was established to take place of the supervisors. Mr. Chen, Yung-Ching became the Chairman.
Kaohsiung Plant passed Level-3 Safety Quality Food (SQF) Certification, a top-grade rating of international food safety quality standards with a high score. Lin Feng Ying High-quality Fresh Milk produced by Kaohsiung Plant was the first bottle of SQF fresh milk in Asia.
Thanks to compliance with food safety standards, and alignment with international practice, Kaohsiung Plant became the factory of which the whole plant and all production lines passed SQF international certification in Taiwan.
- 2017: The Company was judged not guilty in relation to the oil product event in the trial of the second instance of the Intellectual Property Court.
The Board of Directors approved relocation of LongTan Plant, and sale of the land of LongTan Plant and peripheral buildings on the land.
Following Kaohsiung Plant, Douliu Plant also passed SQF Level 3 Certification.
All production lines of Wei Chuan passed ISO22000 Certification.
Taichung Plant, Douliu Plant and Kaohsiung Plant obtained OHSAS 18001, TOSHMS and ISO50001 Energy Management System Certification.
- 2018: The Board of Directors approved sale of 51% of equity in Top Rate Development Co., Ltd., and three idle lands in Sanchong District, New Taipei City.
The Board of Directors approved sale of land and other assets inside and outside Pu Hsin Ranch.
- 2019: Directors were re-elected. Mr. CHEN, HUNG-YU was elected as the Chairman.
The Board of Directors approved the proposal for the merger of two subsidiaries Kang Ho International Trade Co., Ltd. and Sung Ching Commerce Co., Ltd., where, Kang Ho was the surviving company.
- 2020: The shareholders' meeting approved the Company's transfer of Cheng Shuen Nung Ranch, the subsidiary 100% held by the Company.
- 2021: Establish the Corporate Governance Officer.
The Board of Directors approved the reorganization of the business structure in mainland China to expand the development of mainland China's food industry.
Due to the outbreak of COVID-19, the general meeting of shareholders was postponed as directed by the competent authority.
To facilitate the growth of the industry through comprehensive investment efficiency, a new subsidiary has been set up to handle strategic investment business.
- 2022: Directors were re-elected. Mr. CHEN, HUNG-YU was re-elected as the Chairman.

Chapter 3. Corporate Governance Report

I. Corporate Organization

(I) Organization Structure:



(II) Department Functions

Department	Primary Function
Audit Office	Comply with government agencies, and laws and regulations on audit business. Audit systems including internal control, and evaluate efficiency and effect of operation, to reasonably guarantee effective implementation of the internal control system, and provide basis for review of the amended internal control systems. Assist the Board of Directors and managerial officers to establish effective enterprise risk evaluation and risk management mechanism, examine and follow up improvement for defects, to intensify corporate governance and management benefits.
CEO Office Business Development Department	Integrated promotion, planning and promotion of the business development and management system operation efficiency.
CEO Office Human Resources Office	Promote the planning and implementation of all human resource strategies, corporate culture, talent cultivation and development, and ensure the continuous improvement of the team's professional skills.
CEO Office EHS Section	Ensure the effective operation of the occupational safety and health management system, regular occupational safety and health management supervision, education, training and advocacy, and continuously improve the management and operation, to prevent occupational disasters, and protect the safety and health of workers.
Foods Safety Center	Plan, integrate and promote the Company's food safety policies and food safety management system, fulfill the food safety targets assigned by the Food Safety Committee and the Food Safety Promotion Office, and guide, supervise and audit the food safety management system, and the implementation effect of each unit. • Promote and integrate operation of the Food Safety Committee and the Food Safety Promotion Office. Fulfill the Company's food safety targets, and plan the food safety policies, and annual food safety promotion strategies and targets. • Plan, integrate and optimize the supply chain food safety management system. Improve the food safety related system process and system, and promote continuous improvement of the Company's food safety management system. • Maintain the supply chain food safety capabilities; Plan and execute food safety system audit, and facilitate to supervise and audit improvement and effect.
CFO Office	Support operation and development of the group company with steady and safe financial policies. Provide correct and object group finance and management information to improve the decision-making quality. Offer operation recommendations to guarantee achievement of the Group's budget targets.
Research & Development Division	Innovate product development, and continue to improve the product quality. Improve key and basic technologies for core product categories, establish technology platform, and enhance the product competitiveness of Taiwan and Mainland China. Introduce, develop and commercialize new product and new technology resources. Responsible for food certification and patent application, maintenance and management. Strengthen cross-strait research and development organizational capabilities, cultivated and reserved talents for key positions, strengthen gaps in responsible organizational accountability, and cultivate experts in key products. Continue to improve the supply chain quality management system, intensify raw material and supplier management system, maintain product quality and safety, and ensure that the products are in line with the standards and requirements under the food related laws and regulations. Promote the informationization of the production quality transparent resume intelligent system - quality monitoring system. Improve inspection and analysis technology, maintain TAF laboratory certification, and promote product quality safety warning system. Improve R&D management rules / systems, strengthen the R&D information system, and establish the technology management system.

Department	Primary Function
CIO Office	Improve the digital thinking and ability of the Company and employees, promote the blueprint and implementation of informatization to digitalization, and promote the digital transformation, digital talent cultivation and data empowerment.
GM Office Business Development Department	Planning of Taiwan food business management related meeting, and system and procedure management. Market and consumer assessment of new product development. Industry environment research and product trend analysis, and planning and evaluation of market and consumer survey. Effectiveness evaluation of media strategy planning and purchase execution. Formulate the policies regarding public affairs and media public relationship, establish and maintain the corporate and brand image, respond news crisis and control risks, and integrate the communication and media functions, and maintain and manage media relations.
GM Office Legal Affairs Division	Review contracts, handle disputes and non-litigation events, provide legal advice and response strategies, handle intellectual property matters such as trademarks/patents, manage contracts/correspondence /seals/important legal documents, and handle other corporate legal matters such as education and training.
Information Technology Department	Introduce information solution based on the Company's medium and long term strategies and short-term objectives, integrate internal and external supply chain process, establish high-efficiency, safe and steady information system, improve operation performance, and achieve the goal of digital transformation.
Human Resources Department	Responsible for talent development and organization ability improvement, planning and executing human resources development strategies; implementation of asset management and general affairs related services.
Finance and Accounting Department	Establish safe financial management process to support development of Taiwan Food Business. Provide correct and object financial management information of Taiwan Food Business to improve decision-making quality. Offer operation recommendations to achieve the budget targets of Taiwan Food Business.
R&D Department	Plan and develop strategies: plan R&D strategies, cultivate R&D talents, and develop patent layout. Develop and improve products and technologies: develop new products/ new package, research and develop new categories, improve product/ package/ process design quality, research food services/ business channel product application, research category consumers, and establish core category/ new product application technology R&D and process technology. Raw material application technology: research and application of key raw materials.
Taiwan Quality Assurance Department	Responsible for the establishment, promotion, refinement and audit of the food safety and quality management system of Wei Chuan's food business, ensuring that product sanitation and safety comply with food-related regulations.
Dairy Foods Business Division	Responsible for the development planning, marketing promotion and management of milk, yogurt, yoghurt, dairy products, soy milk and other brands/products/new products; and improve the control of dairy sources, quality, volume and the guidance and management of dairy farmers to improve the milk quality and the balance of production and sales, create high-quality products and services to meet the expectations of consumers.
Beverage Business Division	Plan and execute the brand strategies for the beverages (including coffee, juice, etc.), and provide products and services that meet or exceed expectation of the customers and consumers.
Egg Products and Snack Division	Responsible for brand strategy planning and implementation of eggs, snacks, fermented milk and other categories to meet consumer needs and provide products and services beyond customer expectations.
Food Services Business Division	Food services is a service team that integrates marketing, R&D, sales, production and logistics distribution, including chain fast food, coffee casual dining, western restaurant, tea bar, breakfast chain, star restaurant, fresh food factory and regional single-point catering channels, and focus on development of such core categories as dairy products, drinks, salad, snacks and egg products. Provide package services that meet the market trends and the customer's demands, such as customized development, product application plan and the like, to become the best partner of the customers to create values.

Department	Primary Function
Convenient Foods Business Division	Sell delicious, safe and healthy products, including seasonings and sauces necessary for cooking, instant scans and sauce series, focus on brand operation, category innovation and improvement of domestic and international consumer production/ business market channels, and provide customers with safe and secure choice of products.
Smart Retail Department	Expand the sales on online shopping platform and develop membership business, optimize the brand/category/product development and sales process mainly through the Internet as a medium, using data, new marketing methods and new technology, so as to provide products and experience in line with consumer needs. Establish membership system, collect and analyze consumer data through multiple points, use CRM for focus and targeted marketing, establish direct connection with consumers, improve communication efficiency and adhesion.
Registration Business Department	Develop policies and plan short-, medium- and long-term refrigeration business strategy to ensure the long-term business development. Establish the best refrigeration business team, improve the efficiency of the operating system, improve the business capability, achieve daily refrigerated food distribution service, execute and maintain food safety logistics quality and review, meet the customer's demands, develop business management, cultivate business elites, and achieve customer satisfaction and offer complaint and consulting services to the customers.
Non-frozen Business Department	Develop short-, medium- and long-term sales strategies for non-frozen business to achieve sales targets. In response to the rapid changes in market channels, highly efficient non-frozen operation organization team, improve the business force, and continue to carry out internal and external professional training programs to cultivate business elites, strengthen the per capita output value, improve business efficiency, meet the needs of customers, and achieve customer satisfaction and customer satisfaction of non-frozen business team.
Supply Chain Department	Guide the factories and workshops to control capacity planning, and guarantee quality so as to achieve the Company's business objectives. Implement full-supply chain quality management system operation, and continue to improve the food safety management system. Strengthen supplier management, and guarantee raw material supply quality. Anticipate supply chain risks, and guarantee stable supply of raw materials. Integrate management systems of the production factory, and guide continuous improvement. Establish core technology for production process, and apply knowledge management Promote automation of the production factory, and improve the production management efficiency. Enhance production cost management, and supervise material management of the purchasing department and factories. Guarantee harmonious labor relationship. Coordinate and integrate resources of the production system, and ensure launching of new products on schedule. Guarantee effective operation of occupational safety and health/ environmental protection in production areas. Cultivate talents and organize development plan, and establish excellent production technical team. Plan new production lines in new factory, and improve the existing process design. Promote environmental management, energy conservation and carbon reduction, and accelerate replacement of old and energy-consuming equipments to achieve environmental sustainability. Strive to obtain greenhouse gas inventory and verification. Promote water conservation and reduce waste of important resources. Drive the implementation of the Sustainable policy and improve the company's business indicators.
International Trade Division	Increase the exposure opportunities for Wei Chuan and its brands in overseas markets through international trade. Promote brand internationalization through localization. With the main products as long-term products (except for refrigerated products such as fresh milk), gradually penetrate into overseas markets (ASEAN/China/Europe and America) based on the Company's policies.

II. Information of Directors, Supervisors, General Manager, Vice General Managers, Assistances and Heads of Departments and Branches

1.Information of the Directors (I)

April 30, 2023

Job Title	Nationality or Place of Registration	Name	Gender/ Age	Date Elected Date	Term	1st term Date of election to office	Shares at Election		Current number of shares held		Shareholdings of spouse and underage children		Shares held in the names of others		Major career (academic) achievements	Current duties in the Company and in other companies	Spouse or relatives of second degree or closer acting as department heads, directors or supervisor			Remark
							Number of Shares	Stock Holdings Percentage of Ownership	Shares	Stock Holdings Percentage of Ownership	Shares	Stock Holdings Percentage of Ownership	Shares	Stock Holdings Percentage of Ownership			Job Title	Name	Relationship	
Chairman	Republic of China	Kong Ching Corp. Ltd.	Male 61 70	Jun. 29, 2022	3	May 30, 1998	35,880,000	7.09%	35,880,000	7.09%	0	0	0	0	Master's degree, Graduate Institute of Management, National Taiwan University of Science and Technology General Manager, OK mart General Manager, LaiLai Logistics Co., Ltd. Lecturer, Department of Business Administration, National Taipei University of Business Lecturer, Department of Food Nutrition and Health Biotechnology, Shih Chien University	Director, Corporate Body Foundation Executive Director, Taiwan Cold Chain Association Chief Advisor, Beijing Wuwart Investment Co., Ltd.,	None	None	None	None
		Representative: CHEN, HUNG-YU				Jun. 27, 2019	0	0	0	0										
Director	Republic of China	Kong Ching Corp. Ltd.	Male 51 60	Jun. 29, 2022	3	May 30, 1998	35,880,000	7.09%	35,880,000	7.09%	0	0	0	0	PhD in Business Administration, National Chung Cheng University PhD in Business Administration, National Chengchi University Chief of Staff, The CID Group Ltd. Director, HSBC Global Asset Management (Taiwan) Limited Business Director, Prince Housing & Development Corporation	Chairman, The Omni-Power Investment Management Consulting Co., Ltd. Director, Taiwan Star Telecom Corporation Limited	None	None	None	None
		Representative: CHIEN, PEI-HSIANG				Jun. 27, 2019	0	0	0	0										
Director	Republic of China	Ju Qing Investment Co., Ltd.	Male 51 60	Jun. 29, 2022	3	Feb. 1, 1999	1,050,000	0.21%	1,050,000	0.21%	0	0	0	0	Master of International Affairs, Columbia University Legal representative, Juqing Investment Co., Ltd.	Chairman of Synmax Biochemical Co., Ltd. / Vice Chairman of Taitung Enterprise Corporation / Director of Taiwan Ichibanya Inc. / Director of Taiguang Electronic Materials Co., Ltd. / Director of Elite Material Co., Ltd. / Chairman of Food Industry Research & Development Institute / Supervisor of Royal Chef International Corp.	None	None	None	None
		Representative: HSIEH, MON-CHANG				Jun. 26, 2001	0	0	0	0										
Director	Republic of China	Kong Sheng Investment Corp.	Male 71 80	Jun. 29, 2022	3	May 30, 1998	36,688,000	7.25%	36,688,000	7.25%	9,000	0.00%	0	0	Master in Business, Taiwan University and EMBA, Fudan University Bachelor of Accounting, Soochow University Chief Financial Officer, Vice President and Executive Director, Master Kong Holdings Co., Ltd., Finance Department Associate/Chief Accountant, General Food, Taiwan and Guangzhou Manager, Accounting Department/ Administration Department, Taiwan Nestle Co., Ltd. Vice Manager, Audit Department, Oriental Union Chemical Corporation Head, Accounting Section, Dadechang Petrochemical Co., Ltd.	Chairman, Star Telecom Co., Ltd./ Chairman, Ding'an Development Corp./ Chairman, Hexun Investment Corp./ Chairman, He Yang Investment Corp./ Chairman, Konzen Corporation/ Chairman, Nice Triumph Investment Limited /Chairman, Kangfa Investment Co., Ltd./ Chairman, Kangqing Corporation/ Chairman, Kangchao Corporation/ Director, Vigorkobo Corp.	None	None	None	None
		Representative: LIN, CHING-TANG				Jun. 26, 2001	0	0	0	0										
Director	Republic of China	Kong Sheng Investment Corp.	Male 51 60	Jun. 29, 2022	3	May 30, 1998	36,688,000	7.25%	36,688,000	7.25%	0	0	0	0	Graduated from the Department of Psychology, National Taiwan University FamilyMart Co., Ltd. (China), CEO Barings Private Equity Asia, Operating Partner B&Q (China) Investment Co., Ltd., Executive Vice President Tesco China, COO WEI CHUAN FOODS CORPORATION, Deputy general manager of the retail business group RT MART INTERNATIONAL LIMITED,	FamilyMart Co., Ltd. (China), Consultant	None	None	None	None
		Representative: Lin, Chien-Hung				Jun. 29, 2022	0	0	0	0										

Job Title	Nationality or Place of Registration	Name	Gender/ Age	Date Elected Date	Term	1st term Date of election to office	Shares at Election		Current number of shares held		Shareholdings of spouse and underage children		Shares held in the names of others		Major career (academic) achievements	Current duties in the Company and in other companies	Spouse or relatives of second degree or closer acting as department heads, directors or supervisor			Remark
							Number of Shares	Stock Holdings Percentage of Ownership	Shares	Stock Holdings Percentage of Ownership	Shares	Stock Holdings Percentage of Ownership	Shares	Stock Holdings Percentage of Ownership			Job Title	Name	Relationship	
Director	Republic of China	Hsueh, Kuang-Chi	Male 61 70	Jun. 29, 2022	3	May 30, 1998	0	0	30,000	0.01%	5,000	0.00%	0	0	Director of procurement department PRESIDENT CHAIN STORE CORPORATION., Product manager Graduated from the Department of Business Administration, National Taiwan University General Manager, Rikkei Trading Corporation	Chairman, Rikkei Trading Corporation Chairman, Power Stars Investment Limited Supervisor, Hongshu Investment Co., Ltd.	None	None	None	None
Independent Director	Republic of China	Chen, Shun-Ping	Male 51 60	Jun. 29, 2022	3	Jun. 28, 2016	0	0	0	0	0	0	0	0	MBA, Rutgers University, USA Manager, Protek (Shanghai) Limited	Director & General Manager of Corporate Administration of WIN Semiconductors Corporation, Corporate Director Representative of Win Venture Capital Corp., Director Representative, NEW FUTURE CAPITAL Co., Ltd., Supervisor Representative, CDIB CME Fund Ltd., and Director Representative, Gogolook Co., Ltd.	None	None	None	None
Independent Director	Republic of China	Li, Zhi-Ping	Male 41 50	Jun. 29, 2022	3	Jun. 27, 2018	0	0	0	0	0	0	0	0	Master of Business Administration-Finance, National Taiwan University Bachelor of Finance, National Taiwan University CFO, EnTie Commercial Bank, Ltd. Vice President, Investment Banking Division, Taiwan Branch, Lehman Brothers Securities Inc.	Executive Director, The Taiwan Entrepreneurs Fund Limited	None	None	None	None
Independent Director	Republic of China	Song, Jun-Ming	Male 51 60	Jun. 29, 2022	3	Jun. 27, 2019	0	0	0	0	0	0	0	0	Master of Business and Administration Institute, University of Missouri Executive Partner, Richfund Ventures Limited Vice General Manager, GigaMedia Corporation General Manager, Lite-Ob Technology Corporation Chief Operation Officer of Greater China and General Manager of Taiwan, BeXcom Corporation Manager, Overseas Business Division, CITIC Securities Company Limited	Deputy CEO and Chief Financial Officer, FD International Medical & Health Group Co., Ltd.	None	None	None	None

2. Major shareholders of corporate shareholders

April 30, 2023

Name of corporate shareholder (Note 1)	Major Shareholders of Institutional Shareholders (Note 2)	Shareholding ratio
Kong Ching Corp. Ltd.	Weibros Company Ltd.	100%
Kong Sheng Investment Corp.	Weibros Company Ltd.	100%
Ju Qing Investment Co., Ltd.	Chengen Global Co., Ltd.	31.25%
	Xiangchen Global Co., Ltd.	68.75%

Note 1: For Directors and Supervisors who are the representatives of institutional shareholders, the names of the institutional shareholders shall be disclosed.

Note 2: Fill in the name of the major shareholders of these institutional shareholders (include top 10 major shareholders by shareholding percentage) and their shareholding percentages. If the major shareholder is a juristic person, the shareholder's name shall be filled in Table 2 below.

Note 3: For institutional shareholders who are not under the organization of the Company, the name and shareholding of the shareholders shall be disclosed, i.e., name of the investor or donor and their contribution or donation ratio (refer to the notice issued by the Judicial Yuan for reference); if the donor has passed away, indicate "Passed away".

3. Major Shareholders of Major Corporate Shareholder

April 30, 2023

Name of Institutions (Note 1)	Major Shareholders of Institutions (Note 2)	Shareholding ratio
Weibros Company Ltd.	TING HSIN (CAYMAN ISLANDS) HOLDING CORP.	100%
Chengen Global Co., Ltd.	Hsiao, Shih-Jen	100%
Xiangchen Global Co., Ltd.	Lin, Chin-Shing	100%

Note 1: If the major shareholder of institutional shareholders as shown in Table 1 is a juristic person, the name of the juristic person should be filled.

Note 2: Fill in the name of the major shareholders of these institutions (include top 10 major shareholders by shareholding percentage) and their shareholding percentages.

Note 3: For institutional shareholders who are not under the organization of the Company, the name and shareholding of the shareholders shall be disclosed, i.e., name of the investor or donor and their contribution or donation ratio (refer to the notice issued by the Judicial Yuan for reference); if the donor has passed away, indicate "Passed away".

4.Information of the Directors (II)

I. Disclosure of professional qualifications of directors and independence of independent directors:

Qualifications Name	Professional qualification and experience (Note 1)	Compliance of independence (Note 2)	Number of other public companies where the individual concurrently serves as an independent director
Chen, Hung-Yu	● Work experience required for commerce, finance, accounting, legal affairs and corporate business. ● Currently the Chairman of the Company. ● Experience: General Manager of OK mart, General Manager of Lailai Logistics Co., Ltd., Lecturer of the Department of Business Administration of National Taipei University of Business, Lecturer of the Department of Food Nutrition and Health Biotechnology of Shih Chien University, etc. ● None of the circumstances in the subparagraphs of Article 30 of the Company Act shall be stated.	(N/A)	None
Chien, Pei-Hsiang	● Work experience required for commerce, finance, accounting, legal affairs and corporate business. ● Currently the Chairman, The Omni-Power Co., Ltd. ● Experience: Chief of Staff, The CID Group Ltd., Head of Yuanlin Branch of HSBC China Investment Corporation, and Head of Operation Office of Prince Housing & Development Corp. ● None of the circumstances in the subparagraphs of Article 30 of the Company Act shall be stated.	(N/A)	None
Lin, Chien-Hung	● Work experience required for commerce, finance, accounting, legal affairs and corporate business. ● Experience: CEO of FamilyMart Co., Ltd. (China), Barings Private Equity Asia, Operating Partner of Barings Asia Investment Co., Ltd., Executive Vice President of B&Q (China) Investment Co., Ltd., COO of Tesco China, deputy general manager of the retail business group of WEI CHUAN FOODS CORPORATION, director of procurement department of RT MART INTERNATIONAL LIMITED, product manager PRESIDENT CHAIN STORE CORPORATION. ● None of the circumstances in the subparagraphs of Article 30 of the Company Act shall be stated.	(N/A)	None

Qualifications Name	Professional qualification and experience (Note 1)	Compliance of independence (Note 2)	Number of other public companies where the individual concurrently serves as an independent director
Hsien, Mon-Chang	● Work experience required for commerce, finance, accounting, legal affairs and corporate business. ● Chairman of Synmax Biochemical Co., Ltd. / Vice Chairman of Taitung Enterprise Corporation / Director of Taiwan Ichibanya Inc. / Director of Taiguang Electronic Materials Co., Ltd. / Director of Elite Material Co., Ltd. / Chairman of Food Industry Research & Development Institute / Supervisor of Royal Chef International Corp. ● None of the circumstances in the subparagraphs of Article 30 of the Company Act shall be stated.	(N/A)	None
Lin, Ching-Tang	● Work experience required for commerce, finance, accounting, legal affairs and corporate business. ● Chairman, Star Telecom Co., Ltd./ Chairman, Ding'an Development Corp./ Chairman, Hexun Investment Corp./ Chairman, He Yang Investment Corp./ Chairman, Konzen Corporation/ Chairman, Nice Triumph Investment Limited /Chairman, Kangfa Investment Co., Ltd./ Chairman, Kangqing Corporation/ Chairman, Kangchao Corporation/ Director, Vigorkobo Corp. ● Experience: CFO, Vice President and Executive Director, Master Kong Holdings Co., Ltd.; Director and Chief Accountant of GM Taiwan and GM Guangzhou; Manager of Accounting Department and Administration Department of Nestle Taiwan Limited; Deputy Manager of the Audit Department, Oriental Union Chemical Corporation; Head of Accounting Section, Dadechang Petrochemical Co., Ltd. ● None of the circumstances in the subparagraphs of Article 30 of the Company Act shall be stated.	(N/A)	None
Hsueh, Kuang-Chi	● Work experience required for commerce, finance, accounting, legal affairs and corporate business. ● General Manager, Rikkei Trading Corporation; Chairman, Power Stars Investment Limited; Supervisor, Hongshu Investment Co., Ltd.	(N/A)	None

Qualifications Name	Professional qualification and experience (Note 1)	Compliance of independence (Note 2)	Number of other public companies where the individual concurrently serves as an independent director
	● Experience: General Manager, Rikkei Trading Corporation ● None of the circumstances in the subparagraphs of Article 30 of the Company Act shall be stated.		
Chen, Shun-Ping	● Work experience required for commerce, finance, accounting, legal affairs and corporate business. ● Currently the Independent Director, Convener of the Remuneration Committee of the Company, Director & General Manager of Corporate Administration of WIN Semiconductors Corporation, Corporate Director Representative of Win Venture Capital Corp., Director Representative, NEW FUTURE CAPITAL Co., Ltd., Supervisor Representative, CDIB CME Fund Ltd., and Director Representative, Gogolook Co., Ltd. ● Experience: Manager, Protek (Shanghai) Limited ● None of the circumstances in the subparagraphs of Article 30 of the Company Act shall be stated.	● The independent director of the Company conforms to the requirements for independence. ● He, his spouse, or relatives within the second degree of kinship are not serving as directors, supervisors or employees of the Company or its affiliates. ● He, his spouse, or relatives within the second degree of kinship do not hold (or hold in name of others) shares of the Company. ● Do not serve as directors, supervisors or employees of a company having a particular relationship with the Company. ● Do not receive remuneration for providing business, legal, financial, accounting and other services to the Company or its affiliates in the last two years.	None
Li, Zhi-Ping	● Work experience required for commerce, finance, accounting, legal affairs and corporate business. ● Currently the Independent Director, Convener of the Audit Committee of the Company, and Executive Director of The Taiwan Entrepreneurs Fund Limited. ● Experience: CFO of EnTie Commercial Bank, Vice President, Investment Banking Division, Taiwan Branch, Lehman Brothers Securities Inc. ● None of the circumstances in the subparagraphs of Article 30 of the Company Act shall be stated.	● The independent director of the Company conforms to the requirements for independence. ● He, his spouse, or relatives within the second degree of kinship are not serving as directors, supervisors or employees of the Company or its affiliates. ● He, his spouse, or relatives within the second degree of kinship do not hold (or hold in name of others) shares of the Company. ● Do not serve as directors, supervisors or employees of a company having a particular relationship with the Company. ● Do not receive remuneration for providing business, legal, financial, accounting and other services to the Company or its affiliates in the last two years.	None

Qualifications Name	Professional qualification and experience (Note 1)	Compliance of independence (Note 2)	Number of other public companies where the individual concurrently serves as an independent director
Song, Jun-Ming	● Work experience required for commerce, finance, accounting, legal affairs and corporate business. ● Currently the Independent Director of the Company, Deputy CEO and Chief Financial Officer, FD International Medical & Health Group Co., Ltd. ● Experience: Executive Partner, Richfund Ventures Limited; Deputy General Manager, Hoshin GigaMedia Center Inc.; General Manager, Lite-Ob Technology Corporation; Greater China Chief Operating Officer and Taiwan General Manager, BeXcom; Manager, Overseas Business Division, CITIC Securities Company Limited ● None of the circumstances in the subparagraphs of Article 30 of the Company Act shall be stated.	● The independent director of the Company conforms to the requirements for independence. ● He, his spouse, or relatives within the second degree of kinship are not serving as directors, supervisors or employees of the Company or its affiliates. ● He, his spouse, or relatives within the second degree of kinship do not hold (or hold in name of others) shares of the Company. ● Do not serve as directors, supervisors or employees of a company having a particular relationship with the Company. ● Do not receive remuneration for providing business, legal, financial, accounting and other services to the Company or its affiliates in the last two years.	None

II. Diversity and Independence of the Board of Directors:

- (I) Diversity of the Board of Directors: The election of directors of the Company adopts the candidate nomination system in accordance with the provisions of the Company's Articles of Incorporation. Based on the diversity policy, the academic experience, professional experience, gender, age, nationality and culture of each director candidate are evaluated. After the resolution of the Board of Directors, it will be submitted to the shareholders' meeting for election. The composition of the Board of Directors shall be considered in a diversified manner, except for directors who are not concurrently managerial officers of the Company, including but not limited to the following two standards: basic conditions and values, professional knowledge and skills, etc.

The Company now has 9 directors. The specific goals of the Board of Directors' diversity policy and their achievement status are as follows:

Goals	Achievement Status
The number of independent directors shall not be less than one-third of the number of directors	Achieved
Independent directors have served less than three consecutive terms	Achieved
Independent directors have not concurrently served as directors or supervisors of more than five TWSE/TPEX listed companies	Achieved
The number of directors who also serve as managerial officers of the Company does not exceed one-third of the number of directors	Achieved
Half of the directors with professional background in accounting and finance	Achieved
At least one female director	Not achieved

Implementation of the Diversity Policy of the Board:

Name	Nationality	Gender	Employee Status	Age				Independent Director Term Seniority		Professional Background			Professional Experience and Ability							
				41 50 years old	51 60 years old	61 70 years old	71 80 years old	Under 3 years	3 - 6 years	Accounting	Finance	Industry	The ability to make judgments about operations	Accounting and financial analysis ability	Business management ability	Crisis management ability	Knowledge of the industry	International market perspective	Leadership	Decision making ability
Director	Chen, Hung-Yu	Male	None			V				V	V	V	V	V	V	V	V	V	V	V
	Chien, Pei-Hsiang		None		V					V	V	V	V	V	V	V	V	V	V	V
	Lin, Chien-Hung		None		V					V	V	V	V	V	V	V	V	V	V	V
	Hsien, Mon-Chang		None		V					V	V	V	V	V	V	V	V	V	V	V
	Lin, Ching-Tang		None				V			V	V	V	V	V	V	V	V	V	V	V
	Hsueh, Kuang-Chi		None			V				V	V	V	V	V	V	V	V	V	V	V
Independent Director	Chen, Shun-Ping	Male	None		V				V	V	V	V	V	V	V	V	V	V	V	V
	Li, Zhi-Ping	Male	None	V					V	V	V	V	V	V	V	V	V	V	V	V
	Song, Jun-Ming	Male	None		V			V		V	V	V	V	V	V	V	V	V	V	V

(II) Independence of the Board of Directors: The Company currently has 9 directors, including 3 independent directors (accounting for 33% of all directors), none of the directors is subject to the paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act, and there is no relationship of spouses or relatives within the second degree of kinship between directors.

Note 1: Professional qualifications and experience: state the professional qualifications and experience of individual directors and supervisors. If they are members of the Audit Committee and have accounting or financial expertise, their accounting or financial background and work experience should be stated. Also state whether there are any circumstances under Article 30 of the *Company Act*.

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

Note 3: For disclosure methods, please refer to the Best Practice Reference Examples on the website of the Corporate Governance Center of the Taiwan Stock Exchange.

1.Information of General Manager, Vice General Manager, Assistances and Heads of Departments and Branches

April 30, 2023

Job Title (Note 1)	Nationality	Name	Gender	Date of Election (Appointment)	Shareholding		Shareholding of Spouse and Minor Children		Shares held in the names of others		Major career (academic) achievements (Note 2)	Current positions in the company and other companies	Spouse or relatives of second degree or closer acting as managers			Remark (Note 3)
					Number of Shares	Shareholding percentage	Number of Shares	Shareholding percentage	Number of Shares	Shareholding percentage			Job Title	Name	Relationship	
CEO	Republic of China	Chang, Chiao-Hua	Male	Jan. 28, 2019	0	0	0	0	0	0	Department of Business Administration, Soochow University	Chairman of Wei Chuan Business Development Corporation, Director of Kang Chuan Engineering Co., Ltd., Director of Wei-Chuan Asian Investment Limited, Director of Health Can Development Limited, the person in charge of Wei-Chuan (BVI) Co., Ltd. in Taiwan, and the manager of the Wei-Chuan (BVI) Co., Ltd. Taiwan Branch.	None	None	None	-
GM	Republic of China	Chiu, Tzu-Chuan	Male	Mar. 2, 2020	0	0	0	0	0	0	PhD, Agricultural Chemistry, Taiwan University	Chairman of Cheng Shuen Nung Ranch Dairy Co.,Ltd. and Director of King Can Industry Corporation	None	None	None	-
Assistant Manager	Republic of China	Guo, Shiu-Chiuan	Male	Jan. 1, 2010	0	0	0	0	0	0	Institute of Business Administration, National Chengchi University	None	None	None	None	-
Assistant Manager	Republic of China	Chen, Meng-Yuan	Male	Feb. 1, 2010	0	0	0	0	0	0	Institute of Business Administration, National Sun Yat-sen University	None	None	None	None	-
Senior Director	Republic of China	Chang, Shu-Miao	Female	Feb. 1, 2012	0	0	0	0	0	0	Institute of Industrial Engineering, Chung Yuan University	None	None	None	None	-
Assistant Manager	Republic of China	Lin, Hsin Chu	Male	May 1, 2014	0	0	0	0	0	0	Institute of Food Science, Tokai University	None	None	None	None	-

Job Title (Note 1)	Nationality	Name	Gender	Date of Election (Appointment)	Shareholding		Shareholding of Spouse and Minor Children		Shares held in the names of others		Major career (academic) achievements (Note 2)	Current positions in the company and other companies	Spouse or relatives of second degree or closer acting as managers			Remark (Note 3)
					Number of Shares	Shareholding percentage	Number of Shares	Shareholding percentage	Number of Shares	Shareholding percentage			Job Title	Name	Relationship	
Assistant Manager	Republic of China	Shih, Chieh-Jen	Male	July 1, 2017	0	0	0	0	0	0	Institute of Business Administration, Chang Gung University	None	None	None	None	-
Director	Republic of China	Tsai, Wen-Lin	Female	Aug. 1, 2017	31,105	0.01%	0	0	0	0	Agricultural Chemistry, Taiwan University	None	None	None	None	-
Assistant Manager	Republic of China	Chang, Chen-Chang	Male	Feb. 1, 2019	0	0	0	0	0	0	Section of Food Industry, Pingtung Agricultural College	Director of Kangho International Trading Corp., Director of CONCOURSE INTERNATIONAL LIMITED, Director of Hangzhou Kangpei Trade Co., Ltd.	None	None	None	-
Assistant Manager	Republic of China	Ko, Chi- Feng	Male	Sept. 1, 2019	0	0	0	0	0	0	Institute of Food Nutrition, Fu Jen Catholic University	Director of Cheng Shuen Nung Ranch Dairy Co.,Ltd.	None	None	None	-
Assistant Manager	Republic of China	Luor, Der-Cherng	Male	Jan. 20, 2020	0	0	0	0	0	0	University of IOWA Institute of Business Administration,	Director of King Can Industry Corporation, Director of Kang Chuan Engineering Corp. directors, Director of FU TING FOODS CO., LTD., Director	None	None	None	-
Assistant Manager	Republic of China	Yu, Chen-Pi	Male	Jan. 20, 2020	0	0	0	0	0	0	Tou Cheng High School	None	None	None	None	-
Assistant Manager	Republic of China	Sun, Yu- Chiang	Male	Aug. 12, 2020	0	0	0	0	0	0	Institute of Food Science, Tokai University	None	None	None	None	-
Senior Director	Republic of China	Huang, Wen-Chieh	Male	Oct. 16, 2021	0	0	0	0	0	0	Institute of Accounting, National Taiwan University	None	None	None	None	-
Assistant Manager	Republic of China	Hsu, Yu- Chung	Male	Oct. 1, 2021	0	0	0	0	0	0	Graduate Institute of Communication Engineering, National Taiwan University	None	None	None	None	-

Job Title (Note 1)	Nationality	Name	Gender	Date of Election (Appointment)	Shareholding		Shareholding of Spouse and Minor Children		Shares held in the names of others		Major career (academic) achievements (Note 2)	Current positions in the company and other companies	Spouse or relatives of second degree or closer acting as managers			Remark (Note 3)
					Number of Shares	Shareholding percentage	Number of Shares	Shareholding percentage	Number of Shares	Shareholding percentage			Job Title	Name	Relationship	
Assistant Manager	Republic of China	Lin, Wen-Cheng	Male	Jan. 3, 2022	0	0	0	0	0	0	Department of Accounting, Tamkang University	None	None	None	None	-
Assistant Manager	Republic of China	Li, Peng-Fei	Male	Jan. 7, 2022	0	0	0	0	0	0	Department of Business Management, Ming Chuan University	None	None	None	None	-
Optical information	Republic of China	Wei, Chia-Te	Male	2022/8/1	0	0	0	0	0	0	Ph.D. in Management Science and Engineering, Zhejiang University	Director of Wei-Chuan Food Investment Co., Ltd., Director of Hangzhou Wei-Chuan Foods Co., Ltd., Director of Langfang Wei-Chuan Foods Co., Ltd., Director of Suzhou Wei-Chuan Foods Co., Ltd., Director of Hangzhou Wei-Chuan Biotechnology Foods Co., Ltd., GM of Hangzhou Wei-Chuan Biotechnology Foods Co., Ltd.	None	None	None	-
Assistant Manager	Republic of China	Lee, Jun-Ming	Male	2022/8/1	0	0	0	0	0	0	Master, Department of Psychology, National Chengchi University	None	None	None	None	-
Assistant Manager	Republic of China	Chen, Jen-Hui	Male	2023/4/1	0	0	0	0	0	0	Sophia University Master, International Business and Development Studies	None	None	None	None	-
Chief Financial Officer (Finance Supervisor)	Republic of China	Huang, Kuo-Chen	Male	2019/3/27	0	0	0	0	0	0	Department of Accounting, Fu-Jen Catholic University	Director of Cheng Shuen Nung Ranch Dairy Co.,Ltd., Director of Concourse International Inc., Director of Fu Ting Foods Co., Ltd., Director of Wei-Chuan Food Investment Co., Ltd.,	None	None	None	-

Job Title (Note 1)	Nationality	Name	Gender	Date of Election (Appointment)	Shareholding		Shareholding of Spouse and Minor Children		Shares held in the names of others		Major career (academic) achievements (Note 2)	Current positions in the company and other companies	Spouse or relatives of second degree or closer acting as managers			Remark (Note 3)
					Number of Shares	Shareholding percentage	Number of Shares	Shareholding percentage	Number of Shares	Shareholding percentage			Job Title	Name	Relationship	
												Director of Hangzhou Wei-Chuan Foods Co., Ltd., Director of Langfang Wei-Chuan Foods Co., Ltd., Director of Suzhou Wei-Chuan Foods Co., Ltd., Director of Hangzhou Wei-Chuan Biotechnology Foods Co., Ltd.				
Senior Manager (Accounting officer)	Republic of China	Huang, Chih-Yu	Female	2014/4/1	0	0	1,600	0.00%	0	0	Master, Department of Accounting, National Cheng Kung University	Director of KingCan (BVI) Corporation, Director of Kunshan King Can Mold Industrial Co., Ltd., Director of Concourse International Inc., Director of Hangzhou Kangpei Trading Co., Ltd., Director of Wei-Chuan Asian Investment Limited, Director of Health Can Development Limited, Director of Shanghai Wei-Chuan Food Industry Co., Ltd., Director of Kanglian Investment Co., Ltd., Supervisor of King Can Industry Corp., Supervisor of Kang Chuan Engineering Co., Ltd., Supervisor of Concourse International Inc., Supervisor of Cheng Shuen Nung Ranch Dairy Co., Ltd., Supervisor of Wei Chuan Business Development Corporation, Supervisor of Fu Ting Foods Co., Ltd., Supervisor of China Youth Store Co., Ltd., Supervisor of Wei-Chuan Food Investment Co., Ltd., Supervisor of	None	None	None	-

Job Title (Note 1)	Nationality	Name	Gender	Date of Election (Appointment)	Shareholding		Shareholding of Spouse and Minor Children		Shares held in the names of others		Major career (academic) achievements (Note 2)	Current positions in the company and other companies	Spouse or relatives of second degree or closer acting as managers			Remark (Note 3)
					Number of Shares	Shareholding percentage	Number of Shares	Shareholding percentage	Number of Shares	Shareholding percentage			Job Title	Name	Relationship	
												Hangzhou Wei-Chuan Foods Co., Ltd., Supervisor of Langfang Wei-Chuan Foods Co., Ltd., Supervisor of Suzhou Wei-Chuan Foods Co., Ltd., Supervisor of Hangzhou Wei-Chuan Biotechnology Foods Co., Ltd.				
Senior Manager (Corporate Governance Officer)	Republic of China	Chen, Shih-Chuan	Male	May 10, 2021	0	0	0	0	0	0	Graduate Institute of Civil Engineering, National Taiwan University	None	None	None	None	-

Note 1: It shall include information of general manager, vice general manager, assistances and heads of departments and branches; any position equivalent to general manager, vice general manager or assistances, regardless of job title, shall also be disclosed.

Note 2: For the experience related to holding the current position, if one has worked in the CPA firm conducting the auditing and attesting business or its affiliates, he/she shall state the job title and responsibilities.

Note 3: Where the chairperson of the board of directors and the general manager or person of an equivalent post (the top level manager) of the Company are the same person, spouses, or relatives within the first degree of kinship, explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (for example, increase the number of independent directors, and there shall be more than half of the directors who do not concurrently serve as employees or managers).

6. Remuneration paid to the directors, general manager and vice general manager in the most recent year

(1) Remuneration for directors and independent directors

Unit: NT\$ thousands

Job Title	Name	Remuneration Paid to Directors								Ratio of Total Remuneration (A+B+C+D) to Earnings After Tax (Note 10)		Relevant Remuneration Received by Directors who Are Also Employees								Ratio of Total Remuneration (A+B+C+D+E+F+G) to Earnings After Tax (Note 10)		Remuneration from Invested Companies Other than Subsidiaries or the Parent Company (Note 11)
		Compensation (A) (Note 2)		Severance pay and pension (B)		Directors' remuneration (C) (Note 3)		Fees for service performance (Note 4)				Salaries, bonus and special subsidies (E) (Note 5)		Severance pay and pension (F)		Employee's remuneration (G) (Note 6)						
		The Company	All companies incorporated in the financial reports (Note 7)	The Company	All companies incorporated in the financial reports (Note 7)	The Company	All companies incorporated in the financial reports (Note 7)	The Company	All companies incorporated in the financial reports (Note 7)	The Company	All companies incorporated in the financial reports (Note 7)	The Company	All companies incorporated in the financial reports (Note 7)	The Company		All companies incorporated in the financial reports (Note 7)		The Company	All companies incorporated in the financial reports			
Chairman	ong Ching Corp. Ltd. representative: CHEN, HUNG-YU	10,801	10,801	-	-	2,665	2,665	1,298	1,298	14,764 6.14%	14,764 6.14%	-	-	-	-	-	-	-	-	14,764 6.14%	14,764 6.14%	None
Director	ong Ching Corp. Ltd. representative: CHIEN, PEI-SIANG																					
	ong Ching Corp. Ltd. representative: LAI, CHING-PAO																					
	Qing Investment Co., Ltd. representative: HSIEH, MON-HANG																					
	ong Sheng Investment Corp. representative: LIN, CHING-TAN																					
	ong Sheng Investment Corp. representative: Lin, Chien-Hung																					
	Hsueh, Kuang-Chi																					
Independent Director	Chen, Shun-Ping	5,400	5,400	-	-	-	-	96	96	5,496 2.29%	5,496 2.29%	-	-	-	-	-	-	-	-	5,496 2.29%	5,496 2.29%	None
	Song, Jun-Ming																					
	Li, Zhi-Ping																					
1. Please describe the policy, system, standards and structure of the compensation of the Independent Directors and explain the relevance of the amount of remuneration paid to them based on factors such as responsibility, risk and time commitment: The Board of Directors is delegated to determine the remuneration to independent directors by reference to the remuneration level of the peers in accordance with Article 17 of the Articles of Incorporation.																						
2. In addition to the information disclosed in the table above, remuneration paid to any director of the Company (such as serving as a consultant to all non-employees of the parent company/all companies/re-invested companies in the financial report, etc.) in the most recent fiscal year: None.																						

Note 1: Director Lai, Ching-Pao was dismissed on June 29, 2022.

Note 2: Director Lin, Chien-Hung was appointed on June 29, 2022.

Note 3: A driver is assigned to the Chairman, and is entitled to the remuneration NT\$ 529 thousand, which is not included in the remuneration to the Chairman.

Range of remuneration

Range of remuneration paid to each director of the Company	Name of director			
	Total remuneration (A+B+C+D)		Total remuneration (A+B+C+D+E+F+G)	
	The Company (Note 8)	All companies in the Financial Report (Note 9) H	The Company (Note 8)	All companies incorporated in the financial reports (Note 9) I
Less than NT\$ 1,000,000	Kong Ching Corp. Ltd. Representative CHIEN, PEI-HSIANG Kong Ching Corp. Ltd. Representative LAI, CHING-PAO Ju Qing Investment Co., Ltd. Representative HSIEH, MON-CHANG Kong Sheng Investment Corp. Representative LIN, CHING-TANG Kong Sheng Investment Corp. Representative: Lin, Chien-Hung Hsueh, Kuang-Chi	Kong Ching Corp. Ltd. Representative CHIEN, PEI-HSIANG Kong Ching Corp. Ltd. Representative LAI, CHING-PAO Ju Qing Investment Co., Ltd. Representative HSIEH, MON-CHANG Kong Sheng Investment Corp. Representative LIN, CHING-TANG Kong Sheng Investment Corp. Representative: Lin, Chien-Hung Hsueh, Kuang-Chi	Kong Ching Corp. Ltd. Representative CHIEN, PEI-HSIANG Kong Ching Corp. Ltd. Representative LAI, CHING-PAO Ju Qing Investment Co., Ltd. Representative HSIEH, MON-CHANG Kong Sheng Investment Corp. Representative LIN, CHING-TANG Kong Sheng Investment Corp. Representative: Lin, Chien-Hung Hsueh, Kuang-Chi	Kong Ching Corp. Ltd. Representative CHIEN, PEI-HSIANG Kong Ching Corp. Ltd. Representative LAI, CHING-PAO Ju Qing Investment Co., Ltd. Representative HSIEH, MON-CHANG Kong Sheng Investment Corp. Representative LIN, CHING-TANG Kong Sheng Investment Corp. Representative: Lin, Chien-Hung Hsueh, Kuang-Chi
NT\$ 1,000,000 (inclusive) to NT\$ 2,000,000 (exclusive)	Chen, Shun-Ping Song, Jun-Ming Li, Zhi-Ping	Chen, Shun-Ping Song, Jun-Ming Li, Zhi-Ping	Chen, Shun-Ping Song, Jun-Ming Li, Zhi-Ping	Chen, Shun-Ping Song, Jun-Ming Li, Zhi-Ping
NT\$2,000,000 (inclusive) - NT\$3,500,000 (exclusive)	-	-	-	-
NT\$ 3,500,000 (inclusive) to NT\$ 5,000,000 (exclusive)	-	-	-	-
NT\$5,000,000 (inclusive)~NT\$10,000,000 (exclusive)	Kong Ching Corp. Ltd. Representative CHEN, HUNG-YU	Kong Ching Corp. Ltd. Representative CHEN, HUNG-YU	Kong Ching Corp. Ltd. Representative CHEN, HUNG-YU	Kong Ching Corp. Ltd. Representative CHEN, HUNG-YU
NT\$10,000,000 (inclusive)~NT\$15,000,000 (exclusive)	-	-	-	-
NT\$15,000,000 (inclusive)~NT\$30,000,000 (exclusive)	-	-	-	-
NT\$30,000,000 (inclusive)~NT\$50,000,000 (exclusive)	-	-	-	-
NT\$50,000,000 (inclusive)~NT\$100,000,000 (exclusive)	-	-	-	-
Over NT\$100,000,000	-	-	-	-
Total	10	10	10	10

- Note 1: The names of Directors shall be listed separately (for corporate shareholders, their names and the name of their representatives shall be listed separately) and the amount of remuneration paid to them shall be disclosed collectively. If a Director also serves as the General Manager or the Vice General Manager concurrently, indicate the fact in this table and the following table.
- Note 2: Remuneration to the directors in the most recent year (including director's salary, allowance, severance pay, various bonuses, and incentive payments, etc.).
- Note 3: Remuneration to directors approved by the Board of Directors in the most recent years.
- Note 4: Professional service fees paid to the directors in the most recent year (including travelling expenses, special allowances, subsidies, dormitory, company cars, in-kind payments, etc.). If housing, vehicle or other means of transportation, or personal expenses are provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If the individual has a driver, please include a note stating that the Company will pay the driver the relevant compensation, but it will not be counted as remuneration.
- Note 5: Salary, duty allowance, severance pay, various bonuses, incentive payments, travelling expenses, special expenses, various subsidies, dormitory, company cars, in-kind payments received by the directors who were employees concurrently (including general manager, vice general manager, managerial officer and employee) in the most recent year. If housing, vehicle or other means of transportation, or personal expenses are provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is provided, disclose compensation paid by the Company to the driver in a note; however, it is not included in the executive compensation. Any salary listed under IFRS 2 Share-Based Payment, including employee stock options, new restricted employee shares, and cash capital increase by stock subscription, shall also be included in remuneration.
- Note 6: If the directors who were employees concurrently (including general manager, vice general manager, managerial officer and employee) received employee's remuneration (including stock and cash payment) in the most recent year, please disclose the amount of the employee's remuneration approved by the Board of Directors in the most recent year. If it is impossible to anticipate the same, the amount to be allocated this year shall be based on that allocated physically last year, and please also specify the Table 1-3.
- Note 7: The aggregate of the remuneration to directors in the Company from all companies included into the consolidated financial reports (including the Company) should be disclosed.
- Note 8: The aggregate of the remuneration to each director by the Company shall include the director's name disclosed in the relevant range of the remuneration.
- Note 9: The aggregate of the remuneration paid to each of the Company's directors by the companies included into the consolidated financial reports (including the Company) shall include the director's name disclosed in the relevant range of the remuneration.
- Note 10: The earnings after tax shall refer to the earnings after tax identified in the entity or individual financial statement for the most recent year.
- Note 11: a. This field shall clearly indicate the amount of remuneration received by the Company's Directors from investees other than a subsidiary or the parent company (if not, please fill in "none").
b. If a Director of the Company receives remuneration from investees other than subsidiaries or the parent company, the amount of remuneration received by the Director from investees other than subsidiaries shall be combined into Column I of the table for range of remuneration, and this column shall be renamed "Parent Company and All Investees."
c. The remuneration means pay, compensation (including compensation of employees, directors and supervisors) and business expenses received by the Director serving as a director, supervisor or managerial officer of an investee company or parent company of the Company other than subsidiaries.

(2) Remuneration of the General Manager and Vice General Manager

Unit: NT\$ thousands

Job Title	Name	Salary (A) (Note 2)		Severance pay and pension (B)		Bonus and special allowance (C) (Note 3)		Employee compensation (D) (Note 4)				Percentage of the total of 4 items A, B, C and D on net income after tax (%) (Note 8)		Remuneration from Invested Companies Other than Subsidiaries or the Parent Company (Note 9)
		The Company	All companies incorporated in the financial reports (Note 5)	The Company	All companies incorporated in the financial reports (Note 5)	The Company	All companies incorporated in the financial reports (Note 5)	The Company		All companies incorporated in the financial reports (Note 5)		The Company	All companies incorporated in the financial reports (Note 5)	
								Cash	Stock	Cash	Stock			
CEO	Chang, Chiao-Hua	17,028	17,028	108	108	4,539	4,539	72	-	72	-	21,747 9.05%	21,747 9.05%	None
GM	Chiu, Tzu- Chuan													

Note: A driver is assigned to the CEO, and is entitled to the remuneration NT\$ 577 thousand, which is not included in the remuneration to the Chairman.

Range of remuneration

Range of Remuneration Paid to the General Manager and the Vice General Manager	Name of President and Deputy General Manager	
	The Company (Note 6)	All companies incorporated in the financial reports (Note 7) E
Less than NT\$ 1,000,000	-	-
NT\$ 1,000,000 (inclusive) to NT\$ 2,000,000 (exclusive)	-	-
NT\$ 2,000,000 (inclusive) to NT\$ 3,500,000 (exclusive)	-	-
NT\$ 3,500,000 (inclusive) to NT\$ 5,000,000 (exclusive)	-	-
NT\$5,000,000 (inclusive)~NT\$10,000,000 (exclusive)	Chiu, Tzu-Chuan	Chiu, Tzu-Chuan
NT\$10,000,000 (inclusive)~NT\$15,000,000 (exclusive)	Chang, Chiao-Hua	Chang, Chiao-Hua
NT\$15,000,000 (inclusive)~NT\$30,000,000 (exclusive)	-	-
NT\$30,000,000 (inclusive)~NT\$50,000,000 (exclusive)	-	-
NT\$50,000,000 (inclusive)~NT\$100,000,000 (exclusive)	-	-
Over NT\$100,000,000	-	-
Total	2	2

- Note 1: The name of general manager and vice general manager shall be identified individually, and the various payments shall be summarized and then disclosed. If a Director serves concurrently as General Manager or Vice General Manager, indicate in this table and the table above.
- Note 2: Please specify the salary, duty allowance and severance paid to the General Manager or Vice General Manager in the most recent year.
- Note 3: Please specify the salary, duty allowance, severance pay, various bonuses, incentive payments, travelling expenses, special expenses, various subsidies, dormitory, company cars, in-kind payments and other remuneration, received by General Manager or Vice General Manager in the most recent year. If housing, vehicle or other means of transportation, or personal expenses are provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is provided, disclose compensation paid by the Company to the driver in a note; however, it is not included in the executive compensation. Any salary listed under IFRS 2 Share-Based Payment, including employee stock options, new restricted employee shares, and cash capital increase by stock subscription, shall also be included in remuneration.
- Note 4: Please specify the remuneration for employees (including stock and cash) approved by the Board of Directors to be allocated to the General Manager or the Vice General Manager in the most recent year. If it is impossible to anticipate the same, the amount to be allocated this year shall be based on that allocated physically last year, and please also specify the Table 1-3.
- Note 5: Please disclose the aggregate of the remuneration paid to the Company's general manager and vice general manager by all companies included into the consolidated financial reports (including the Company).
- Note 6: The aggregate of the remuneration to each general manager and vice general manager by the Company shall include the general manager and vice general manager's name disclosed in the relevant range of remuneration.
- Note 7: The aggregate of the remuneration paid to each of the Company's general manager and vice general manager by the companies included into the consolidated financial reports (including the Company) shall include the general manager and vice general manager's names disclosed in the relevant range of remuneration.
- Note 8: The earnings after tax shall refer to the earnings after tax identified in the entity or individual financial statement for the most recent year.
- Note 9: a. To specify whether the Company's general manager and vice general manager have received remuneration from investees or parent companies other than subsidiaries (If there is none, please fill in "none").
- b. If the Company's general manager and vice general manager have received remuneration from investees or parent company other than subsidiaries, please include the same into Column E in the following table and change the name of the column into "Parent company and all investees".
- c. The remuneration refers to the compensation and benefits paid to the Company's general manager and vice general manager who serve as directors, supervisor or managerial officer in the reinvested companies or parent company other than subsidiaries (including remuneration for employees, directors and supervisors), professional service fees and relevant benefits.

(3) Name of managers received employee's remuneration and allocation of remuneration:

Unit: NT\$ thousands

	Job Title (Note 1)	Name (Note 1)	Stock	Cash	Total	Ratio to Earnings after Tax
Manager	CEO	Chang, Chiao-Hua	0	245	245	0.10%
	GM	Chiu, Tzu-Chuan				
	Director	Guo, Shiu-Chiuan				
	Director	Chen, Meng-Yuan				
	Senior Director	Chang, Shu-Miao				
	Director	Lin, Hsin Chu				
	Director	Shih, Chieh-Jen				
	Director	Tsai, Wen-Lin				
	Director	Chang, Chen-Chang				
	Director	Ko, Chi-Feng				
	Director	Luor, Der-Cherng				
	Director	Yu, Chen-Pi				
	Director	Sun, Yu-Chiang				
	Senior Director	Huang, Wen-Chieh				
	Director	Hsu, Yu-Chung				
	Director	Lin, Wen-Cheng				
	Director	Li, Peng-Fei				
	Optical information	Wei, Chia-Te				
	Director	Lee, Jun-Ming				
	Senior Director (Note 5)	Chen, Jen-Hui				
	CFO (Financial Supervisor)	Huang, Kuo-Chen				
	Senior Manager (Chief Accountant)	Huang, Chih-Yu				
	Senior Manager (Corporate Governance Officer)	Chen, Shih-Chuan				

Note 1: Please disclose the name and job title individually, while the allocation of earnings may be summarized and then disclosed.

Note 2: Please specify the employee's remuneration (including stock and cash) allocated to the managerial officer with approval of the Board of Directors in the most recent year. If it is impossible to estimate the same, the amount to be allocated this year shall be based on the allocated physically last year. The net income after tax refers to the net income after tax of the most recent year; if IFRSs have been adopted, the net income after tax refers to the net income after tax of the most recent year for parent only or individual financial reports.

Note 3: The scope of application of the managerial officers, in accordance with the decree Tai-Cai-Cheng-San-Zi No. 0920001301 dated March 27, 2003, is as follows:

(1) General Manager and equivalents

(2) Vice General Manager and equivalents

(3) Director and equivalents

(4) Head of Finance Department

(5) Head of Accounting Department

(6) Any other persons in charge of the Company's affairs and entitled to sign the instruments on behalf of the Company

Note 4: Please complete this table if the directors, general manager and vice general manager receive employee's remuneration (including stock and cash).

Note 5: Assumed office on Apr. 1, 2023.

1. Please compare, describe and analyze the ratio of total remuneration paid by the Company and all companies in the consolidated statements to the Company's directors, general manager and vice general manager during the most recent two years to the earnings after tax, and specify the remuneration policies, standards and packages, remuneration determination procedures, and links with the operation performance and future risks.

- (1) Analysis on remuneration paid to the directors, general manager and vice general manager in the most recent two years.

Unit: NT\$ thousands

Job Title	2021			2022		
	Total remuneration (Note)	Net income after individual tax	Ratio of total remuneration to earnings after tax	Total remuneration (Note)	Net income after individual tax	Ratio of total remuneration to earnings after tax
Director	22,070	507,002	4.35%	20,260	240,283	8.43%
General Manager and Vice General Manager	19,649		3.88%	21,747		9.05%

Note: Total remuneration include the aggregate of the remuneration paid to the Company's directors, general manager and vice general manager by all companies included in the consolidated statements (including the Company).

- (2) Policies, standards, and packages for payment of remuneration, the procedures for determining remuneration and its linkage to business performance

①The Board of Directors is delegated to determine the remuneration to directors by reference to the directors' involvement in the Company's operation and the remuneration level of the peers in accordance with Article 17 of the Articles of Incorporation.

②The remuneration of the Company's directors and managerial officers are determined in accordance with the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter", and is submitted to the Remuneration Committee for discussion and the Board of Directors for approval.

If the Company makes profits in the year, the remuneration shall be allocated according to Article 27 of the Articles of Incorporation.

③Business performance directly affects allocation of remuneration to the managerial officer.

III. Status of Corporate Governance

(I) Operation of the Board of Directors

1. Information and status of the Board of Directors

The Board of Directors held 9 meetings in the most recent year (up to the date of publication of the Annual Report). The attendance of the directors was as follows:

May 11, 2023

Job Title	Name (Note)	Attendance in Person (B)	Attendance by proxy	Due attendance (A)	Actual attendance rate (%) (B/A)	Remark
Corporate Representative of Chairman	Kong Ching Corp. Ltd. Representative: CHEN, HUNG-YU	9	0	9	100%	Re-elected on June. 29, 2022
Director in person	Hsueh, Kuang-Chi	7	2	9	78%	Re-elected on June. 29, 2022
Corporate Representative of Director	Kong Ching Corp. Ltd. Representative: CHIEN, PEI-HSIANG	9	0	9	100%	Re-elected on June. 29, 2022
Corporate Representative of Director	Kong Ching Corp. Ltd. Representative: LAI, CHING-PAO	3	0	3	100%	Dismissed on June. 29, 2022
Corporate Representative of Director	Kong Sheng Investment Corp. Representative: Lin, Chien-Hung	6	0	6	100%	Assumed office on June. 29, 2022
Corporate Representative of Director	Ju Qing Investment Co., Ltd. Representative: HSIEH, MON-CHANG	9	0	9	100%	Re-elected on June. 29, 2022
Corporate Representative of Director	Kong Sheng Investment Corp. Representative: LIN, CHING-TANG	9	0	9	100%	Re-elected on June. 29, 2022
Independent Director in person	Chen, Shun-Ping	9	0	9	100%	Re-elected on June. 29, 2022
Independent Director in person	Song, Jun-Ming	9	0	9	100%	Re-elected on June. 29, 2022
Independent Director in person	Li, Zhi-Ping	9	0	9	100%	Re-elected on June. 29, 2022
Other matters to be recorded:						
I. For matters under Article 14-3 of the Securities and Exchange Act, and other resolutions of the Board of Directors with the independent directors voicing opposing or qualified opinions on the record or in writing, please state the Board meeting date, term, contents of proposal, and opinions of all members and the Company's handling of the independent director's opinions: None						
II. If the directors abstain in certain proposals for being a stakeholder, please specify the name of the Director(s), the content of the proposal, reasons for abstentions and the results of voting counts: On May 11, 2023, Independent Directors Chen, Shun-Ping, Li, Zhi-Ping, and Song, Jun-Ming recused themselves to avoid conflict of interest and did not participate in the discussion and voting on Proposal 1 of the 6th meeting of the 44th Board of Directors "Appointment of members of the Risk Management Committee", Proposal 2 "Suggestions for the meeting of the Remuneration Committee" and related proposals on the remuneration and travel expenses of the members of the Risk Management Committee.						
III. Execution of functions of the Board of Directors in the year and the recent years:						
1. Dedicated section regarding stakeholder and enterprise social responsibility is set up at the website of the Company to enhance disclosure of the Company's corporate information, and information transparency.						
2. The Board of Directors held 6 and 3 meetings in 2022 and 2023 respectively for a total of 9 meetings. Due attendance of all directors shall be 81 times in aggregate, but the actual attendance was 79 times in aggregate. The average attendance rate was 97.5%.						

2. Execution of evaluation of the Board of Directors

Evaluation frequency (Note 1)	Evaluation period (Note 2)	Evaluation scope (Note 3)	Evaluation method (Note 4)
The Company evaluated the performance of the Board of Directors once a year pursuant to the Company's Regulations Governing Performance Evaluation of the Board of Directors. Performance evaluation takes place at the end of every year, and the evaluation results will be completed by the end of the first quarter of the next year. In addition, external professional independent institution or an external professional scholar team will be appointed for performance evaluation every three years.	From January 1 to December 31, 2022	(1) Self-evaluation of the Board of Directors (2) Self-evaluation of the functional committees. (3) Self-evaluation of the members of the Board of Directors.	(1) Self-evaluation of the Board of Directors: The Board Secretariat collected the information related to activities of the Board of Directors in 2022, and gave a fair, objective and independent report to the Board of Directors. (2) Self-evaluation of the functional committees: Three members of the Audit Committee and the Remuneration Committee completed the self-evaluation questionnaires, which were collected by the Board Secretariat for statistics and analysis, and submitted to the Board of Directors. (3) Self-evaluation of the members of the Board of Directors: The self-evaluation questionnaire is completed by each director, collected by the Board Secretariat for statistics and analysis, and submitted to the Board of Directors. Note: The performance of the Board of Directors was evaluated by an external professional independent organization. The last evaluation period was 2020.
Evaluation contents (Note 5)			
(1) Self-evaluation items of the Board of Directors include the following five aspects: A. Participation in the Company's operation. B. Improvement of the decision-making quality of the Board of Directors. C. Composition and structure of the Board of Directors. D. Election and continuing education of the directors. E. Internal control. There are 45 self-evaluation items of the Board of Directors, and the average score is 4.96 points (full mark is 5.00 points). The average attendance rate of each director in 2022 was 98.1%, higher than the previous year (2021: 95.6%). 9 directors were present at the 2022 annual shareholders' meeting. The attendance rate was 100%, the same as the previous year. In 2022, the Board of Directors held 6 meetings, the same as the previous year. In 2022, continuing education of each director was at least 6 hours and continuing education of newly appointed director was at least 12 hours. (2) Self-evaluation items of the functional committees include the following five aspects: A. Participation in the Company's operation. B. Acknowledgment of duties of the functional committees. C. Improvement of the decision-making quality of the functional committees. D. Composition and member re-election of the functional committees. E. Internal control. There are 24 self-evaluation items of the functional committees, and the average score is 4.92 points (full mark is 5.00 points). In 2022, the Audit Committee held 5 meetings, and the Remuneration Committee held 3 meetings. The average attendance rate of both Committee members was 100%. (3) Self-evaluation items of the members of the Board of Directors include the following six aspects: A. Execution of the Company's targets and tasks. B. Understanding of the duties of the directors. C. Participation in the Company's operation. D. Management and communication of the internal relationship.			

Evaluation frequency (Note 1)	Evaluation period (Note 2)	Evaluation scope (Note 3)	Evaluation method (Note 4)
E. Expertise and continuing education of the directors. F. Internal control. Upon collection and analysis of self-evaluation questionnaires of 9 directors, the overall average scope of self-evaluation of directors was 4.78 points (full mark 5.00 points), equivalent to 96 points, and the rating was excellent. Among the 23 self-evaluation items, the average scores of most items are above 4.44 (Strongly agree). Items with an average score of 4.44 include: "Directors engage in healthy communications and exchanges with CPAs.", "Directors spend sufficient time on matters relating to the board of directors", "All directors of the company make validated contributions at the board meetings, such as making specific suggestions on proposals", "No director concurrently acts as director or supervisor in multiple companies". In the future, the Company will increase the number of CPAs attending the board meeting to increase the time for communication with directors; increase the time for planning and arranging directors' pre-discussion on relevant proposals or important issues, and provide investment and contribution opportunities for directors. (4) Relationship between director's performance evaluation and remuneration: The remuneration to the Company's directors is determined pursuant to Article 27 of the Articles of Incorporation. The Company will set aside 5% or more out of any earnings of the year as the director's remuneration, and will pay the director's remuneration in cash. In determination of the remuneration, the Company offers reasonable remuneration to the directors based on the Rules Governing Performance of the Board of Directors, taking into consideration of the Company's overall performance and the director's individual performance and contribution to the Company's performance. The Remuneration Committee and the Board of Director will review the above remuneration determination. The relevant rules governing remuneration will be amended as appropriate pursuant to the laws and regulations, taking into consideration the actual operation status of the Company.			

Note 1: Please specify frequency for evaluation of the Board of Directors, for example, once a year.

Note 2: Please specify the period for evaluation of the Board of Directors, for example, evaluation on the performance of the Board of Directors from January 1 to December 31, 2022.

Note 3: The scope of evaluation includes performance of the entire Board, individual directors and the functional committees.

Note 4: The evaluation methods include self-evaluation of the Board of Directors, self-evaluation of the Board members, peer evaluation, appointment of external professional institutions or experts, or other appropriate methods.

Note 5: the evaluation contents shall include at least the following items according to the scope of evaluation:

- (1) Evaluation on performance of the Board of Directors: at least including participation in operation of the Company, decision-making quality of the Board of Directors, composition and structure of the Board of Directors, election and continuing education of the directors, and internal control, etc.
- (2) Evaluation on performance of individual director: at least including alignment with the targets and tasks of the Company, awareness of the duties of the directors, participation in operation of the Company, internal relationship management and communication, director's expertise and continuing education, and internal control, etc.
- (3) Evaluation on performance of the functional committees: including participation in operation of the Company, awareness of the duties of the functional committee, decision-making quality of the functional committee, composition and member election of the functional committee, and internal control, etc.

(II) Status of the Audit Committee

Information about operation status of the Audit Committee

1. The Company's Audit Committee is composed of 3 members.
2. Term of office: from June 29, 2022 to June 28, 2025 (the same as the term of office of the directors).

In the most recent year and up to the date of publication of the annual report, the the 43rd term Audit Committee held 3 and the 44th term Audit Committee held 5 meetings (A). Qualification and attendance of the members are as follows:

Job Title	Name	Attendance in person (B)	Attendance by proxy	Actual attendance rate (%) (B/A) (Note)	Remark
Convener	Li, Zhi-Ping	8	0	100%	-
Committee Member	Chen, Shun-Ping	8	0	100%	-
Committee Member	Song, Jun-Ming	8	0	100%	-

3. The functions, powers and annual work priorities of the Audit Committee are as follows:
 - (1) Adoption or amendment of internal control systems in accordance with Article 14-1 of the Securities and Exchange Act;
 - (2) Review of the effectiveness of the internal control system;
 - (3) Adoption or amendment of procedures for handling financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, loaning of funds to others, and endorsements or guarantees for others in accordance with Article 36-1 of the Securities and Exchange Act.
 - (4) Matters in which a Director is an interested party;
 - (5) Asset transactions or derivatives trading of a material nature;
 - (6) Loaning of funds, endorsements, or provision of guarantees of a material nature;
 - (7) Offering, issuance, or private placement of equity-type securities;
 - (8) The hiring or dismissal of a certified public accountant, or their compensation;
 - (9) Appointment and dismissal of finance manager, accounting manager, and head of internal audit;
 - (10) The annual financial report signed or stamped with the seal of the Chairman, managerial officer, and chief accounting officer, and the Q2 financial report certified by the accountants.
 - (11) Other material matters as may be required by the Company or by the competent authority.

Other matters to be recorded:

- I. Where any one among those enumerated below exists as the performance by the Audit Committee, the convention date, term, contents of agenda, outcome of the decision resolved in the Audit Committee as well as the Company's opinions toward the Audit Committee's opinions should be expressly remarked:
- (I) Items listed in Article 14-5 of the Securities and Exchange Act
- (II) Apart from foregoing matters, other matters that were not approved by the Audit Committee, but were approved by two-thirds or more of all directors.
- The Company's Audit Committee did not have the above matters.

Important resolutions of the Audit Committee for 2022 and up to the publication date of the annual report:

Meeting date	Term	Proposal	Resolution	Disposition of the Board of Directors
2022.1.20	The 14th meeting of the 43th term	1. Proposal on the Company's change of Chief Internal Auditor. 2. The Amendments to the "Internal Control System" and the "Internal Audit Implementation Rules". 3. The proposal on providing endorsement and guarantee to a subsidiary of the Company. 4. The Company's 2022 annual financial investment and asset allocation plan.	Approved by all the members present.	Approved by all the Directors present.
2022.3.23	The 15th meeting of the 43th term	1. The Company's 2021 Annual Business Report, the Financial Statements and Consolidated Financial Statements incorporating the subsidiaries. 2. The Company's distribution of earnings for 2021. 3. The 2022 CPA independence evaluation and CPA fees given the fact that the internal organization of the CPA firm of the Company was adjusted, and it was planned to change the CPAs from the first quarter of 2022. 4. The Company's "Statement of Internal Control System" for 2021 was issued. 5. Review and discuss the amendment of some of the provisions of the Company's "Procedures for Acquisition and Disposal of Assets".	Approved with the entire committee members present voting in favor.	Approved by all the Directors present.

Meeting date	Term	Proposal	Resolution	Disposition of the Board of Directors
2022.5.6	The 16th meeting of the 43th term	1. The consolidated financial report of the Company for 2022 Q1. 2. The extension of the Company's financial credit. 3. The proposal on providing endorsement and guarantee to a subsidiary of the Company. 4. The proposal on the request of the Company's indirectly 100% held investee Wei-Chuan Food Investment Co., Ltd. for the Company to provide capital loans. 5. Putting forward applicable solution after the court heard the case on claiming damages for oil products of the Company.	Approved by all the members present. For item 5, members shall add and propose matters recommended by the Board of Directors.	Approved by all the Directors present. Item 5: Approved by all the Directors present. and approved to pass the following recommendations of the Audit Committee: 1. Recommend to refer to the mediation or judgment of the court of the same trade, and actively strive for more than 90% compensation for direct losses. 2. Please visit the insurance center in the future to fully communicate with them and take their opinions into consideration.
2022.8.5	The 1st meeting of the 44th term	1. The consolidated financial report of the Company for 2022 Q2 2. The Amendments to the "Internal Audit Implementation Rules". 3. The proposal on providing endorsement and guarantee to a subsidiary of the Company.	Approved by all the members present.	Approved by all the Directors present.
2022.11.4	The 2nd meeting of the 44th term	1. The consolidated financial report of the Company for 2022 Q3 2. The 2023 Annual Audit Plan of the Company's Internal Audit Department. 3. The lawsuit status between the Company and other upstream	Approved by all the members present. Item 4: It is suggested that if any party	Approved by all the Directors present. Item 4: Approved by all the members present. If any

Meeting date	Term	Proposal	Resolution	Disposition of the Board of Directors
		manufacturers regarding the oil incident. 4. The Amendment of Wei Chuan (BVI) Corp. to the Plan on Repayment of Loaning Funds to Wang Te Hsing Tea Limited. 5. The Company's 2023 annual financial investment and asset allocation plan. 6. The name of the investment target approved by the 14th meeting of the 43rd term Board of Directors is to be changed from "Ondine SEA Fund 2 L.P." to "Ondine SEA Fund 2".	fails to repay the loan on time for one period, the Company will take legal action to seek compensation.	party fails to repay the loan on time for one period, the Company will take legal action to seek compensation. Item 6: Approved by all the Directors present. ****
2023.1.13	The 3rd meeting of the 44th term	1. The Amendments to the "Internal Control System" and the "Internal Audit Implementation Rules". 2. The proposal on providing endorsement and guarantee to a subsidiary of the Company.	Approved by all the members present.	Approved by all the Directors present.
2023.3.15	The 4th meeting of the 44th term	1. The Company's 2022 Annual Business Report, the Financial Statements and Consolidated Financial Statements incorporating the subsidiaries. 2. The Company's distribution of earnings for 2022. 3. The Company's CPA independence evaluation and the professional fees of CPA in 2023. 4. The proposal regarding the Company's coverage of liability insurance for the directors, and managerial officers. 5. The Company's "Statement of Internal Control System" for 2022 was issued. 6. The proposal on the request of the Company's directly 100% held investee Cheng Shuen Nung Ranch Corporation for the Company to provide capital loans. 7. The proposal on providing endorsement and guarantee to a subsidiary of the Company.	Approved by all the members present.	Approved by all the Directors present.

Meeting date	Term	Proposal	Resolution	Disposition of the Board of Directors
2023.5.11	The 5th meeting of the 44th term	1. The consolidated financial report of the Company for 2023 Q1. 2. The extension of the Company's financial credit. 3. The proposal on the request of the Company's indirectly 100% held investee Wei-Chuan Food Investment Co., Ltd. for the Company to provide loans.	Approved with the entire committee members present voting in favor.	Approved by all the Directors present.

II. II. In regards to the recusal of Independent Directors from voting due to conflict of interests, the name of the Independent Directors, the resolutions, reasons for recusal due to conflict of interests and voting results shall be stated:

None.

III. Communications between independent Directors and head of internal audit and CPAs (issues, methods and outcomes related to the Company's financial and business status should be included):

Summary of communication between Independent Directors, Chief Internal Auditor and CPAs of the Company in 2022 and as of the publication date of the financial report:

Meeting date	Communication with CPAs	Communication with the Chief Internal Auditor
2022.1.20	(N/A)	1. Execution of the internal audit business of the Company from October to December, 2021 2. The Amendments to the "Internal Control System" and the "Internal Audit Implementation Rules". 3. The Company's change of Chief Internal Auditor.
2022.3.23	1. The CPAs expressed opinions on the audit reports of the consolidated and individual financial reports of 2021. 2. Discussion of findings in and suggestions for the review of financial statements of 2021 and response of the management (private sessions).	Report and communication on execution of the internal audit business of the Company from January to February, 2022
2022.5.6	The CPAs expressed opinions on the review of the consolidated financial report of the 1st quarter of 2022.	1. Execution of the internal audit business of the Company from March to April, 2022. Implementation Status 2. Execution of the audit and internal audit organization resource planning (closed meeting)

Meeting date	Communication with CPAs	Communication with the Chief Internal Auditor
2022.8.5	The CPAs expressed opinions on the review of the consolidated financial report of the 2nd quarter of 2022.	Execution of the internal audit business of the Company from May to June, 2022.
2022.11.4	The CPAs expressed opinions on the review of the consolidated financial report of the 3rd quarter of 2022.	1. Execution of the internal audit business of the Company from July to September, 2022. 2. Annual audit plan for 2023 of the Company. 3. Execution of the audit and internal audit organization resource planning (closed meeting).
2023.1.13	(N/A)	1. Execution of the internal audit business of the Company from October to December, 2022 2. The Amendments to the "Internal Control System" and the "Internal Audit Implementation Rules".
2023.3.15	1. The CPAs expressed opinions on the audit reports of the consolidated and individual financial reports of 2022. 2. Communicate on AQI, International Code of Ethics for Professional Accountants and discuss the findings and discussion of findings in and suggestions for the review of financial statements of 2021 and response of the management (closed meeting).	Report and communication on execution of the internal audit business of the Company from January to February, 2023
2023.5.11	The CPAs expressed opinions on the review of the consolidated financial report of the 1st quarter of 2023.	1. Execution of the internal audit business of the Company from March to April, 2023. 2. Execution of the audit and internal audit organization resource planning (closed meeting)

All the above matters have been examined or approved by the Audit Committee and Independent Directors have no objections.

(III) Composition, duties and operation of the Remuneration Committee

Information on the members of the Remuneration Committee

Identity \ Qualification Name		Professional qualification and experience Compliance of independence	Number of other public companies where the members are also the members of the remuneration committee of these companies.
Independent Director	Chen, Shun-Ping	Please refer to "Directors (II)" for details	-
Independent Director	Song, Jun-Ming		-
Independent Director	Li, Zhi-Ping		-

Duties of the Remuneration Committee

The Remuneration Committee shall exercise the care of a prudent administrator to faithfully perform the following duties and present its recommendations to the Board of Directors for discussion:

- I. Periodically review the Rules of Procedure for the Remuneration Committee, and give recommendations for amendments.
- II. Establish and periodically review the performance evaluation standards for the directors and managerial officers, the annual and long-term performance targets, and remuneration related policies, systems, standards and structure, and disclose the contents of the performance evaluation standards in the annual report.
- III. Periodically evaluate achievement of the performance objectives of the directors and managerial officers, and set contents and amounts of individual remuneration based on the results of the evaluation conducted in accordance with the performance evaluation standards.

Individual performance evaluation results for directors and managerial officers, as well as contents and amounts of individual remuneration as well as correlation to performance evaluation results and reasonableness shall be disclosed in the Annual Report and reported to the shareholders' meeting.

Operation status of the Remuneration Committee

1. The Company's Remuneration Committee is composed of 3 members.
2. Term of office: from June 29, 2022 to June 28, 2025 (the same as the term of office of the directors).

In the most recent year and up to the date of publication of the annual report, the 43rd term Remuneration Committee held 2 meetings and the 44th term Audit Remuneration held 3 meetings, totally 5 meetings (A). Attendance of the members are as follows:

Job Title	Name	Actual attendance (B)	Attendance by proxy	Actual attendance rate (%) (B/A) (Note)	Remark
Convener	Chen, Shun-Ping	5	0	100%	Reelection (44th term) on Jun. 29, 2022
Committee Member	Song, Jun-Ming	5	0	100%	
Committee Member	Li, Zhi-Ping	5	0	100%	

Other matters to be recorded:

- I. If the Board of Directors refuses to adopt or amends a recommendation of the Remuneration Committee, please specify the date of the meeting, session, content of the proposal, resolution by the Board of Directors, and the Company's response to the Remuneration Committee's opinion (e.g., if the remuneration passed by the Board of Directors exceeds the recommended amount of the Remuneration Committee, please specify the circumstances and cause for the difference): None.
- II. If there are resolutions of the Remuneration Committee to which members object or express reservations, and for which there is a record or declaration in writing, please specify the date of the meeting, session, content of the proposal, all members' opinions and the response to members' opinion: None.

3. Important resolutions of the Remuneration Committee for 2022 and up to the publication date of the annual report:

Date/Session	Proposal	Resolution	Disposition of the Board of Directors
2022.1.20 The 8th meeting of the 43th term Remuneration Committee	1. Proposal on the distribution of performance bonuses for managerial officers of the Company for the second half of 2021. 2. Proposal on the distribution of year-end bonuses for managerial officers of the Company for 2021 and performance bonuses for 2022. 3. Proposal on the adjustment of remuneration for managerial officers of the Company.	Approved by all the members present.	Approved by all the Directors present.
2022.3.23 The 9th meeting of the 43th term Remuneration Committee	1. The proposal for the allocation and distribution of remuneration to employees and directors of the Company for 2021. 2. The proposal for the distribution of remuneration to managerial officers of the Company for 2021. 3. The proposal for the distribution of remuneration to directors of the Company for 2021.	Approved by all the members present.	Approved by all the Directors present.
2022.08.05 The 1st meeting of the 44th term Remuneration Committee	1. The proposal on the adjustment of remuneration for managerial officers of the Company for 2022 2. The proposal on the distribution of performance bonuses for managerial officers of the Company for the first half of 2022.	Approved by all the members present.	Approved by all the Directors present.
2023.01.13 The 2nd meeting of the 44th term Remuneration Committee	1. Proposal on the distribution of performance bonuses for managerial officers of the Company for the second half of 2022. 2. Proposal on the distribution of year-end bonuses for managerial officers of the Company for 2022.	Approved by all the members present.	Approved by all the Directors present.
2023.03.15 The 3rd meeting of the 44th term Remuneration Committee	1. The proposal for the allocation and distribution of remuneration to employees and directors of the Company for 2022. 2. The proposal for the distribution of remuneration to managerial officers of the Company for 2022. 3. The proposal for the distribution of remuneration to directors of the Company for 2022.	Approved by all the members present.	Approved by all the Directors present.

(V) Corporate governance implementation status and deviations from the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and reasons thereof

Evaluation Items	Status (Note 1)			Deviations from the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and reasons thereof
	Yes	No	Description	
I. Does the company establish and disclose its corporate governance best-practice principles based on the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies"?	V		In accordance with the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies", the Company has established a Corporate Governance Best Practice Principles, which was adopted by the Board of Directors on November 11, 2016, revised on the board meeting on January 13, 2023, and published at the Company's official website and the MOPS.	It is in line with the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies".
II. Shareholding structure & shareholders' rights (I) Does the Company establish internal operating procedures or policies to handle shareholder suggestions, doubts disputes and lawsuits and implemented such procedures or policies?	V		(I) An investor contact window is set up at the homepage of the Company's website. Shareholders may also give feedback through customer service hotlines. Specialist or customer-service system will process the shareholders' opinion and respond to the shareholders through the internal procedures.	It is in line with the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies".
(II) Does the Company possess a list of major shareholders and list of ultimate owners of these major shareholders?	V		(II) The Company possesses a list of its major shareholders of the actual controlling company and the list of ultimate controller of these major shareholders. Pursuant to laws and regulations, the Company shall provide the list of the shareholders holding 5% or more shares every quarter.	It is in line with the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies".
(III) Has the company established and enforced risk control and firewall systems with its affiliate companies?	V		(III) The Company has established and enforced risk control and firewall systems with its affiliate companies, such as procedures for control and	It is in line with the "Corporate Governance

Evaluation Items	Status (Note 1)			Deviations from the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and reasons thereof
	Yes	No	Description	
(IV) Has the Company adopted internal rules prohibiting company insiders from trading securities using information not disclosed to the market?	V		management of property training, loaning funds to others, endorsement and guarantee. These measures will be implemented according to the internal control procedures. (IV) The Company has developed the management measures for prevention of insider trade, prohibiting the employees from insider trade.	Best-Practice Principles for TWSE/TPEX Listed Companies". It is in line with the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies".
III. Composition and duties of the Board of Directors (I) Does the Board of Directors formulate diversity policy for composition, and implement the policy?	V		(I) The Board of Directors of the Company is composed of a diverse group of members with different professional backgrounds, such as business management, accounting, finance, etc., and different professional abilities have been taken into account. Please refer to "Directors (II)" for details.	It is in line with the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies".
(II) Does the Company voluntarily establish other functional committees in addition to the legally-required Remuneration Committee and Audit Committee?	V		(II) In addition to the Remuneration Committee established in accordance with laws, the Company has also voluntarily established the Audit Committee to take replace of the supervisors in advance after the shareholders' meeting elected the independent directors in 2016. On November 4, 2022, the Board of Directors set up the Risk Management Committee based on the organizational regulations.	It is in line with the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies".
(III) Has the Company established the Regulations Governing Performance Evaluation of the Board of Directors and the evaluation methods, and	V		(III) The Company established the Regulations Governing Performance Evaluation of the Board of Directors which was adopted by the Board of	It is in line with the "Corporate Governance Best-Practice Principles for

Evaluation Items	Status (Note 1)			Deviations from the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and reasons thereof
	Yes	No	Description	
does the Company conduct performance evaluation annually? Does the Company report the results of the performance evaluation to the Board of Directors, and use them as a reference for each Director's remuneration and nomination for re-election? (IV) Does the Company regularly assess on the independence of CPAs?	V		Directors on May 10, 2017. The Company will conduct periodical internal performance evaluation every year, and conduct an external evaluation every three years. The self-evaluation and external evaluation results were submitted by the Board of Directors to the 2022 Board Meeting on March 15, 2023. In determination of the remuneration, the Company offers reasonable remuneration to the directors based on the Rules Governing Performance of the Board of Directors, taking into consideration of the Company's overall performance and the director's individual performance and contribution to the Company's performance. The Remuneration Committee and the Board of Director will review the above remuneration determination. Nomination for re-election also considers the performance evaluation results of the Board of Directors. (IV) The Company shall periodically evaluate independence and competence of the CPA at least once a year. The Board of Directors adopted evaluation on independence of CPA on March 15, 2023, and the CPA also issued a statement of independence. (Note 2)	TWSE/TPEX Listed Companies". It is in line with the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies".
IV. Do the TWSE/TPEX listed companies appoint adequate competent corporate governance personnel, and a chief governance officer to be in charge of the corporate governance related matters (including but not limited to providing	V		The head of the Board Secretariat is appointed as the Chief Corporate Governance Officer, which was approved by the board meeting on May 10, 2021. The Chief Corporate Governance Officer is responsible for corporate governance related affairs, and is served	It is in line with the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies".

Evaluation Items	Status (Note 1)			Deviations from the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and reasons thereof
	Yes	No	Description	
directors and supervisors required information for business execution, assisting directors and supervisors in following laws and regulations, handling matters in relation to the Board meetings and shareholders' meetings and keeping minutes of the Board meetings and shareholders' meetings according to law)?			by 2 persons, whose main responsibilities are as follows: 1. Maintain good operation of the Board of Directors, including planning and convening the Board meeting at least once a quarter, supplementing and amending the corporate governance related rules, assisting the directors to arrange continuing education, and holding Board meeting and director performance evaluation at least once a year, etc. 2. Successfully convene the shareholder's meeting, including shareholder's meeting announcement, meeting agenda and execution, and rules of procedure, etc. 3. Publish the corporate governance related affairs and information, including important information that shall be published and uploaded to MOPS, and corporate governance related information at the Company's website.	
V. Does the Company establish communication channels and a dedicated section on the Company's website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers) to respond to material corporate social responsibility issues in a proper manner?	V		The Company establishes the dedicated contact window for the stakeholders (such as 0800 consumer hotline, investor contact window, HR Department, CFO Office, Public Relations Section, Legal Affairs Section, and Board Secretariat, etc.) Dedicated contact window is also set at the Company's website for stakeholders to respond to the material corporate social responsibility issues in a proper manner.	It is in line with the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies".

Evaluation Items	Status (Note 1)			Deviations from the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and reasons thereof
	Yes	No	Description	
VI. Does the Company appoint a professional shareholder service agency to deal with shareholder affairs?	V		The Company appointed Yuanta Securities Corporation to deal with the affairs related to the shareholders' meeting.	It is in line with the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies".
VII. Information disclosure (I) Has the Company established a corporate website to disclose information regarding the Company's financial, business, and corporate governance status?	V		(I) The Company has established a corporate website to disclose the information regarding the Company's financial, business, and corporate governance status to the stakeholders. (Website: http://www.weichuan.com.tw)	It is in line with the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies".
(II) Has the Company established any other information disclosure channels (e.g. maintaining a website in English, designating a specially-assigned person to collect and disclose information, implementing the spokesperson system, webcasting investors' conference, etc.)?	V		(II) The Company discloses its relevant major information at the MOPS, implements the spokesperson system, and clarifies the major information according to regulations. Dedicated section for stakeholder, dedicated CSR section, road show webpage and annual reports are available at the Company's website.	It is in line with the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies".
(III) Does the company publicly announce and file the annual financial reports within two months after the close of the given fiscal year and publicly announce and file the first, second, and third quarterly financial reports and the operation of each month ahead of the required deadline?		V	(III) The Company made announcement and submitted the financial reports to the competent authorities according to regulations, including: 1. Announce and publish the annual financial reports that have been affixed signature or seal of the Chairman, the managerial officer and the accounting supervisor, audited and endorsed by the CPA, adopted by the Board of Directors and acknowledged by the supervisors within 3 months at the end of each fiscal year.	The Company publishes and reports its financial reports to the competent authority in accordance with relevant regulations.

Evaluation Items	Status (Note 1)			Deviations from the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and reasons thereof
	Yes	No	Description	
			2. Announce and publish the financial reports that have been affixed signature or seal of the Chairman, the managerial officer and the accounting supervisor, audited by the CPA and submitted to the Board of Directors within 45 days at the end of the first, second and third quarters of every fiscal year. 3. Announce and publish the operation status of the previous month before the 10th day of every month.	
VIII. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchase of liability insurance for directors and supervisors)?	V		1. The Company establishes the Employee Welfare Committee and the Pension Supervision Committee, to implement the pension system, take charge of various staff tourism, group insurances, training courses, and regular physical examination, provide fair job opportunity, emphasize labor's rights and labor relationship harmony, facilitate employee's care and first aid, etc. 2. Any attendance of the directors at the Board meeting shall be updated to MOPS according to regulations. 3. Pursuant to the Company's "Key Points for Promotion of Director's Continuing Education", the corporate governance related continuing education courses will be made available to the directors from time to time, encouraging them to	It is in line with the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies".

Evaluation Items	Status (Note 1)			Deviations from the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and reasons thereof
	Yes	No	Description	
			continue education. Continuing education related information will be uploaded to MOPS according to the regulations. 4. At the end of every Board meeting, the important resolutions of the meeting will be uploaded to the Company's website for reference. 5. The Company adopted a resolution of the Board of Directors on March 15, 2023 regarding coverage of liability insurance for directors and managerial officers at an insurance amount of USD 20 million, in order to reduce and decentralize risks of major damages caused to the Company and shareholders by fault or negligence of the directors and managers.	
IX. Improvements made in the most recent fiscal year in response to the results of corporate governance evaluation conducted by the Corporate Governance Center of the Taiwan Stock Exchange Corporation, and improvement measures and plans for items yet to be improved. (Not applicable to the companies not listed in evaluation). 1. The Company completed the 9th self-evaluation for corporate governance (for 2022) in January 2023, and made review and improvement based on the evaluation results. 2. The Company have improved the corporate governance evaluation results in the previous year in 2022, including: disclosing the professional qualifications and experience of the Audit Committee members and the annual tasks and implementation status of the Audit Committee, establishing an information security risk management framework and formulating and disclosing information security policies, specific management plans and resources invested in information security management, formulating intellectual property management plans linked to operational goals and disclosing the implementation status and report to the Board of Directors at least once a year, and disclosing annual greenhouse gas emissions in the past two years, water consumption and total waste, etc.				

Evaluation Items	Status (Note 1)			Deviations from the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and reasons thereof
	Yes	No	Description	
3.	Improvements which have not been made and the priority enhancement measures: formulating the Board diversity policy and disclosing the specific management objectives and implementation of the diversity policy, formulating the succession plan for Board members and senior management and disclosing the implementation status, formulating the risk management policies and procedures approved by the Board of Directors and disclosing the scope of risk management, organizational structure the its implementation status, establishing the English website of the Company including financial, business and corporate governance related information, holding a second investor conference, and uploading sustainability reports in English.			
4.	The above corporate governance evaluation results and the relevant improvement items were followed up and reported to the directors.			

Note 1: Reasons for checks of "Yes" or "No" of status should be specified in "Summary Description" column.

Note 2: Independence evaluation data of CPA.

The Company will evaluate the independence and competence of the CPA at least once a year. On March 15, 2023, independence and competence evaluation of CPA Huang, Shih-Chun and CPA Wu, Yu-Lung from PricewaterhouseCoopers, Taiwan was discussed by the Audit Committee and submitted to the Board of Directors for approval. The results were in line with the Company's evaluation standards, and they were competent of the office as CPA of the Company. The CPA firm issued the Statement of Independence.

① Standards for self-evaluation of independence and competence of CPA

No.	Assurance Report	Results	Description
1	Is the CPA independent questionnaire completed, and the questionnaire conclusion in line with the independence and competence audit?	Yes	The CPA independent questionnaire is completed, and the conclusion is in line with the audit.
2	Has the CPA been reappointed to provide the audit service for consecutive 7 years?	Yes	1. CPA Huang, Shih Chun has been appointed to provide the audit service for 3 years in total from the first quarter of 2020 to the fourth quarter of 2022. 2. CPA Wu, Yu-Lung has been appointed to provide the audit services for 5 years in total from the first quarter of 2018 to the fourth quarter of 2022.
3	Are audit quality indicators (AQIs) obtained as a reference for evaluating the appointment of CPA?	Yes	1. AQIs must be obtained as a reference for evaluating CPA appointments since the review and audit case of 2023 annual financial report. 2. The company has obtained and reviewed the AQIs.
4	Does the CPA issue the Statement of Impartiality and Independence?	Yes	The CPA has issued the Statement of Impartiality and Independence.

② Conclusion of the independence evaluation questionnaire of CPA

No.	Assurance Report	Results	Whether the CPA is independent
I. Evaluation of independence elements			
1	Does the CPA or his/her spouse or minor children have investment in the Company or share financial interest?	No	Yes
2	Does the CPA or his/her spouse or minor children borrow or lend funds from or to the Company? (However, this does not apply if the client is a financial institution and has normal contacts).	No	Yes
3	Does the CPA or member of the audit team serve as director or managerial officer of the Company or take other offices that have significant influence on the audit cases at present or in the past 2 years?	No	Yes
4	Does the CPA or member of the audit team engage in publicity or intermediary agency service for the stocks or other securities issued by the Company?	No	Yes
5	Does the CPA or member of the audit team defense legal cases or other disputes with a third party for and on behalf of the Company aside from engagements allowed by regulations?	No	Yes
6	Is the CPA or member of the audit team the spouse, lineal relative by blood, relation by marriage or relative within the second degree of kinship of the Company's director, managerial officer or other personnel having significant influence on the audit case?	No	Yes
7	Does the CPA relieving from the office serve as the Company's director or managerial officer or take other offices having significant influence on the audit case?	No	Yes
8	Does the CPA or member of the audit team receive valuable gifts, presents or privileges from the Company or its directors, managerial officers or major shareholders?	No	Yes
9	Does the CPA accept engagement by the engager or auditee to do regular job, receive fixed salary, or serve as the director or supervisor?	No	Yes

II. Independence operation evaluation			
1	Does the CPA have direct or indirect interest with the engagement subject matter that affects the impartiality and independence? Has the CPA abstained from the audit services?	Yes	Yes
2	Does the CPA maintain pro forma independence in addition to substantial independence while auditing, examining, reviewing or evaluating the financial statements and forming the opinion?	Yes	Yes
3	Is the member of the audit team, other CPAs or shareholders of the incorporated CPA firm, CPA firm, affiliates of CPA firm and alliance firms independent of the Company?	Yes	Yes
4	Does the CPA perform professional services in an impartial and prudent manner?	Yes	Yes
5	Does the CPA maintain fair and objective standpoint when conducting professional services, and try not to affect professional judgment due to bias, conflict of interest or stakes?	Yes	Yes
III. Competence evaluation			
1	Does the CPA have disciplinary records with the CPA Disciplinary Committee in the recent two years? Has the accounting firm been involved in major litigation cases in the past two years or now?	No	Yes
2	Does the CAP firm have adequate scale, resources and regional coverage in handling audit services for the Company?	Yes	Yes
3	Does the accounting firm have clear quality control procedures? Does the coverage include the level and key points of the audit procedures, methods for handling auditing issues and making judgment, independent quality control review and risk management?	Yes	Yes
4	Does the CPA firm notify the Board of Directors any obvious issues and development regarding risk management, corporate governance, financial and accounting, and relevant risk control in time?	Yes	Yes

Statement of Independence issued by the CPA

PWC

Statement

Zi-Hui-Zong Document No. 22007647

- I. Our CPAs treat all cases in an impartial, objective, honest and prudent manner, and strictly comply with our Code of Conduct, in order to provide the best and high-quality professional audit services to your Company in time, and meet the expectation of the social public.
- II. The CPA is responsible for expressing opinion as to whether the Company's financial statements give fair view on the Company's financial position, operating results and cash flows based on the audit results, so as to obtain reasonable assurance that the financial statements are free from material misstatement. The Company's management is responsible for preparing the financial statements, and will provide all information related to preparation of the financial statements, including financial and accounting records, and other relevant materials. The management is still responsible for the foregoing financial statements even if the financial statements have been audited by the CPA.
- III. The CPA communicates with those charged with governance in accordance with the Statement on Auditing Standards No. 62 "Communication with Those charged with Governance of the Audited Companies". In audit of the financial statements, the CPA will communicate the governance matters that are critical to financial reporting supervision and disclosure procedures with those charge with governance based on its judgment. However, the foregoing provisions do not require the CPA to design an audit procedure specifically for the purpose of identifying significant governance matters. Therefore, it shall not be expected to identify all governance matters through such audit.
- IV. In order to fulfill the responsibilities of the CAP and ensure the highest quality of the audit work, our CPA and professional and the professional team will properly plan and perform the audit work in a professional and skeptical manner. The audit report is also subject to final review of the CPA to determine the type of the audit, and signed by the CPA.
- V. The Appointment Team, all other professionals of the Firm and the Firm's audit work of the year have complied with the provisions under the Norm of Professional Ethics for Certified Public Accountants of the Republic of China No.10 Independence of Bulletin and PwC Global Independence Policy (including the International Standards on Auditing Gazette No.220), and there is no any violation of the relevant provisions that affect the impartiality and independence of the Firm. If this engagement involves other members of PwC, then, the relevant members have complied with PwC Global Independence Policy.
- VII. The audit and other services provided by the Firm have consistent with the requirements under the Standards on Auditing of the Republic of China Gazette No.46 "Quality Control of Certified Public Accountants".
- VII. The audit work of the Firm is based on impartiality and objectiveness. The Firm has acknowledged the following matters. In case of inconsistency, please contact with us:
 - (I) Our CPAs and the professional service personnel of the audit team do not have shareholding and investment relationship with the Company.
 - (II) Our CPAs and professional personnel do not serve as directors, supervisors or managerial officers in the Company.
 - (III) The Firm does not have business cooperation relationship with the Company.

(IV) The Firm does not have litigations with the Company.

(V) There are no any other circumstances that will violate independence in the professional judgment of the CPA.

(VI) The CPAs have not founded any circumstances that might jeopardize independence. Thus, there is no need to communicate safeguard measures.

VIII. In case of any possible violation of independence in the audit process in 2023, the CPA will communicate with those charged with governance of the Company such circumstances and take the corresponding safeguard measures.

PricewaterhouseCoopers, Taiwan

CPA

Huang, Shih-Chun

Wu, Yu-Lung

February 3, 2023

(VI) Implementation of the promotion of sustainable development and the differences and reasons from the Sustainable Development Best Practice Principles for TWSE or TPEx Listed Companies

Promoted Item	Status of Implementation (Note 1)			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Description	
I. Has the company established a governance structure to promote sustainable development, and set up a dedicated or ad hoc unit to promote sustainable development? Has the Board of Directors authorized senior management to handle the situation, and does the Board provide supervision?	V		1. On May 6, 2022, the Board of Directors of the Company passed a resolution to set up a Corporate Sustainable Development Committee, which is comprised of a Chief Sustainable Development Officer, an executive secretary and members; there are seven groups under it, including: Corporate Governance Group, Food Safety Promotion Group, Social Public Welfare Group, Employee Relations Group, Environment Friendliness Group, Product Design Group, and Stakeholder Communication Group. The committee and each group have their respective roles assigned, and they meet at least once a quarter to implement and promote various activities. Relevant promotion plans are reported to the Steering Committee, and the Chief Sustainable Development Officer will report important promotion results to the Board of Directors at least once a year. 2. The most recent annual reports to the Board of Directors were on	It is in line with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies".

Promoted Item	Status of Implementation (Note 1)			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Description	
			November 4, 2022, including the previous year's promotion policies ,results and ESG report, etc. 3. Every year, the Company will investigate and screen key issues of concern of each stakeholder as reference of key points and promotion projects to be disclosed in the annual sustainable development report, and plan, execute and improve the promotion projects. Every year, the Company will prepare the sustainable development report and disclose it at the website.	
II. Does the Company conduct risk assessments on environmental, social and corporate governance issues related to the business operations and formulate relevant risk management policies or strategies based on the materiality principle? (Note 2)	V		In accordance with the AA1000SES Standard For Stake Holder Engagement, the Company has identified major topics in terms of corporate governance, society and environment in accordance with the procedures of identification, ranking, confirmation, report and inspection, where the degree of concern of the stakeholders is higher than the degree of impact on the Company, and implemented risk assessment and control by levels. Please refer to Chapter 2 of the Company's ESG Report for details.	It is in line with the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies".

Promoted Item	Status of Implementation (Note 1)			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Description	
III. Environmental issues (I) Does the Company establish proper environmental management systems based on the characteristics of their industries?	V		(I) The Company's Douliu Plant and Taichung Plant have adopted ISO14001 (Environmental Management System) and ISO 14064 (Green House Emission Inventory and Verification) in succession, and passed relevant certification. Subsequently, other plants and units will adopt the above systems in succession. In addition, Douliu Plant is the first food manufacturer that filed to the Bureau of Industry and passed the clean production evaluation system in 2013, and passed again after the follow-up inspection in 2015. In addition, in 2017, Taichung Plant, Douliu Plant and Kaohsiung Plant passed ISO50001 Energy Management System Certification in succession, to effectively measure and supervise utilization of energy, and reduce energy consumption and expenditures, and carbon emission.	It is in line with the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies".

Promoted Item	Status of Implementation (Note 1)			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Description	
(II) Does the Company endeavor to utilize all resources more efficiently and use renewable materials that have low impact on the environment?	V		(II) 1. The Company is committed to research, development and use environmental-friendly packaging materials, such as light-weight plastic dairy and beverage bottles. In combination with expertise in design, material and process equipment, the Company continues to perform light-weight inspection on the package of the products, to minimize the weight of the packaging at a level that maintains the quality of the products, minimize consumption of the plastics, reduce consumption of non-renewable petroleum resources, and greatly reduce carbon emission. 2. Packaging materials, carbons, paper bags, boxes and tag papers of the convenient foods are integrated with four environmental-friendly inks such as soy, UV, benzol-free and water based. Meanwhile, the Company also takes the initiative to introduce the Free PVC environmental-friendly claw cover in the glass cans of such two categories of products ahead of the same trade.	It is in line with the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies".

Promoted Item	Status of Implementation (Note 1)			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Description	
(III) Has the Company evaluated the current and future potential risks and opportunities of climate change, and adopted countermeasures against relevant issues?	V		3. Sleever on the bottle of beverage and soy sauce is made of PET, PS and other environmental-friendly materials instead of PVC. 4. With respect to product gift design, in addition to renewable paper materials and environmental-friendly soy sauce ink printing, the Company also prevents excessive packaging as much as possible, and focuses on less-color printing. 5. In order to improve resource reuse efficiency, recycling papers are used to make the recycled external package carbons of the products, which is marked with the environmental label of the Republic of China. In the future, the Company will continue to promote reduction of the packaging materials, to minimize use of plastics, and introduce FSC certified papers. (III) The Company attaches great importance on such topics as climate change and global warming. Since 2012, the Company has investigated greenhouse gas emission in succession, and formulated energy conservation and carbon emission	It is in line with the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies".

Promoted Item	Status of Implementation (Note 1)			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Description	
(IV) Does the Company make statistics of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and formulate policies on energy efficiency and carbon dioxide reduction, greenhouse gas reduction, water reduction, or waste management?	V		reduction strategies. Such strategies include continuous monitoring of process in the factory, improvement of equipment efficiency; a number of electricity saving and environmental measures in working environment, promotion of electronized sheets, reduction of paper consumption, reduction of fuel consumption of business vehicle through path planning, and electric power control through temperature detection. With respect to greenhouse emission of livestock raising, Cheng Shuen Nung Ranch Dairy Co., Ltd. positively implements the environmental protection related projects, such as: green planting, sewage treatment and solid waste reuse, etc. (IV) The Company makes statistics for greenhouse gas emission, water consumption and total weight of wastes in the past two years, and discloses the statistical data on the CSR Report. Furthermore, the Company formulates the environmental policies, and takes environmental-protection actions to	It is in line with the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies".

Promoted Item	Status of Implementation (Note 1)			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies															
	Yes	No	Description																
			implement energy conservation and carbon reduction practice on the principles of clean at the source and quality approach to environmental protection. The plants cooperate with the Company's energy management strategies, implement the ISO 50001 Energy Management System, and undertake to put it into practice. The annual power conservation target is 1%. Other strategies related to energy conservation, carbon reduction, and greenhouse gas emission reduction are set out in Paragraph (III) above. <table><tr><td>Category</td><td>2021</td><td>2022</td></tr><tr><td>Emission of GHG (Scope I) (tons of CO_{2e})</td><td>11135.2</td><td>11760.2</td></tr><tr><td>Emission of GHG (Scope II) (tons of CO_{2e})</td><td>21106.0</td><td>20663.6</td></tr><tr><td>Total water consumption (millions of L)</td><td>607.9</td><td>531.9</td></tr><tr><td>Total weight of waste (tons)</td><td>4385.4</td><td>5318.2</td></tr></table>	Category	2021	2022	Emission of GHG (Scope I) (tons of CO _{2e})	11135.2	11760.2	Emission of GHG (Scope II) (tons of CO _{2e})	21106.0	20663.6	Total water consumption (millions of L)	607.9	531.9	Total weight of waste (tons)	4385.4	5318.2	
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Promoted Item	Status of Implementation (Note 1)			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Description	
IV. Social issues				
(I) Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Human Rights Convention?	V		(I) The Company attaches great importance to human rights of labors, and has formulated policies regarding the labor's human rights pursuant to the International Social Responsibility Standard SA 8000. The Company has also formulated personnel management rules and working rules according to the labor related regulations, and conducted labor insurance, health insurance and pension for the employees. In addition, the Company has formulated a number of measures related to the employee's rights and interest such as ethical management, employee complaint, and sexual harassment prevention and control measures, to protect the legitimate rights and interest of the employees.	It is in line with the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies".
(II) Has the Company established and offered proper employee benefits (including compensation, leave, and other benefits) and reflected the business performance or results in employee compensation appropriately?	V		(II) The Company will appropriate budgets for the employee's welfare activities every year, and will integrate the resources of the employee welfare committee, to provide diversified welfare benefits and subsidies to the employees. The Company also protects the vacation	It is in line with the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies".

Promoted Item	Status of Implementation (Note 1)			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Description	
(III) Does the Company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	V		rights and interest of the employees in accordance with laws and regulations. With respect to remuneration, Wei Chuan equally treats the employees regardless of gender on the principle of equal pay for equal work; in addition, the Company also sets aside not less than 1% out of earnings, if any, as distribution to the employees pursuant to the Articles of Incorporation. We will continue improving the operation profitability of the Company, and strive to optimize the remuneration level of the peers. (III) The Company regards the employees as the most important assets of the Company, and continues to promote a health working environment. In addition to safe and health offices, the Company also organizes regular fire drilling, regularly disinfects and cleans the working environment, tests the water quality and implements access control. Every year, the Company will organize regular physical examination for the employees, and	It is in line with the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies".

Promoted Item	Status of Implementation (Note 1)			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Description	
(IV) Does the Company provide its employees with effective career development and training sessions?	V		implement safety and health education and training for the employees. (IV) The Company will formulate and implement the annual education and training plan every year based on TTQS talent development system and the structure of enterprise university in order to improve the employee's functions, promote work efficiency, accelerate business development.	It is in line with the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies".
(V) Do the Company's product and service comply with related regulations and international rules for customers' health and safety, privacy, sales, labeling and does the Company set policies to protect consumers' rights and consumer appeal procedures?	V		(V) The Company emphasizes the consumer's rights and interest. There is 0800 consumer hotline to provide product knowledge consulting service, recommendations, defect feedback and complaint, protect the basic rights and interest of the consumers, and improve the customer satisfaction and service quality. In addition, the Company establishes a Food Safety Committee and a Food Safety Center. The Company draws up short-term, middle-term and long-term plans to promote "full product traceability, formula simplification and quality in line	It is in line with the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies".

Promoted Item	Status of Implementation (Note 1)			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Description	
(VI) Has the Company established the supplier management policies requesting suppliers to comply with relevant laws and regulations related to environmental protection, occupational safety and health or labor rights and supervised its implementation?	V		with the international standards". The Company properly identify the relevant information on the products to protect the consumer's right of being informed pursuant to the consumer's protect laws and commodity labeling related regulations. (VI) The Company has the supplier development and evaluation rules in place, and visits the factories of the suppliers from time to time. Records whether the supplier affects the environment and society are included in evaluation. At present, contracts signed with the supplier set forth compliance with the relevant laws and regulations, and incorporate provisions regarding termination or cancellation of the contract at any time if the supplier has violated the corporate social responsibility policy and has significant impact on the environment and society.	It is in line with the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies".
V. Does the Company prepare sustainable development report and other reports that disclose non-financial information by	V		The Company prepares the SCR report by reference to the "Regulations Governing Preparation and Declaration	It is in line with the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed

Promoted Item	Status of Implementation (Note 1)			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Description	
following international reporting standards or guidelines? Are the reports certified or assured by a third-party accreditation body?			of CSR Report of Listed Companies" and relevant FAQ, and the "Core Options of GRI Standards" of the Global Reporting Initiative (GRI), and appoints PricewaterhouseCoopers, Taiwan to make limited confirmation on the CSR Report pursuant to the Statements on Auditing Standards No.1 "Confirmation Case for Checking or Reviewing Non-historical Financial Information" of the Accounting Research and Development Foundation.	Companies".
VI. If the Company has established sustainable development best-practice principles based on the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies", describe the implementation and any deviations from such principles: The sustainable development best-practice principles of the Company are in line with the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies"				
VII. Other important information to facilitate a better understanding of promoting sustainable development practices: (I) Three food safety standards: including full product traceability, formula simplification and quality in line with international standards, making it the industry pioneer, and the first food company that passes Safety Quality Food (SQF) international certification in the entire factory area for the whole production lines; Kaohsiung Plant, Taichung Plant and Douliu Plant passed top-level certification, SQF Level 3, with high marks of excellence. Lin Fengying Fresh Milk Product has become the first SQF internationally certified fresh milk in Asia, achieving the consumer's safety expectation to food. (II) Industry promotion: Wei Chuan promotes upgrading of dairy farmer industry in terms of source management, world-class quality, technology-based ranch and sustainable development, and assists dairy farmer industry of Taiwan towards the goal of building "Sustainable Ranch and Healthy and Fresh Milk". With Cheng Shuen Nung Ranch as the demonstration farm of "Dairy Farmer 4.0" Plan, Wei Chuan also provides professional guidance talents to dairy farmer partners, introducing the modern and scientific management mode of Cheng Shuen Nung Ranch to the dairy farmer partners, so as to lead the dairy farmer partners to build more perfect ranch, improve product quality, and provide consumers with more fresh, more healthy and safer milk products.				

Promoted Item	Status of Implementation (Note 1)			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Description	
(III) Corporate volunteers and local care: Three factory areas and 18 places of business of Wei Chuan are located over counties and cities of Taiwan. By upholding the philosophy of "One Township One Enterprise", it is expected to promote combination of corporate resources with volunteer services in each factory area, ranch and place of business, integrate the community with actual public actions, and give return to the home village or town, so as to create a well-being community full of love and care. In the past five years, community public welfare activities, such as meal delivery for the elderly living alone and donation for vulnerable families, have benefited more than 200,000 people.				
(IV) Nutrition care: Wei Chuan continues to work together with the national food bank for the "Nutrition Supplement Package Plan for Rural Classrooms", to exclusively sponsor nutritional supplement package of "preserved milk" to the "children in remote rural schools" so as to achieve the middle-term and long-term public welfare plan. It has helped more than 150,000 students and invested more than NT\$1.5 million. In addition, more than 40 nutrition education courses have been organized to help children in rural areas to improve their nutrition knowledge.				
(V) Energy management: Each plant coordinates with the Company's energy management strategies, and implements the ISO 50001 Energy Management System, to take practical actions to set the power conservation target at 1% every year. Wei Chuan continues to improve the energy performance, and proceeds with internal staff training to jointly complete the Company's energy management responsibility. In 2017, all factory areas passed ISO 50001 (Energy Management System Certification) to implement energy utilization supervision and management.				
(VI) The Company issued Sustainable had been verified by PricewaterhouseCoopers, Taiwan in 2022, and disclosed it at Sustainable's website and MOPS. The verification report is set out in the Appendix to "2021 ESG Report of Wei Chuan".				

Note 1: If "Yes" is selected in the operating status, please explain the important policies, strategies, and measures adopted, and the implementation status; if "No" is selected in the operating status, please specify the difference reason and explain related future policies and plans for strategies and measures in the column "Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof".

Note 2: The principle of materiality refers to environmental, social and corporate governance issues that have significant impacts on the company's investors and other stakeholders.

Note 3: For disclosure methods, please refer to the Best Practice Reference Examples on the website of the Corporate Governance Center of the Taiwan Stock Exchange.

(VII)Implementation of ethical corporate management and deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof.

Evaluation Items	Operation status (Note)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
I. Establishment of ethical corporate management policies and programs				
(I) Has the Company established the ethical corporate management policies approved by the Board of Directors and specified in its rules and external documents the ethical corporate management policies and practices and the commitment of the Board of Directors and senior management to rigorous and thorough implementation of such policies?	V		(I) The Company has established its Ethical Corporate Management Best Practice Principles, the Code of Conduct, and the Procedures and Guidelines for Ethical Corporate Management, which have been announced to all employees and uploaded to the Company's website.	It is in line with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies".
(II) Does the company establish appropriate preventive measures for business activities specified in Paragraph 2, Article 7 of the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” or any other activity with a high risk of unethical conduct?	V		(II) The Company has established the Procedures and Guidelines for Ethical Corporate Management, and the Self-discipline Guidelines, and taken preventive measures against business activities that have higher risks of unethical conducts.	It is in line with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies".
(III) Has the Company provided any solutions to prevent the unethical conducts, stipulate the definite procedures, conduct guidelines, punishment for violation as well as appeals system and put into practice, and review and revise on a regular basis the aforesaid solutions?	V		(III) The Company has established the Procedures and Guidelines for Ethical Corporate Management, the Rules of Rewards and Punishment, and Complaint Handling Measures as the basis to take actions against unethical conducts. The audit department works together with the implementing department to review implementation of the above rules and guidelines.	It is in line with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies".

Evaluation Items	Operation status (Note)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
II. Fulfillment of ethical corporate management				
(I) Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts?	V		(I) The Company has set forth ethical conduct related terms and conditions in the business contracts. In addition, there are over 300 qualified suppliers. Wei Chuan sets forth ethical corporate management policies in the contracts, and signs the letter of undertaking for ethical corporate management with all suppliers at the rate of 100%.	It is in line with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies".
(II) Has the Company set up a dedicated unit under the Board of Directors to promote ethical corporate management and regularly (at least once every year) report to the Board of Directors the implementation of the ethical corporate management policies and prevention programs against unethical conduct?	V		(II) The Company's HR Department is responsible for promoting ethical corporate management of the Company. Main responsibilities: formulate Ethical corporate management policies and unethical conduct prevention measures, and supervision implementation thereof, promote and coordinate publicity and training of ethical corporate management policies, plan whistle-blowing system, assist the Board of Directors and the management to check and evaluate whether the preventive measures established for implementation of the ethical corporate management are effective, and regularly report implementation of the relevant business to the Board of Directors. Report was submitted to the Board of Directors on January 13, 2023.	It is in line with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies".
(III) Has the Company established policies to prevent conflicts of interest, provided appropriate communication channels, and implemented them accordingly?	V		(III) Provisions governing avoidance of conflict of interest with the directors are set forth in the Rules of Procedure of the Board of Directors, and are implemented.	It is in line with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies".

Evaluation Items	Operation status (Note)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
(IV) Has the Company established effective accounting systems and internal control systems to implement ethical corporate management and had its internal audit unit, based on the results of assessment of the risk of involvement in unethical conduct, devised relevant audit plans and audited the compliance with the prevention programs accordingly or entrusted a CPA to conduct the audit?	V		(IV) The Company establishes the effective accounting system and internal control system according to the regulations. Each department makes self-evaluation and the internal audit department makes regular evaluation according to the regulations.	It is in line with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies".
(V) Does the company regularly hold internal and external educational trainings on operational integrity?	V		(V) Ethical corporate management is the operation philosophy of Wei Chuan. Every year, the relevant topics will be incorporated in the training activities. New employees shall sign the acceptance letter for taking office upon report to duty, and will receive the "Code of Conduct" and the "Working Rules". In addition, induction training will cover the Company's ethical corporate management policies, and introduction to relevant complaint channels. The legal affairs officer further introduces compliance with laws, so that the new employees can know the Company's ethical corporate management related policies and practice. In 2022, 894 employees cumulatively received 3,354 hours of educational training related to ethical corporate management issues (including compliance with laws related to ethical corporate management, food safety health management and inspection, accounting system and internal control related courses).	It is in line with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies".

Evaluation Items	Operation status (Note)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
III. Operation of the whistle-blowing system (I) Does the Company establish the reward and punishment system and a whistle-blowing hotline? Can the accused be reached by an appropriate person for follow-up? (II) Has the Company established the standard operating procedures for investigating reported misconduct, follow-up measures to be adopted after the investigation, and related confidentiality mechanisms? (III) Does the Company provide proper whistleblower protection?	V V V		(I) The Company has established the Procedures and Guidelines for Ethical Corporate Management, the Rules of Rewards and Punishment, and Complaint Handling Measures as the basis to take actions against unethical conducts. The Company has also established the whistle-blowing mailbox and independent director mailbox against unethical conducts, and dedicated officer is appointed to take appropriate actions. (II) Confidentiality related provisions for relevant whistle-blowing information are set forth in the Procedures and Guidelines for Ethical Corporate Management. (III) The Procedures and Guidelines for Ethical Corporate Management protect the whistleblower from and against improper treatment because of whistle-blowing.	It is in line with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies". It is in line with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies". It is in line with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies".
IV. Enhanced disclosure of information Does the company disclose its ethical corporate management policies and the results of its implementation on the company's website and MOPS?	V		The Company has uploaded the Code of Ethical Corporate Management, the Procedures and Guidelines for Ethical Corporate Management and the Code of Ethical Conduct to the Company's website and MOPS.	It is in line with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies".

Evaluation Items	Operation status (Note)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
V.	If the Company has established its own Ethical Corporate Management Best Practice Principles in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies", state the discrepancies between these principles and its implementation: It is in line with the E"Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies".			
VI.	Other important information to facilitate better understanding of the Company's ethical corporate management (e.g., review of and amendments to ethical corporate management policies)			
1.	In addition to publicity of relevant ethical corporate management policies to the employees by e-mail and intranet, the Company also established a "Whistle-blowing Box" on the webpage, so that the stakeholders could express their voice, accept relevant whistle-blowing, which shall be treated in a confidential manner. In addition, in the process of cooperation, the manufacturers and suppliers will be also informed of the Company's ethical corporate management ideas, in order to maintain the goodwill and pursue sustainable operation.			
2.	In accordance with the "Corporate Governance Best Practice Principles", the "Ethical Corporate Management Best Practice Principles", the "Procedures and Guidelines for Ethical Corporate Management" and the "Code of Ethical Conduct" of the Company, in order to facilitate the independent directors to find out the possible disadvantages of the Company in time, a communication channel between employees, shareholders, manufacturers and all stake holders and the independent directors is established, and an "independent director mailbox" is set up on the Company's website. If any person finds any dishonest behavior or improper behavior, he/she can send the relevant content to the independent director mailbox, which will be received by the three independent directors of the Company and dealt with promptly and properly. For the information provided by the whistleblower, the Company will do its best to keep confidential.			
3.	The working rules and the ethical corporate management related rules are published on the network sharing area throughout the Company, so that our peers could know the Company's rules and regulations, and search appeal practice related to their own rights and obligations at any time.			

Note: Regardless of whether "Yes" or "No" is selected, provide a brief description in the Summary column.

(VIII) Please disclose access to the Company's Corporate Governance Best Practice Principles and related rules and regulations, if any:

The important rules related to investor relationship and the corporate governance related information are available at the following website:

(<http://www.weichuan.com.tw/Management/Rule>) °

(IX) Other Important Information on Corporate Governance:

1. Continuing education and training that the directors (44th term) attended in 2022 and up to the date of publication of the annual report

Job Title	Name	Date of Continuing Education	Name of Course	Training Institution	Hours of Continuing Education (hour)
Corporate Representative of Chairman	Chen, Hung-Yu	2022/11/04	Competitiveness vs. Existence: New Trend and Strategy of ESG	Taiwan Corporate Governance Association	3
		2022/08/05	Impact Investing - Enhancing your impact for opportunities and SDGs	Taiwan Corporate Governance Association	3
Director in person	Hsueh, Kuang-Chi	2022/11/18	Realizing Deal Value through Post Merger Integration	Taiwan Corporate Governance Association	3
		2022/11/04	Competitiveness vs. Existence: New Trend and Strategy of ESG	Taiwan Corporate Governance Association	3
		2022/08/05	Impact Investing - Enhancing your impact for opportunities and SDGs	Taiwan Corporate Governance Association	3
		2022/07/22	The role of independent directors in business operations and corporate governance	Taiwan Corporate Governance Association	3
Independent Director	Song, Jun-Ming	2022/11/09	Independent directors how to detect the company's financial crisis	Independent Director Association Taiwan	3
		2022/11/04	Competitiveness vs. Existence: New Trend and Strategy of ESG	Taiwan Corporate Governance Association	3
		2022/08/30	Evaluation and Execution of Mergers and Acquisitions from the Legal Viewpoint	Taiwan Corporate Governance Association	3
		2022/08/05	Impact Investing - Enhancing your impact for opportunities and SDGs	Taiwan Corporate Governance Association	3
		2022/06/07	Case Study and Analysis of Disputes over Enterprise Management Right	Chinese National Association of Industry and Commerce, Taiwan	3
Independent Director	Chen, Shun-Ping	2022/07/20	"Sustainable Development Roadmap" Industry Theme Promotion Conference	Taiwan Stock Exchange and Taipei Exchange	2
		2022/05/04	International Twin Summit	Taiwan Stock Exchange, Alliance Advisors, Taiwan Corporate Governance Association	2
		2022/03/18	The ESG reporting trends and its business implications	Taiwan Corporate Governance Association	3
Independent Director	Li, Zhi-Ping	2022/11/04	Competitiveness vs. Existence: New Trend and Strategy of ESG	Taiwan Corporate Governance Association	3
		2022/08/05	Impact Investing - Enhancing your impact for opportunities and SDGs	Taiwan Corporate Governance Association	3

Job Title	Name	Date of Continuing Education	Name of Course	Training Institution	Hours of Continuing Education (hour)
Corporate Representative of Director	Chien, Pei-Hsiang	2022/11/04	Competitiveness vs. Existence: New Trend and Strategy of ESG	Taiwan Corporate Governance Association	3
		2022/08/05	Impact Investing - Enhancing your impact for opportunities and SDGs	Taiwan Corporate Governance Association	3
Corporate Representative of Director	Lin, Chien-Hung	2022/11/04	Competitiveness vs. Existence: New Trend and Strategy of ESG	Taiwan Corporate Governance Association	3
		2022/08/05	Impact Investing - Enhancing your impact for opportunities and SDGs	Taiwan Corporate Governance Association	3
		2022/07/19	M&A practices - Hostile Takeover	Securities and Futures Institute	3
		2022/07/14	Global Risk Recognition—Opportunities and Challenges in the Next Decade	Securities and Futures Institute	3
		2022/07/07	The Metaverse and the Future of Cryptocurrency Blockchains	Securities and Futures Institute	3
		2022/07/06	Circular economic benefits and their business models	Securities and Futures Institute	3
Corporate Representative of Director	Lin, Ching-Tang	2022/11/04	Competitiveness vs. Existence: New Trend and Strategy of ESG	Taiwan Corporate Governance Association	3
		2022/08/05	Impact Investing - Enhancing your impact for opportunities and SDGs	Taiwan Corporate Governance Association	3
Corporate Representative of Director	Hsien, Mon-Chang	2022/08/05	Impact Investing - Enhancing your impact for opportunities and SDGs	Taiwan Corporate Governance Association	3
		2022/06/10	2022 Annual Insider Trading Prevention Promotion Conference	Securities and Futures Institute	3

2. Continuing education and training that the managerial officers attended in 2022 and up to the date of publication of the annual report

Job Title	Name	Date of Continuing Education	Name of Course	Training Institution	Hours of Continuing Education (hour)
CEO	Chang, Chiao-Hua	2022/11/04	Competitiveness vs. Existence: New Trend and Strategy of ESG	Taiwan Corporate Governance Association	3
		2022/08/05	Impact Investing - Enhancing your impact for opportunities and SDGs	Taiwan Corporate Governance Association	3
GM	Chiu, Tzu-Chuan	2022/08/05	Impact Investing - Enhancing your impact for opportunities and SDGs	Taiwan Corporate Governance Association	3
Senior Director	Huang, Wen-Chieh	2022/08/05	Impact Investing - Enhancing your impact for opportunities and SDGs	Taiwan Corporate Governance Association	3
Director	Chen, Chien-Jen	2022/08/05	Impact Investing - Enhancing your impact for opportunities and SDGs	Taiwan Corporate Governance Association	3
Corporate Governance Officer	Chen, Shih-Chuan	2022/11/04	Competitiveness vs. Existence: New Trend and Strategy of ESG	Taiwan Corporate Governance Association	3
		2022/10/28	2022 Annual Insider Trading Prevention Promotion Conference	Securities and Futures Institute	3
		2022/08/05	Impact Investing - Enhancing your impact for opportunities and SDGs	Taiwan Corporate Governance Association	3
		2022/07/20	Seminar on Performance Evaluation of Board of Directors and Functional Committees	Taiwan Corporate Governance Association	3
		2022/06/10	2022 Annual Insider Trading Prevention Promotion Conference	Securities and Futures Institute	3

3. Continuing education and training that the accountants preparing the financial reports attended in 2022 and up to the date of publication of the annual report

Job Title	Name	Date of Continuing Education	Name of Course	Training Institution	Hours of Continuing Education (hour)
Chief Financial Officer	Huang, Kuo-Chen	2022/11/04	Competitiveness vs. Existence: New Trend and Strategy of ESG	Taiwan Corporate Governance Association	3
		2022/08/05	Impact Investing - Enhancing your impact for opportunities and SDGs	Taiwan Corporate Governance Association	3
Chief Accounting Officer	Huang, Chih-Yu	2022/05/26 2022/05/27	Continuing Education Training Class for Chief Accounting Officers of Issuers, Securities Firms and the Securities Exchange	Accounting Research and Development Foundation	12
Agent of Chief Accounting Officer	Cheng, Yu Ti	2022/09/05 2022/09/06	Continuing Education Training Class for Chief Accounting Officers of Issuers, Securities Firms and the Securities Exchange	Accounting Research and Development Foundation	12
Accounting officers related to preparation of the financial reports	Lu, Cheng-Yang	2022/04/14 2022/08/12	Practice of Self-Preparation of Financial Statements: Reinvestment Using the Equity Method Deciphering the "Financial Statement" Problems of Enterprises and the Practice of "Enterprise Diagnosis"	Accounting Research and Development Foundation	6

(X) Execution Status of Internal Control System

1. Statement of Internal Control

Wei Chuan Foods Corp.
Statement of Internal Control System

Date: Mar. 15, 2023

The Company hereby states the results of the self-evaluation of the internal control system for 2022 as follows:

- I. The Company acknowledges that the Company's Board of Directors and managerial officers are responsible for establishing, implementing, and maintaining the internal control system. Its purpose is to reasonably ensure that operational effectiveness and efficiency (including income, performance, and asset safety) and reporting are reliable, timely, and transparent, as well as to ensure compliance with relevant regulations and laws.
- II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its 3 stated objectives above. Moreover, the effectiveness of an internal control system may vary with environment and circumstances. Nevertheless, the internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.
- III. The Company evaluates the design and operating effectiveness of the internal control system based on the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (herein below, the "Regulations"). The criteria adopted by the "Regulations" identify 5 components of internal control based on the process of management control: 1. control environment; 2. risk assessment; 3. control activities; 4. information and communication; and 5. monitoring operations. Each key component includes several items. Please refer to the "Regulations" for the aforementioned items.
- IV. The Company has evaluated the design and operating effectiveness of the internal control system according to the Regulations.
- V. Based on the results of the determination in the preceding paragraph, the Company is of the opinion that, as of December 31, 2022, the internal control system (including the supervision and management of subsidiaries), including the design and implementation of the internal control system relating to the effectiveness and efficiency of the operations, reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations, is effective and can reasonably assure the achievement of the foregoing goals.
- VI. This statement is an integral part of the Company's annual report and prospectus and will be open to the public. Any falsehood, concealment, or other illegality in the content open to the public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. This statement was approved by the Board of Directors on March 15, 2023, and none of the nine Directors in attendance objected to it and all consented to the content expressed in this statement.

Wei Chuan Foods Corp.

Chairman: Chen, Hung-Yu

General Manager: Chang, Chiao-Hua

2. If a CPA has been hired to carry out a special audit of the internal control system, the CPA audit report shall be disclosed: None.

(XI) Penalties Imposed upon the Company and its Employees According to Law, Penalties Imposed by the Company upon Employees for the Violation of the Internal Control System Policy, Principal Deficiencies, and Improvement Status during the Most Recent Fiscal Year and during the Current Fiscal Year up to the Date of Publication of the Annual Report: None.

(XII) Major Resolutions of Shareholders' Meeting and Board Meetings During the Most Recent Fiscal Year Up to the Date of Publication of the Annual Report:

1. Major resolutions adopted at the 2022 Annual Shareholders' Meeting and implementation status:

Meeting time: Jun. 29, 2023 (Wednesday) 9:00 a.m.

Proposed Adoptions:

Proposal 1

Proposal: Adoption of the Company's 2021 Business Report and Financial Statements and subsidiaries' consolidated financial statements.

Major Resolutions and Implementation: The proposal is voted and adopted as it was.

Proposal 2

Proposal: Adoption of the proposal for distribution of 2021 earnings of the Company.

Major Resolutions and Implementation: The proposal is voted and adopted as it was.

Pay a cash dividend of NT\$0.501 per share, the ex-dividend base date was August 1, 2022, and the cash dividend distribution date was August 24, 2022.

Discussions:

Proposal 1

Proposal: The amendment to some provisions of the Article of Association is submitted for decision.

Major Resolutions and Implementation: The proposal is voted and adopted as it was.

The amendment is published on the official website and MOPS.

Proposal 2

Proposal: The amendment to some provisions of the "Rules for Procedure for Shareholders' Meetings" is submitted for decision.

Major Resolutions and Implementation: The proposal is voted and adopted as it was.

The amendment is published on the official website and MOPS.

Proposal 3

Proposal: The amendment to some of the provisions of the Company's "Procedures for Acquisition and Disposal of Assets" is submitted for decision.

Major Resolutions and Implementation: The proposal is voted and adopted as it was.

The amendment is published on the official website and MOPS.

Election matters: re-election of directors.

Election results and implementation status: The list of new directors has been announced on the official website and MOPS.

Other proposals

Proposal: The proposal to release the prohibition on elected directors and their representatives from working concurrently in competitive businesses is submitted for decision.

Major Resolutions and Implementation: The proposal is voted and adopted as it was. The amendment is published on the official website and MOPS.

2. Important resolutions adopted at the 1st meeting of the 44th Board of Directors

Meeting time: Jun. 29, 2022 (Wednesday) 5:00 p.m.

- Approved the election of Chen, Hung-Yu as the chairman.
- Approved the appointment of members of the Remuneration Committee of the 44th Board of Directors of the Company.

The above proposals were adopted by all present directors.

3. Important resolutions adopted at the 2nd meeting of the 44th Board of Directors

Meeting time: Aug. 5, 2022 (Friday) 1:00 p.m.

- Passed the consolidated financial report of the Company for 2022 Q2.
- Passed the proposals recommended at the 1st meeting of the 44th Remuneration Committee.
- Amendments to the "Internal Audit Implementation Rules" were adopted.
- The proposal on extension of the financial line was adopted.
- The proposal to provide endorsement and guarantee to a subsidiary of the Company was adopted.
- The proposal regarding Comfort Letter provided by the Company to the subsidiary was adopted.

The above proposals were adopted and implemented by all present directors.

4. Important resolutions adopted at the 3rd meeting of the 44th Board of Directors

Meeting time: Nov. 4, 2022 (Friday) 1:15 p.m.

- Passed the consolidated financial report of the Company for 2022 Q3.
- The 2023 Annual Audit Plan of the Company's Internal Audit Department was adopted.
- Approved the establishment of the Company's "Risk Management Committee" and its organizational regulations.
- Approved the formulation of Company's Procedures for Handling Material Inside Information.
- Approved the amendment to the the Guidelines for Prevention of Insider Trading However, Article 4 is amended as follows: The Company's responsible joint unit for handling major internal information is composed of the Board Secretariat Department, the Business Planning Department under the CEO Office, the CFO Office and the Public Relations Management Department; the rest of the units are revised as responsible joint unit, and reviewed as a whole.
- The amendments to the "Rules of Procedure for Board of Directors Meetings of Procedure for Shareholders' Meeting" were adopted.

- The lawsuit status between the Company and other upstream manufacturers regarding the oil incident was reviewed.
- The Amendment of Wei Chuan (BVI) Corp. to the Plan on Repayment of Loaning Funds to Wang Te Hsing Tea Limited was approved. If any party fails to repay the loan on time for one period, the Company will take legal action to seek compensation.
- The proposal on extension of the financial line was adopted.
- Passed the Company's 2023 annual financial investment and asset allocation plan.
- The name of the investment target approved by the 14th meeting of the 43rd term Board of Directors is approved to be changed from "Ondine SEA Fund 2 L.P." to "Ondine SEA Fund 2". However, the fund agreement and actual capital injection of the Huoshui case and the Futian case will be discussed and evaluated at the next Board meeting.

The above proposals were adopted and implemented by all present directors.

5. Important resolutions adopted at the 4th meeting of the 44th Board of Directors
Meeting time: Jan. 13, 2023 (Friday) 3:00 p.m.

- Passed the key operation points and budgets for 2023.
- Passed the proposals recommended at the 2nd meeting of the 44th Remuneration Committee.
- Amendments to the "Internal Control System" and the "Internal Audit Implementation Rules" were adopted.
- Passed the amendments to the "Corporate Governance Best Practice Principles", "Sustainable Development Best Practice Principles", and "Directions for the Implementation of Continuing Education for Directors".
- The proposal on extension of the financial line was adopted.
- The proposal to provide endorsement and guarantee to a subsidiary of the Company was adopted.
- Approved the acquisition or disposal of property, equipment or their right-of-use assets

The above proposals were adopted and implemented by all present directors.

6. Important resolutions adopted at the 5th meeting of the 44th Board of Directors
Meeting time: Mar. 15, 2023 (Wednesday) 3:30 p.m.

- Passed the proposals recommended at the 3rd meeting of the 44th Remuneration Committee.
- The Company's 2022 Annual Business Report, the Financial Statements and Consolidated Financial Statements incorporating the subsidiaries were adopted.
- Passed the Company's distribution of earnings for 2022.
- Approved the proposal for the Company's CPA independence evaluation the professional fees for 2023.
- Passed the proposal regarding the Company's coverage of liability insurance for the directors, supervisors and managerial officers.
- Passed the Company's "Statement of Internal Control System" for 2022.
- Approved the date, time, place, and method of holding the 2023 general meeting of shareholders and matters related to the acceptance of more than 1% of shareholders' proposals.
- Passed the proposal to lift the non-competition restrictions for the managerial officers of the Company.
- The proposal on extension of the financial line was adopted.
- Passed the proposal on the request of the Company's directly 100% held investee Cheng Shuen Nung Ranch Corporation, Ltd. for the Company to provide capital loans.
- The proposal to provide endorsement and guarantee to a subsidiary of the Company was adopted.

The above proposals were adopted and implemented by all present directors.

7. Important resolutions adopted at the 6th meeting of the 44th Board of Directors
Meeting time: May 11, 2023 (Thursday) 3:10 p.m.
- Approved the appointment of members of the Risk Management Committee of the 44th Board of Directors of the Company.
(Independent Directors Chen, Shun-Ping, Li, Zhi-Ping, and Song, Jun-Ming recused themselves to avoid conflict of interest and did not participate in the discussion and voting)
 - Passed the proposals recommended at the 4th meeting of the 44th Remuneration Committee.
(Independent Directors Chen, Shun-Ping, Li, Zhi-Ping, and Song, Jun-Ming recused themselves to avoid conflict of interest and did not participate in the discussion and voting)
 - Passed the consolidated statements of the Company for 2023 Q1.
 - The proposal on extension of the financial line was adopted.
 - Passed the proposal on extension of the Company's financial credit.
 - Passed the proposal on the request of the Company's indirectly 100% held investee Wei-Chuan Food Investment Co., Ltd. for the Company to provide capital loans.
 - The proposal to provide endorsement and guarantee to a subsidiary of the Company was adopted.

The above proposals were adopted and implemented by all present directors.

(XIII) Recorded or written statements made by the directors which specified dissent to important resolutions adopted by the Board of Directors during the most recent year and up to the date of publication of the annual report: None.

(XIV) Resignation or dismissal of the Chairman, the General Manager, the Chief Accounting Officer, the Treasurer, the Internal Audit Head, the Corporate Governance Officer and R&D Supervisor during the most recent year and up to the date of publication of the annual report:

JOB TITLE	NAME	DATE OF ASSUMPTION OF DUTY	DATE DISMISSED	REASONS FOR RESIGNATION OR DISMISSAL
Chief Internal Auditor	CHANG, JEN-YI	MAY 10, 2017	JAN. 20, 2022	WORK ADJUSTMENT OR REASSIGNMENT

IV. Information about CPA Professional Fee

(I) CPA Professional Fees

Unit: NT\$ thousands

Name of CPA Firm	Name of CPA	Audit Period	Audit Fees	Non-audit Fees	Total	Remark
Pricewaterhouse Coopers, Taiwan	Huang, Shih-Chun	2022	NT\$ 6,470 thousand	NT\$ 4,107 thousand	NT\$ 10,577 thousand	-
	Wu, Yu-Lung					

Note: Non-audit fees include sustainability reports and consulting services, tax certification and other financial consulting services.

(II) When the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: None.

(III) When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefor shall be disclosed: None.

V. Information on Replacement of CPAs: Not Applicable.

VI. Where the company's chairperson, president, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm, the name and position of the person, and the period during which the position was held: None.

VII. Transfer and pledge of equity of the directors, the supervisors, the managerial officers and the shareholders holding more than 10% of shares in the Company

1.Changes to equity of the directors, the managerial officers and the major shareholders

Job title	Name	2022		Year as of April 30	
		Change in Number of Shares Held	Change in Number of Shares Pledged	Change in Number of Shares Held	Change in Number of Shares Pledged
Chairman	Kong Ching Corp. Ltd. Representative: CHEN, HUNG-YU	0	0	0	0
Director	Kong Ching Corp. Ltd. Representative: CHIEN, PEI-HSIANG	0	0	0	0
Director	Ju Qing Investment Co., Ltd. Representative: HSIEH, MON-CHANG	0	0	0	0
Director	Kong Sheng Investment Corp. Representative: LIN, CHING-TANG	0	0	0	0
Director	Kong Sheng Investment Corp. Representative: Lin, Chien-Hung	0	0	0	0
Director	Hsueh, Kuang-Chi	0	0	0	0
Independent Director	Chen, Shun-Ping	0	0	0	0
Independent Director	Li, Zhi-Ping	0	0	0	0
Independent Director	Song, Jun-Ming	0	0	0	0
CEO	Chang, Chiao-Hua	0	0	0	0
GM	Chiu, Tzu-Chuan	0	0	0	0
Director	Guo, Shiu-Chiuan	0	0	0	0
Director	Chen, Meng-Yuan	0	0	0	0
Senior Director	Chang, Shu-Miao	0	0	0	0
Director	Lin, Hsin Chu	0	0	0	0
Director	Shih, Chieh-Jen	0	0	0	0
Director	Tsai, Wen-Lin	0	0	0	0
Director	Chang, Chen-Chang	0	0	0	0
Director	Ko, Chi-Feng	0	0	0	0
Director	Luor, Der-Cherng	0	0	0	0
Director	Yu, Chen-Pi	0	0	0	0
Director	Sun, Yu-Chiang	0	0	0	0
Senior Director	Huang, Wen-Chieh	0	0	0	0
Director	Hsu, Yu-Chung	0	0	0	0
Director	Lin, Wen-Cheng	0	0	0	0
Director	Li, Peng-Fei	0	0	0	0
Director	Wei, Chia-Te (Appointed on Aug. 1, 2022)	0	0	0	0
Director	Lee, Jun-Ming (Appointed on Aug. 1, 2022)	0	0	0	0
Director	Chen, Jen-Hui (Appointed on	0	0	0	0

Job title	Name	2022		Year as of April 30	
		Change in Number of Shares Held	Change in Number of Shares Pledged	Change in Number of Shares Held	Change in Number of Shares Pledged
	Apr. 1, 2023)				
CFO (Financial Supervisor)	Huang, Kuo-Chen	0	0	0	0
Senior Manager (Chief Accountant)	Huang, Chih-Yu	0	0	0	0
Senior Manager (Corporate Governance Officer)	Chen, Shih-Chuan	0	0	0	0
Director	Tang, Wei-Che (Dismissed on Jan. 30, 2023)				
Director	Chen, Chien-Jen (Dismissed on Nov. 1, 2022)	0	0	0	0

2.Information about transfer of equity: N/A

3.Information about pledge of equity: N/A

VIII.Information about the relationship among the Company's top 10 shareholders

Apr. 30, 2023

NAME (NOTE 1)	CURRENT SHAREHOLDING		SHAREHOLDING OF SPOUSE AND MINOR CHILDREN		TOTAL SHAREHOLDING BY NOMINEES		INFORMATION ABOUT TOP 10 SHAREHOLDERS WHO ARE RELATED PARTY TO ONE ANOTHER, OR SPOUSE OR RELATIVES WITHIN THE SECOND DEGREE OF KINSHIP, THEIR NAMES AND RELATIONSHIP (NOTE 3)		REMARK
	Number of Shares	Shareholding percentage (NOTE 2)	Number of Shares	Shareholding percentage (NOTE 2)	Number of Shares	Shareholding percentage (Note 2)	Name (or Designation)	Relationship	
Kang Cheng Co., Ltd. Representative: LIN, CHING-TANG	50,523,000 0	9.98% 0	9,000	0.00%	0	0	Kang Chao, Kang Sheng Kang Ching, Kang Fa	The Chairman is the same person.	-
Kang Chau Co., Ltd. Representative: LIN, CHING-TANG	50,407,000 0	9.96% 0	9,000	0.00%	0	0	Kang Cheng, Kang Sheng Kang Ching, Kang Fa	The Chairman is the same person.	
Kong Sheng Investment Corp. Representative: LIN, CHING-TANG	36,688,000 0	7.25% 0	9,000	0.00%	0	0	Kang Cheng, Kang Chao, Kang Ching, Kang Fa	The Chairman is the same person.	-
Kong Ching Corp. Ltd. Representative: LIN, CHING-TANG	35,880,000 0	7.09% 0	9,000	0.00%	0	0	Kang Cheng, Kang Chao, Kang Sheng, Kang Fa	The Chairman is the same person.	-

NAME (NOTE 1)	CURRENT SHAREHOLDING		SHAREHOLDING OF SPOUSE AND MINOR CHILDREN		TOTAL SHAREHOLDING BY NOMINEES		INFORMATION ABOUT TOP 10 SHAREHOLDERS WHO ARE RELATED PARTY TO ONE ANOTHER, OR SPOUSE OR RELATIVES WITHIN THE SECOND DEGREE OF KINSHIP, THEIR NAMES AND RELATIONSHIP (NOTE 3)		REMARK
	Number of Shares	Shareholding percentage (NOTE 2)	Number of Shares	Shareholding percentage (NOTE 2)	Number of Shares	Shareholding percentage (Note 2)	Name (or Designation)	Relationship	
Kong Fa Investment Corp. Representative: LIN, CHING-TANG	29,828,000 0	5.89% 0	9,000	0.00%	0	0	Kang Cheng, Kang Chao, Kang Sheng, Kang Ching	The Chairman is the same person.	-
Yu, Mei-Ling	20,683,000	4.09%	0	0	0	0	None	None	-
Dai, Cheng-Chi	11,000,000	2.17%	0	0	0	0	None	None	-
HSBC Bank (Taiwan) Limited as custodian of HHLR Fund L.P.	9,988,000	1.97%	0	0	0	0	None	None	-
Citibank (Taiwan) Limited as custodian of Norges Bank Investment Account	7,201,000	1.42%	0	0	0	0	None	None	-
JP Morgan Chase Bank Taipei Branch as custodian of Vanguard Group's Vanguard Emerging Markets Stock Index Fund Investment Account	5,516,600	1.09%	0	0	0	0	None	None	-

- Note 1: The top 10 shareholders' names shall be identified separately (in the case of corporate shareholders, the corporate shareholders' names and representatives' names shall be identified separately).
- Note 2: Shareholding percentage is calculated separately based on the number of shares held in the name of the person, his/her spouse and minors, and others.
- Note 3: Relationship between the aforementioned shareholders (including corporate and natural person shareholders) shall be disclosed according to Regulations Governing the Preparation of Financial Reports by Securities Issuers.

IX. Total Number of Shares and Total Equity Held in the Same Investee by the Company, Its Directors and Supervisors, Managerial Officers, and Any Companies Controlled Either Directly or Indirectly by the Company

Mar. 31, 2023; Units: share; %

Name of Investee (Note)	Investment of the Company		Investment held by directors, supervisors, managers, and directly or indirectly controlled enterprises		Comprehensive Investment	
	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio
KING CAN INDUSTRY CORPORATION	34,539,451	98.68%	0	0.00%	34,539,451	98.68%
KanghCONCOURSE INTERNATIONAL INC.	14,034,753	99.99%	0	0.00%	14,034,753	99.99%
ChinCHINA YOUTH CO., LTD.	8,481,905	99.79%	0	0.00%	8,481,905	99.79%
KANG CHUAN ENGINEERING CO., LTD.	35,113,408	99.85%	0	0.00%	35,113,408	99.85%
Cheng Shuen Nung Ranch Dairy Co.,Ltd	57,929,989	100.00%	0	0.00%	57,929,989	100.00%
Wei Chuan Business Development Corporation	10,000,000	100.00%	0	0.00%	10,000,000	100.00%
THAI WEI-CHUAN CO., LTD.	390,000	60.00%	0	0.00%	390,000	60.00%
FU TING FOODS CO., LTD.	7,500,000	37.50%	0	0.00%	7,500,000	37.50%
WEI-CHUAN INTERNATIONAL LIMITED	N/A	100.00%	Not applicable	0.00%	Not applicable	100.00%
WEI-CHUAN ASIAN INVESTMENT LIMITED	N/A	1.00%	Not applicable	99.00%	Not applicable	100.00%
WEI-CHUAN(BVI) CO., LTD.	N/A	100.00%	Not applicable	0.00%	Not applicable	100.00%

Note: Investments under equity method; or warrants of the limited company

Chapter IV. Fund Raising

I. Capital and Shares

(I) Source of Capital

Year/Month	Issuing Price	Authorized Capital		Paid-in Capital		Remark		
		Number of Shares	Amount	Number of Shares	Amount	Share capital Source of Capital	Capital Increase by Assets Other than Cash	Others
1992/10	10	350,000,000	3,500,000,000	314,433,111	3,144,331,110	Capitalized earnings: NT\$ 222,607,508 Capital surplus 139,129,692	None	1992/8/25(81) Tai Cai Zheng (I) No. 02207
1993/8	10	352,165,084	3,521,650,840	352,165,084	3,521,650,840	Capital reserve: NT\$ 377,319,730	None	1993/7/12(82) Tai Cai Zheng (I) No. 29783
1994/8	10	394,424,894	3,944,248,940	394,424,894	3,944,248,940	Capital reserve: NT\$ 422,598,100	None	1994/7/19(83) Tai Cai Zheng (I) No. 31946
1995/8	10	425,978,885	4,259,788,850	425,978,885	4,259,788,850	Capitalized earnings: NT\$ 315,539,910	None	1995/6/30(84) Tai Cai Zheng (I) No. 38517
1996/7	10	468,576,773	4,685,767,730	468,576,773	4,685,767,730	Capitalized earnings: NT\$ 170,391,552 Capital reserve: NT\$ 255,587,328	None	1996/7/3(85) Tai Cai Zheng (I) No. 41762
1997/8	10	600,000,000	6,000,000,000	506,062,914	5,060,629,140	Capital reserve: NT\$ 374,861,410	None	1997/7/14(86) Tai Cai Zheng (I) No. 53032
2019/6	10	800,000,000	8,000,000,000	506,062,914	5,060,629,140	-	-	-

Shares Type	Authorized Share Capital			Remark
	Issued Shares (Note)	Unissued Stock	Total	
Common stock	506,062,914	293,937,086	800,000,000	-

Note: The Company's share is the listed stock.

Information about Shelf Registration System: None

(II) Structure of Shareholders

Apr. 30, 2023

Structure of Shareholders Number	Government Agencies	Financial Institutions	Other Corporate Shareholders	Natural Persons	Foreign Institutions and Natural Persons	Total
Person	0	2	311	96,099	205	96,617
Number of Shares Held	0	2,283	220,840,338	231,192,649	54,027,644	506,062,914
Shareholding ratio	0.00%	0.00%	43.64%	45.68%	10.68%	100%

(III) Distribution of Shares

Apr. 30, 2023

Range of Shares	Number of Shareholders	Number of Shares Held	Shareholding ratio
1~999	69,242	7,927,816	1.57%
1,000~5,000	21,320	44,015,329	8.70%
5,001~10,000	3,078	25,068,709	4.95%
10,001~15,000	836	10,830,717	2.14%
15,001~20,000	638	11,990,426	2.37%
20,001~30,000	505	13,337,087	2.64%
30,001~40,000	264	9,601,804	1.90%
40,001~50,000	175	8,216,337	1.62%
50,001~100,000	291	21,581,713	4.26%
100,001~200,000	142	19,422,360	3.84%
200,001~400,000	59	16,231,095	3.21%
400,001~600,000	21	10,044,899	1.98%
600,001~800,000	13	8,912,000	1.76%
800,001~1,000,000	4	3,496,405	0.69%
1,000,001 or over	29	295,386,217	58.37%
Total	96,617	506,062,914	100%

Distribution of Preferred Shares

(IV) List of Major Shareholders

Apr. 30, 2023

Name of Major Shareholders	Type of Shares	Number of Shares Held	Shareholding ratio
Kang Cheng Co., Ltd.		50,523,000	9.98%
Kang Chau Co., Ltd.		50,407,000	9.96%
Kong Sheng Investment Corp.		36,688,000	7.25%
Kong Ching Corp. Ltd.		35,880,000	7.09%
Kong Fa Investment Corp.		29,828,000	5.89%
Yu, Mei-Ling		20,683,000	4.09%
Dai, Cheng-Chi		11,000,000	2.17%
HSBC Bank (Taiwan) Limited as custodian of HHLR Fund L.P.		9,988,000	1.97%
Citibank (Taiwan) Limited as custodian of Norges Bank Investment Account		7,201,000	1.42%
JP Morgan Chase Bank Taipei Branch as custodian of Vanguard Group's Vanguard Emerging Markets Stock Index Fund Investment Account		5,516,600	1.09%

(V) Market Price, Net Value, Earnings and Dividends per Share During the Most Recent Two Years

Information about market price, net value, earnings and dividends per share

Item \ Year		2021	2022	Year as of April 30, 2023 (Note 8)
Per share Market price (Note 1)	Highest	25.50	23.20	21.60
	Lowest	19.90	17.85	18.80
	Average	21.76	20.44	20.01
Net value per share (Note 2)	Before distribution	13.92	14.28	-
	After distribution		(Note 9)	(Note 9)
Earnings per Share	Weighted Average Shares	506,062,914	506,062,914	506,062,914
	Earnings per share (Note 3)	1.00	0.47	-
Dividends Per Share	Cash dividends		0.501	0.238 (Note 9)
	Free-Gratis dividends	Stock dividends appropriated from earnings	-	(Note 9)
		Dividends from Capital Surplus	-	(Note 9)
	Retained dividend (Note 4)		-	-
Return on Investment	Price/earnings ratio (Note 5)		21.72	43.49
	Price/dividend ratio (note 6)		43.23	85.88
	Cash dividend yield (Note 7)		2.30%	1.16%

* In the case of retained shares distribution or capital surplus shares distribution, please also disclose the information about the market value and cash dividend adjusted retroactively based on the number of shares as distributed.

- Note 1: Please identify the highest market value and the lowest market value of the common stock in each year, and calculate the average market price for each year based on the trading value and turnover for each year.
- Note 2: Please apply the number of shares already issued at the end of the year and identify the status of distribution according to the resolution made by the shareholders' meeting held in the following year.
- Note 3: If it is necessary to make adjustment retroactively due to Free-Gratis dividends, please identify the EPS before and after adjustment.
- Note 4: If the terms of issuance of the equity securities provide that any dividends declared but not paid may be carried forward until the Company has earnings, the amount of accrued unpaid dividends as at the end of such fiscal year shall be disclosed.
- Note 5: Price-Earnings Ratio=Average Closing Price Per Share in current year/Earnings Per Share.
- Note 6: Dividend Yield=Average Closing Price Per Share in current year/Cash Dividend Per Share.
- Note 7: Cash Dividend Yields=Cash Dividend Per Share/Average Closing Price Per Share in current year
- Note 8: Please identify the net value per share and EPS available in the latest quarterly financial information audited (reviewed) by the independent auditor before the date of publication of the annual report, and the information available until the date of publication of the annual report in the other sections.
- Note 9: The Board of Directors is authorized to distribute the cash dividends in accordance with the Articles of Incorporation, and report such distribution to the shareholders' meeting. The Company distributed cash dividends by resolution of the Board of Directors dated March 15, 2023. Other distributions out of the earnings for 2022 have not been resolved at the annual shareholders' meeting yet.

(VI) Dividends policy and Implementation Status

1. Dividend policies under the Articles of Incorporation:

As traditional industry, if the Company has earnings after the accounts are closed every year, in addition to payment of any business income tax due and recovery of losses of the previous years, the Company shall first set aside ten percent out of the earnings as the legal reserve, and then, set aside or reserve special reserve according to laws. To the extent that there is any balance, the total earnings available for distribution shall consist of the remainder of such balance and the retained earnings from the previous years. The Board of Directors may draw up proposal for distribution or retaining of earnings, and submit it to the shareholders' meeting for approval. The distribution of dividends shall be based on the proportion of shares held by each shareholder.

The Company shall take into account investment and development, evaluation of the investment environment and shareholders' interests and distribute dividends of shareholders at a rate no less than 50% of the net profit of the current period. Only when the net profit of the current period is less than 50% of the total amount of paid-up capital, dividends may not be distributed; dividends shall be distributed to shareholders in cash or in the form of shares, and cash dividends shall not be less than 50% of the total number of stock dividends.

The Company may, by a resolution adopted by a majority of the directors present who represent two thirds or more of the total number of directors, distribute all or part of dividends distributable in cash, which shall be reported to the board of shareholders.

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

Pursuant to the Company's dividend policy, the Company's Board of Directors has formulated the proposal on distribution of dividends for 2022 on March 15, 2023. It was resolved to distribute cash dividends of NT\$ 0.238 per share. Such cash dividend distribution proposal was submitted to the shareholders' meeting according to regulations.

3. Material change to expected dividend policy: None:

The Company's Board of Directors still continues executing the dividend policy under the Articles of Incorporation at present.

(VII) Effect of distribution of Free-Gratis Dividends proposed at the shareholders' meeting on the operational performance of the Company and the Earnings Per Share:

There are no proposed free-gratis dividends at the annual shareholders' meeting.

(VIII) Information about remuneration to employees and directors

1. The percentage or scope of remuneration for employees and directors as stated in the Articles of Association:

If the Company recorded profits for the year, no less than 1% of the Company's profits shall be set aside as employee's remuneration. Employees of the affiliates who meet certain qualifications may be included in the distribution. Employee's remuneration shall be paid in cash.

The Company may reserve at most 5% of the aforesaid profits as directors' remuneration, and the remuneration shall be distributed in cash.

Proposals for the distribution of the aforementioned employees' and directors'

remuneration shall be adopted by agreement of a majority of directors present, who represent two thirds or more of the directors, and be submitted to the board of shareholders. However, when the Company still has accumulated losses, it should reserve the profit to make up for the loss before allocate employee remuneration and director remuneration in proportion to the preceding paragraph.

2. The basis for estimating the amount of compensation to employees and directors, the basis for the number of shares for stock dividends, the basis for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual dividend amount and the estimated figure for 2022:

The Company's 2022 employee and director remuneration estimates are based on the current year's profit and the ratio stipulated in the Articles of Association. There is no difference between the distribution amount resolved by the Board of Directors and the estimate.

3. Distribution of employees' and directors' remuneration for 2022 adopted by the Board of Directors:

- (1) Amount of employees' and directors' remuneration distributed in cash:

Employee's remuneration in cash: NT\$ 2,720 thousand.

Directors' remuneration in cash: NT\$ 2,665 thousand.

- (2) Amount of employee's remuneration distributed in stock, and percentage among net after-tax earnings of the consolidated financial report or financial report for parent company only for the current period and total employees' remuneration: The Company's remuneration for employees was distributed in cash pursuant to the Articles of Incorporation.

- (3) Earnings per share taking into consideration the employees' and directors' remuneration: The Company distributed the employees' and directors' remuneration in cash pursuant to the Articles of Incorporation.

4. If there is any discrepancy between the actual amount of rewards distributed to employees and directors (including number and dollar amount of shares distributed, as well as share price) and the recognized amount of rewards for employees, directors and supervisors in the previous fiscal year, the amount, causes and treatment of such discrepancies shall be stated:

The Company's 2021 remuneration to employees of NT\$5,558 thousand and remuneration to directors of NT\$5,447 thousand as resolved by the Board of Directors are consistent with the amounts recognized in the 2021 financial report. As of December 31, 2022, the above-mentioned 2021 employee remuneration and director remuneration have been fully allocated.

- (IX) Redemption of shares of the Company: The Company did not redeem its shares in 2022 and as of the date of publication of the annual report.

II. Corporate Bonds: None.

III. Preferred Shares: None.

IV. Global Depository Receipts (GDRs): None.

V. Employee Stock Options:

(I) Unexpired employee stock options as of the date of publication of annual report and impact on shareholders' rights and interests: None.

(II) The names, acquisitions, and subscriptions of the managerial officers who have obtained the employee stock options and the top ten employees who have obtained the stock options evidence up to the date of publication of the annual report: None.

VI. New restricted employee stock:

(I) New restricted employee stock for which the vesting conditions have not yet been met for the full number of shares as of the date of publication of the annual report, and impact on the shareholders' rights and interest: None.

(II) The names and acquisitions of the managerial officers who have obtained new restricted employee stock and the top ten employees who have obtained shares up to the date of publication of the annual report: None.

VII. Mergers and Acquisitions, or as Assignee of New Shares Issued by Another Company: None.

VIII. Capital Utilization Plan and Implementation: None.

Chapter 5. Operational Highlights

I. Business Activities

(I) Scope of Business

1. The business scope of the Company is as follows:
 - (1) A102080 Horticulture
 - (2) A401010 Cattle
 - (3) A401020 Animal Husbandry
 - (4) C102010 Dairy Products Manufacturing
 - (5) C103050 Canned, Frozen, Dehydrated Food Manufacturing
 - (6) C104010 Sugar Confectionery and Bakery Product Manufacturing
 - (7) C104020 Bakery Food Manufacturing
 - (8) C105010 Edible Oil Manufacturing
 - (9) C106010 Flour Milling
 - (10) C109010 Seasoning Manufacturing
 - (11) C110010 Beverage Manufacturing
 - (12) C114010 Food Additives Manufacturing
 - (13) C199010 Noodles, Flour Food Manufacturing
 - (14) C199020 Edible Ice Manufacturing
 - (15) C199030 Instant Food Manufacturing
 - (16) C199040 Bean and Preparations Manufacturing
 - (17) C199990 Other Food Manufacturing Not Elsewhere Classified
 - (18) C201010 Prepared Animal Feeds Manufacturing
 - (19) F101990 Wholesale of Other Agricultural, Husbandry and Aquatic Products
 - (20) F102020 Wholesale of Edible Oil
 - (21) F102030 Wholesale of Tobacco Products and Alcoholic Beverages
 - (22) F102040 Wholesale of Nonalcoholic Beverages
 - (23) F102170 Wholesale of Food and Grocery
 - (24) F103010 Wholesale of Animal Feeds
 - (25) F121010 Wholesale of Food Additives
 - (26) F201990 Retail Sale of Other Agricultural, Husbandry and Aquatic Products
 - (27) F202010 Retail sale of Animal Feeds
 - (28) F203010 Retail sale of Food and Grocery
 - (29) F203020 Retail Sale of Tobacco and Alcoholic Drinks
 - (30) F221010 Retail of food additives
 - (31) F301020 Supermarkets
 - (32) F399010 Supermarkets
 - (33) F399040 Retail Business Without Shop
 - (34) F399990 Retail sale of Others
 - (35) F401010 International Trade
 - (36) F501030 Coffee/Tea Shops and Bars
 - (37) F501060 Restaurants
 - (38) H701010 Residence and Buildings Lease Construction and Development
 - (39) H701020 Industrial Factory Buildings Lease Construction and Development
 - (40) H701040 Specialized Field Construction and Development
 - (41) H701050 Public Works Construction and Investment

- (42) J302010 Press Release
- (43) J303010 Magazine and Periodical Publication
- (44) J304010 Book Publishers
- (45) J601010 Arts and Literature Service
- (46) J602010 Agents and Managers for Performing Arts, Entertainers, and Models
- (47) J603010 Live House
- (48) J701010 Electronic Game Arcades
- (49) J701020 Amusement Parks
- (50) J901020 Hotels and Motels
- (51) J901011 Tourist Hotels
- (52) J904011 Tourist Recreation
- (53) A102041 Leisure Agriculture
- (54) C802041 Western Medicine Manufacturing
- (55) C802051 Traditional Chinese Medicine Manufacturing
- (56) F108011 Wholesale of Traditional Chinese Medicine
- (57) F108021 Wholesale of Western Medicine
- (58) F208011 Retail Sale of Traditional Chinese Medicine
- (59) F208021 Retail Sale of Western Medicine
- (60) ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

2. The Company's main products and its weights in 2022:

Type of Product	Main Products	Proportion of Business (%)
Dairy products	Fresh milk, modified milk, butter milk, yogurt, yoghurt, diluted fermented milk, and soybean milk, etc.	60.6%
Beverages	Juice, diluted juice, coffee, tea, water, etc.	21.2%
Convenient foods	Seasoning, sauce, cans, etc.	10.1%
Others	Refrigerated desserts, salad, egg, and other business revenue, etc.	8.1%

3. Principal business activities and revenue distribution of the Group (including subsidiaries) in 2022:

Type of Business	Major Business Contents	Proportion of Business (%)
Foods	Dairy products, beverages, instant foods and other foods, etc.	95.1%
Packaging Materials	Manufacturing of food mold, injection mold, and plastic bottle caps	2.6%
Other business activities	Import and export trades	2.3%

(II) Overview of the Industry

With the Company's primary strategies of "Cultivation in Taiwan and Development in the Mainland China" and "Creation of brand value, development of regions and channels, strengthening of product core competitiveness and supply chain, improvement of organizational and systematic advantages, and talent cultivation", we expand the development strategy of the cross-strait food business and reinvest in the business operation with resources invested in the businesses integrated with the food industry to ensure corporate synergy. Under this strategy, each business sector gives play to its specialty and core advantages to support and develop each other, and create the maximum management benefits of the Group as a whole in light of its industry characteristics and positioning.

A. Food Business:

1. Current status and development

Under the impact of COVID-19, the Russia and Ukraine war, high inflation and climate change, manufacturing activities in various countries have slowed down significantly which is expected to continue in 2023. Despite the decrease in global economic demand, domestic consumption remains strong, and benefiting from the continuous easing on domestic epidemic prevention measures and the opening of borders, domestic consumption is expected to increase significantly.

The revenue of department stores in the first 11 months of 2022 has surpassed the revenue of the same period before the epidemic (2019), and the impact of the epidemic has significantly weakened, which allows more room for recovery to the retail industry and the hotel and restaurant industry.

For food industry, the retail revenue of domestic food, beverages and tobacco products in 2022 was NT\$299.9 billion, an increase of 5.19% over the previous year where the price increases are the primary reason for growth. The main challenge faced by food manufacturers is the sharp price increase in raw material where adjustments are required to be made to the final selling price of products which will ultimately and significantly affect the consumption trends in all aspects.

2. Relationship amongst upstream, midstream and downstream of the industry

Relationship amongst upstream, midstream and downstream of the industry is as follows:

Upstream industry	Agriculture, animal husbandry, and raw materials, etc.
Midstream industry	Research and development, manufacturing and packaging, etc.
Downstream industry	Transport service, storage, retail sale, food and beverage, etc.

3. Development trends of the products:

- (1) Under the threat of the virus and with raising awareness on health, health care and diet, consumers pursue for how to retain the best flavor and nutrients in the natural food materials with the freshest natural foods materials and least additives, so as to meet their needs for health diet.
- (2) With the increase in double-earner family and fast food population, the consumer demand for instant and convenient food and cooking methods is better manifested. Thus, a simple, convenient, innovative and diverse menu is developed to meet the daily needs of individual and household consumers for daily meals, group meals, catering and other business customers. Among them, the demand in the daily operation of catering and other business customers has taken shape.

4. Competition of products:

- (1) Taiwan market is faced with limited space for growth and fierce competition.
- (2) However, consumers in Taiwan increasingly focus on food safety and quality. In order to guarantee food safety and product quality, the Company not only invests more resources to strengthen management and control, but also continues improving and strengthening the supply management system, food safety management information platform, notification system and risk early warning management mechanism through the supervision and pre-planning of the Food Safety Committee.
- (3) In face with consumer's pursuit for health, high quality and differentiation, and substantial and psychological added value, the Company not only invests a large number of resources under the basic requirements of assuring food safety, but also upgrades high-quality products, develops simple formula as well as innovative and differential new products. In addition, the Company improves the quality of the dairy farmers and suppliers through strict monitoring of the upstream suppliers; and accumulates brand assets and improves management competitiveness by supplier integration, efficiency improvement, strong branding and communication and interaction with the consumers, so as to achieve breakthrough growth and create space for development in the future.

B. Packaging Materials:

In Taiwan, there are many competitors in food packaging material business. Accession by SMEs to the food packaging market has lower barrier. The overall plastic injection and hollow molding industry are saturated and highly competitively.

King Can Industry Corp. focuses on the field of food packaging materials manufacturing, advocates the total quality management concepts and improve personnel's quality through internal staff training, strengthens the enterprise, improves the product added value through technology breakthrough, develops the core competitiveness advantage, and takes the initiative to expand its market shares in Japan, Australia and Americas, and crease the international market segments through continuous development. In the future, the Company will continue intensifying the core products, and developing the markets at home and aboard. Quality and services become the advantage for permanent operation.

C. Import and Export Trades:

The main import business of Concourse International Inc. is to procure bulk or key raw materials for the needs of the Group. The products purchased and sold are mainly raw materials. In addition, the company integrates the Group's internal and external raw material procurement services. The export business is marketing and promotion the featured products of Wei Chuan and Taiwan, in order to meet the needs of overseas customers.

In the future imports, the Company will remain to integrate the supply sources of bulk and key raw materials, to master the supplies, control the supply risks and food safety, and actively develop external business. Export targets are based on overseas Chinese to expand the new sale channels, develop new markets, new products and new sources, and develop oversea markets. Furthermore, the Company internally strengthens cultivation of professional international trade talents, so as to improve its competitiveness and become the most reliable international trade partners for the consumers.

(III) Overview of Technology and R&D:

1. Research and development expenses

Unit: NT\$ thousands

Year	R&D expenses	Turnover	R&D expenses Percentage of R&D expenses among turnover (%)
2020	100,668	7,802,514	1.30%
2021	100,802	8,157,093	1.2%
2022	106,839	8,095,812	1.3%

Note: As of March 31, 2023, the R&D expenses were NT\$ 7,900 thousand, and the estimated reinvestment in R&D expenses is NT\$ 105,036 thousand.

2. R&D achievements:

- (1) In the past 3 years, 76 new products have been developed and launched; 55 research reports have been produced; and 4 patents have been obtained.

Year	Product	Research report	Patent granted
2020	21	31	1
2021	29	9	1
2022	26	15	2
Total in the past 3 years	76	55	4

(2) Technologies or products successfully developed

- ① Product development achievements: In 2022, the Company continued focusing on the development direction of healthy, delicious and safe foods. Meanwhile, the Company continued raw material source traceability and supplier audit, to control high-quality and safe source of raw materials. Professional R&D formula design, production technology and process achieved reduced or zero additives in foods, to develop healthy products for the consumers.

In 2022, 26 new products were launched. Brief introduction to characteristics of each series products is as follows:

a. Bernachon Coffee - PREMIUM:

The exquisite combination of Arabica and Geisha coffee beans has a very distinctive flavor, coupled with premium milk, it superimposes a distinct coffee and milk flavor with the best milk fat ratio.

SCAA (Specialty Coffee Association of America) selected coffee bean formula. The flavorful and charming aroma with smooth and silky taste, creates the delicate and timeless gourmet coffee, suitable for those who are pursuing a timeless taste.

b. Wan Tan Series (Chocolate Milk):

Adhering to the development concept of simple formula, carefully select the best local ingredients in Taiwan, match with Wan Tan raw milk and high-quality milk sources, without adding spices, creamers and pigments, presenting a natural and good taste. Wan Tan Chocolate Milk uses Ghanaian

high-quality cocoa, accompanied by 100% dark chocolate grown and ground locally in Nantou, Taiwan, which naturally exudes the unique bittersweet taste of chocolate.

- c. Lin Feng Ying Premium Yoghurt (Mixed Raspberry/Passion Fruit Peach):
Lin Feng Ying's yogurt is made with simple and natural ingredients without added artificial flavor, coloring, and pectin.
 - 1. Mixed berries:
Premium select high-quality oats and barley cooked with the exclusive high-temperature method to maintain the berries' texture. Berries in every bite, combined with the sweet and sour flavor, it is to be indulged between meals for consumers.
 - 2. Passion Fruit Peach:
Premium selected yellow peach pulp, paired with coconut and passion fruit seeds, providing a rich and flavorful taste in every bite. It perfectly presents the refreshing flavor of yogurt and passion fruit through the support of Taiwan's local agriculture, and the development a process that retains the fresh aroma of passion fruit.
- d. Simple yogurt (kiwi):
Without added artificial flavors, coloring, pectin, and cream, Simple Yogurt with extremely simple ingredients, combined with New Zealand kiwi, and refreshing and smooth milk flavor, provides three sensations in one bite with the fruity sweet and sour aroma paired with aloe vera. Contains 4 kinds of probiotics amounted more than 10 billion per bottle to help digestion and a treat for the sweet tooth at the same time.
- e. Daily C 100% Mixed Fruit and Vegetable Juice:
Premium selected passion fruit, bananas, oranges, carrots, tomatoes and other vegetables and fruits blended with a golden ratio to supplement the nutrition of vegetables coupled with the sweetness of fruits. 100% fruit and vegetable juice with comprehensive nutritional supplements.
- f. Nung Cha Chia Seed Drink (Lemon Chia Seed Drink/Orange Chia Seed Drink):
The natural chia seeds paired with Taiwan's local lemon juice are healthy and beneficial for the digestion. The texture and flavors are added to fresh original juice to strengthen the Nung Cha, fresh and healthy brand positioning and enhance brand value.
- g. Healthy Kitchen Original Salad Dressing:
Inheriting the quality requirements of the Healthy Kitchen, the product design adopts salad dressing without added coloring, artificial flavor, preservatives and MSG. The fat content is reduced by 50%, and the calories are relatively lower compared with the Company's existing salad products. Honey is added to the recipe to give the original salad a unique flavor.
- h. Healthy Kitchen - Lite Soy Sauce:
Brewed with non-genetically modified defatted soybean and Japanese *Aspergillus oryzae*, without adding MSG, preservatives, and sweeteners to provide the sweet, salty and delicious flavor.

- i. Taiwan Sauce - Premium Chili Sauce:
Authentic Taiwanese flavor, mildly spicy, sweet but not overpowering for an all-purpose dipping sauce.
 - j. Brewed soy sauce paste:
Brewed with non-genetically modified defatted soybean and Japanese *Aspergillus oryzae* without added coloring, the sauce is flavorful, sweet and not salty.
- ② Technology R&D achievements:
- In order to improve product quality and provide consumers with more diverse choices, we continue to carry out in-depth technical research on new categories and related products. In 2022, the Company completed the research and development of a number of product-related raw materials and key processes. Some of the projects are as follows:
- 1. Production research of freshly ground cocoa - chocolate milk is the most popular flavor among consumers in flavored milk drinks and almost all products on the market are prepared with cocoa powder. Research and analysis on the production of raw bean cocoa paste (dark chocolate) including temperature adjustment/aging/grinding and other processes have found that different grinding times have an impact on the richness and intensity of the aroma. If the resulted are applied, it is expected to increase the uniqueness and the flavor of the products.
 - 2. Production technology research of low-post-acidification fermented milk - after the sugar-free yogurt leaves the factory, the lactic acid bacteria continue to ferment to produce acid which is affected by the logistics and shelf temperature fluctuations, resulting in an occasionally sourer taste when consumed by consumers. Recipe adjustment and manufacturing process optimization can reduce the acidity fluctuations during the shelf life of the product. After applying this technology, the average acidity of the product will only increase by 0.06%, which avoids the over-acid sensation at the end of the shelf life.
 - 3. Farm-pressed lemon flavor preservation technology – as light is one of the main factors affecting product flavor, this technology reduces the impact of specific wavelengths on products through packaging materials which stabilizes the flavor for a period of time under a given light intensity.
 - 4. Development of coffee beans (IIAC Gold Medal) - International Coffee Tasting is the most stringent and critical event in the world in stringent sensory analysis. The "Alley Arbor" coffee beans from Wei Chuan team won the 2022 IIAC Gold Medal which are selected, blended, and roasted by Wei Chuan. It was further shortlisted for the IIAC Platinum Medal, while the number of shortlisted products for the Platinum is less than 10% of the total number of participants

③ Quality assurance:

Wei Chuan takes reliability, transparency and openness as the three commitments of food safety, actively promotes food safety internally and implements it, and continuously improves the concept of quality/reliability of the enterprise. We will strictly control every detail "from the origin to the table". Through "full product traceability", "formula simplification" and "alignment of quality with international standards". We will not only focus on "safe food", but also "reliable food".

In total, 12 items were not added in the simple formula of the new products developed in 2022, and 4 items were removed from the existing products. As a comprehensive food manufacturer, Wei Chuan has complicated upstream supply sources. In order to implement independent food safety management, Wei Chuan formulated relevant management rules against its upstream suppliers, and established audit mechanism for new suppliers in terms of development, qualification, admission, field investigation, evaluation and rating, periodic audit, and disqualification due to nonconformity, to ensure that the raw materials for the products are legal and safe. Wei Chuan continues to advance third-party international food safety management system certification so as to build a more perfect food process and environment. By the end of 2022, the plants of Wei Chuan maintained two major international systems recognized by GFSI, that is, SQF and FSSC 22000. In addition, 14 main production lines were assigned TQF, 21 products passed Halal certification, and 17 products obtained clean or double clean label. Wei Chuan has established an internal traceability management system, to fully develop the historical information of each product stage from raw material management, supplier management, production process, storage to transportation, so that the Company could master the upstream and downstream product information from raw materials to product link accurately in real time. Moreover, in light of the undertaking of "safety, transparency and openness", Wei Chuan continues to promote "transparent QRCode", and prints QRCode on the product package so that the consumers could access to the official website for the product inspection information by real-time scanning.

3. Future research and development:

(1) Diversified innovation/ development of simple and delicious products without addition:

According to market development and consumer needs, Wei Chuan continues to develop various innovative/delicious foods with simple ingredients with reduced or no artificial additives, including dairy products, natural fruit juice, high-quality coffee, yohgurt, yogurt, and plant protein products, milk drinks, snacks, seasonings, sauces and prepared foods, etc.

(2) B2B industrial product promotion and customer service:

In response to booming development of convenient food industry in the recent years, Wei Chuan establishes corresponding product development direction and main product categories according to classification of customers, and greatly

promotes dairy products/ salad/ snack/ drinks/ eggs. For example, coffee/ tea bar chain supply mainly promotes fresh milk, salad, spread sauce, pudding and fruit juice. Given customer's needs, Wei Chuan offers customized product service and application recipes. Meanwhile, Wei Chuan strengthens the R&D technical service capabilities, assist the team to promote services and pitch to customers to create values, and gradually improve the convenient food technical service module.

(3) Deep cultivation of category competitiveness and technology:

Research on the development trend of domestic and foreign products and emerging technologies, formulate and gradually establish technologies for each product with state of the art innovation. Wei Chuan continues deepening internal talent cultivation and basic technology, maintains technical exchange with and technology introduction from external universities, research institutes, and international manufactures, and continues advancing the key technology and cultivate product professionals. With insights on the demands of the consumers and customers, we are dedicated to research on foundation engineering and application development capability so as to improve the product competitiveness.

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

1. Short-term plans:

- (1) Continue deepening food safety, quality assurance and supply chain management system.
- (2) Deepen core product competitive advantages and brand asset accumulation.
- (3) Fine cultivation of retail and business channels and development of new channels.
- (4) Optimize operation management system and promotion digital transformation.
- (5) Integrate philosophy and culture, and cultivate key strategic talents.
- (6) Continue to deepen sustainable development and industrial upgrading.

2. Long-term plans:

- (1) Develop and implement strategies for cross-strait and export markets.
- (2) Establish the leading position of core products in the cross-strait markets.
- (3) Integrate resources to create synergy in the Group business operations.

II. Overview of Market, Production and Sales

(I) Food Business - Taiwan

1. Dairy products

- (1) Main sales areas: The Company's dairy products are mainly sold in Taiwan. At present, the products of the Company are not sold aboard.

- (2) Competitors and market share:

The main competitors of the Company's dairy products include: UNI-President, Kuang Chuan, Flou, etc.

Market share in Taiwan at present:

Main Products	Market share
Fresh milk	23.1%
Yogurt	9.2%
Yoghurt	7.3%

(3) Future market supply, demand and growth potential:

According to the analysis of 2022 market research data, the market conditions of each category are described as follows.

- ① Fresh milk: the market declined by 9% compared with that in 2021, and the increase in the price of milk was the main reason for the market decline; in terms of distribution, chain supermarkets (including PXmart) are still the channel for the most people to buy fresh milk.
- ② Yogurt: The market has declined by 25% compared to 2021, mainly due to the decline in purchases per capita after the epidemic.
- ③ Yoghurt: The market has grown by 18% compared with 2021, mainly due to the growing eating habits of yogurt products with increased demand, driving the penetration rate and single purchase volume.

(4) Business targets:

Main Products	Annual estimated sales volume (ton)
Dairy products	68,421

(5) Advantages and disadvantages of future development:

- ① Advantages:
 - A. Consumers increasingly pay attention to food quality and safety. Main brands of the dairy products include Lin Feng Ying, which is the leader of exclusive transparent system. The consumers are able to inquire the real-time information at any time, and feel more assured about the quality.
 - B. Continue to invest resources to operate core brands, such as Lin Feng Ying brand to launch happy sowing plan and continuously improve brand goodwill; Potential brands such as Dairy Farmers Limited — Wan Tan. It also continues to invest in TVC advertisements and multi-media marketing including digital and outdoor.
 - C. Wei Chuan positively develops the categories of products. In addition to the major products: fresh milk and yogurt, Wei Chuan launched Wan Tan Milk Tea and Milk Drinks in the fourth quarter of 2017; launched Lin Feng Ying Extra Strong Milk Yoghurt, and Lin Feng Ying Fresh Milk Yoghurt in the third quarter of 2018; and launched new Lin Feng Ying Premium Yoghurt and Solid Yoghurt Series in 2021 and 2022 respectively.
 - D. Strong R&D and production capacity for dairy products enables us to introduce high — quality products. Kaohsiung Plant, a fresh milk production factory, has obtained SQF certification (Safe Quality Food; an internationally accepted comprehensive and rigorous food safety management verification system) for 7 years in succession; Douliu Plant, a yogurt production factory, has obtained SQF certification for 6 years in succession. The production lines have passed a number of domestic and international quality certification in succession, providing the consumers with higher quality option.
 - E. Refrigeration business system is completed with strong feasibility and high marketability.

② Disadvantages:

- A. Thanks to strong dominance of modern channels, sales profits and costs necessary for channels are increasing. Raw milk acquisition, raw material and processing costs for internal production are also increased gradually, affecting the operating profits.
- B. Dairy product market in Taiwan is quiet matured with fierce competitiveness. Some of products have potential for development and operation. However, given the established advantages of the competitors, we still face with challenge in the potential brands.

2. Beverages:

(1) Coffee market:

① Sales areas of major commodities: mainly in Taiwan markets.

② Market trend and major competitors:

- A. The overall coffee beverage market increased by 2% in 2022 compared with 2021; the refrigerated market declined by 2% and the room temperature market grew by 3%; the refrigerated and non-refrigerated coffee markets accounted for 28% and 72%, respectively.
- B. Based on stratification data, our refrigerated coffee products dominated the market share. Bernachon maintains its leading brand position, and its market share was increased to 46%, significantly ahead of other peers.
- C. At present, Wei Chuan's non-refrigerated coffee drinks include Bernachon canned coffees, aluminium-foil packaged coffee and PET coffee, with market share of about 10%.

Business activities	Market share
Refrigerated coffee	46%
Non-refrigerated coffee	10%

③ Future market supply, demand and growth potential:

As coffee drinking habit is becoming more and more common, the Company continues innovation and invests resources to continuously further expand the refrigeration business sector and develop non-refrigerated coffee market by taking advantage of the leading position of refrigerated coffee, so as to greatly increase the sales of instant coffee and fully increase the market share of the coffee products.

④ Business targets:

Main Products	Annual estimated sales volume (ton)
Coffee beverage	23,320

⑤ Advantages and disadvantages of future development:

A. Advantages:

- a. The R&D department has professional knowledge and experience in relation to coffee product.
- b. The business department has ability for customer development and good distribution service.
- c. Core brands (such as Bernachon) have high recognition.
- d. The Company will continue investing powerful marketing resources.
- e. Consumers in Taiwan have increasingly strong awareness of food safety, and high value-added drinks have development potential.

B. Disadvantages:

- a. Although the Company has the largest market segment of non-refrigerated coffee, the Company has not successfully established a brand yet.
- b. Operation costs are increased with impairment to the operating profits.
- c. The industry has low entry barrier. It is easy for the new competitors to engage in the trade, with increasingly expanding market competition.
- d. Competitors have their own channels, crowding out other vendors.
- e. Increasing demands for channels lead to small market profits.
- f. Continuous investment of resources in brewed coffee in the convenience stores greatly reduces sales of refrigerated packaged coffee.

(2) Fruit juice market:

① Sales areas of major commodities: mainly in Taiwan markets.

② Market trend and major competitors:

A. In 2022, the overall refrigerated fruit and vegetable juice market grew by 7% compared with that of 2021, including refrigerated fruit juice grew by 10% and refrigerated reconstituted juice by 5%, but refrigerated pure juice declined by 4%. The market share of refrigerated pure fruit juice, refrigerated diluted fruit juice, and refrigerated vegetable and fruit juice is 39%, 27% and 34% respectively.

B. As the leader brand in refrigerated pure fruit juice market, Daily C Juice occupied 49% market share in 2022. Nung Cha is another leader brand in the refrigerated diluted fruit juice market, and occupied 42% market share in 2022. The total market share of two major juice brands of Wei Chuan is up to 46% in the whole refrigerated fruit juice market.

Business activities	Market share
Refrigerated juice	46%

③ Future market supply, demand and growth potential:

As consumers attach great importance to healthy diet, we will continue developing new products with strong health concept in the future, to communicate health value.

④ Business targets:

Main Products	Annual estimated sales volume (ton)
Juice beverage	13,373

⑤ Advantages and disadvantages of future development:

A. Advantages:

- a. The R&D Department has professional knowledge and experience in relation to juice products.
- b. The business department has ability for customer development and good distribution service.
- c. Daily C Brand has high recognition, and Nung Cha Brand has development potential.

- d. The Company continues investing strong market resources.
 - e. Consumers in Taiwan have increasingly strong awareness of health, and healthy drinks have development potential.
 - B. Disadvantages:
 - a. Refrigerated vegetable and fruit juice has certain market share, but no successful brand has been established yet.
 - b. Although the Company has the largest market segment of non-refrigerated drinks, the Company has not successfully established a brand yet.
 - c. Customers in channels develop their own brands, leading to increasingly fierce market competition.
3. Seasoning and convenient foods:
- (1) Seasoning:
- ① Sales region of main commodities: Commodities are mainly sold in Taiwan (80%), followed by sales aboard.
 - ② Main competitors and market share:
 - A. The main competitors of the Company's seasoning products include: P'eng Ta Shih, Kanbo, Vedan and Ve Wong , etc. In recent years, due to transformation of consumer's habits (convenience/ small capacity/ health concept), the Company introduced the Healthy Kitchen brand without adding seasoning in 2020, so as to meet the market trend and the consumer's needs. The brand has grown for two consecutive years (increased by 9% compared with 2020, and 6.3% compared with 2021). Due to the impact of reduced consumer demand, promotion of competing products and channel compression, the original Wei Chuan Gao Xian brand now accounted for about 6% of the market.
 - B. As the leader brand (73% market share), Wei Chuan Kao Hsien has high recognition and royalty.
 - ③ Future market supply, demand and growth potential:

Seasoning: ratio of domestic and foreign sales is 80:20. Under brand operation in the consumer markets, Wei Chuan continues expanding the business channels.

 - A. Traditional monosodium glutamate:

As traditional seasoning, monosodium glutamate is widely used in cooking and food processing to enhance tasty. However, with transformation of living and diet habits, use of monosodium glutamate in cooking at home is reduced, leading to continuous recession in market shares of monosodium glutamate for three consecutive years.
 - B. Kao Hsien Monosodium Glutamate:

Emphasis on the convenience of seasonings has led to a relatively high growth in the revenue (+6%) and price (+8%) of seasonings. With the growth of eating out affecting the frequency of cooking at home, use frequency and amount of Kao Hsien Monosodium Glutamate are reduced year by year. Focus on the consumer seasoning market with sub-brands, and continue to strengthen the promotion of Kao Hsien Monosodium Glutamate business channels to increase sales.

④ Business targets:

Main Products	Annual estimated sales volume (ton)
Seasoner	3,149

- A. Consumer goods: Focus on the consumer seasoning market with sub-brands to increase the overall brand awareness
- B. Business channels: While further developing main customers in channels, Wei Chuan also increases the regional direct customers (depth), and expands the business layout (range), to improve the growth momentum for operation quality and performance of channels.
- C. Export: Develop China's regional deployment and brand investment, and develop a second region.

⑤ Advantages and disadvantages of future development:

A. Advantages:

- a. Wei Chuan Kao Hsien Monosodium Glutamat has a high brand awareness and loyal consumers. It has long-term practical experience in relation to seasoning and has the technology and process capabilities of seasonings for the mainstream growth market.
- b. As a leading brand, Wei Chuan Kao Hsien Monosodium Glutamate has royal users. We will continue to expand the range of food ingredients and wholesale vendors, and expand the depth of direct users, to assist development of new products under Kao Hsien seasoning products, and promote the growth momentum of performance.

B. Disadvantages:

Increase in number of small families and people who take fast food after the epidemic, reduction of cooking at home, and reduction in use of seasoning.

(2) Sauce products:

① Sales areas of main commodities: The commodities are mainly sold in Taiwan (domestic sales take up 94%).

② Main competitors and market share:

- A. Market trend: The overall soy sauce market is stagnant, while the ordinary soy sauce (including lite soy sauce) and soy oil are both growing. The sales growth is more obvious due to the higher prices.
- B. The Company's sauce products mainly include soy sauce, seasoning sauce (including dip sauce, barbecue sauce, and oil and vinegar sauce) and other liquid seasoning sauces for cooking. The main competitors include: Kikkoman, UNI-President, Chin Lan, Wan Ja Shan, etc
- C. For the soy sauce product line, Wei Chuan's overall product line (including Brewing / Healthy Kitchen) obtained a market share of 4% in 2022, focusing on Healthy Kitchen and Brewing soy sauce development. The Healthy Kitchen is the leading brand of salad dressing, and the Brewed sauce has the highest market share at the same time. Other sauces such as barbecue sauce, dumpling sauce and Taiwan Sauce also make Wei Chuan the leader in the market even though the market share is small.

- ③ Future market supply, demand and growth potential:
- A. Soy sauce: With change to their perception about sauce and purchasing behaviors, the consumers pursue high-quality and pure brewed soy sauces without addition. Thus, the trend for soy sauce at high price with concept of health continues to grow.
 - B. Seasoning sauce: In response to consumers' demand for convenient seasoning, the seasoning sauce market has grown by 24% where unique and differentiated flavors will help the market to grow.
 - C. Salad: The existing oil and vinegar, oil-free, and emulsified salad markets are stagnant, and multi-purpose salad dressings can provide more the growth momentum.

④ Business targets (including business channels):

Main Products	Annual estimated sales volume (ton)
Sauce and salad	6,125

⑤ Advantages and disadvantages of future development:

A. Advantages:

- a. Soy Sauce: Premium Brewed focuses on the mid-to-high-priced soy sauce market while the Healthy Kitchen continues to focus on less additives and to obtain the Clean Label for the entire product line, providing consumers with products that are both healthy and delicious.
- b. Salad: The business channel is expanding towards the promotion of the second largest category - salad, to increase the overall contribution of the business channel.
- c. Seasoning Sauces: On the basis of sauce category management, develop and research for Ready-to-cook (RTC) segment.

B. Disadvantages:

- a. Price of raw materials is raised every year, with unfavorable cost trend.
- b. The increase in frequency of eating out after the epidemic and reduction in number of family cooking at home impact the consumer market; The business channel still needs to actively promote this product so as to solicit customers due to costs and price factors.

(3) Convenient foods:

① Sales areas of major commodities:

The convenient foods are mainly sold in Taiwan (domestic sales took up 90%).

② Main competitors and market share:

The Company's convenient foods mainly include pickles, vegetable-flavor, and animal-derived foods. The main competitors include: Flavor of Love, Ta Mao, Hsin Tung Yang, and Kuang Ta Hsiang, etc. In light of over 60 years of abundant experiences in food industry, Wei Chuan continues upgrading products and improving formula.

③ Future market supply, demand and growth potential:

The canned foods have mature market. However, with impact of eating out

and consumer's misunderstanding about addition of preservatives in canned foods, the sales of canned foods are declined year by year. In years, Wei Chuan has strengthened and applied multiple inspection to control quality in the production process where raw materials are traceable to provide the consumers of safe and delicious foods.

④ Business targets:

Main Products	Annual estimated sales volume (ton)
Convenient foods	1,356

⑤ Advantages and disadvantages related to future development:

A. Advantages:

- a. We will continue producing pickles, vegetable-flavor, and animal-derived foods, and trace raw materials of the products, to meet the consumer's demands for safety and health.
- b. We will develop towards convenient, ready-to-eat products with unique tastes that meet consumer needs and enter the new convenience food market to expedite growth.

B. Unfavorable factors:

- a. Increasingly raising costs of raw materials and packaging materials, strong position of modern channels, downturn of traditional canned foods, and constant increase in sales ratio and channel fees, affect the benefits.
- b. In recent years, as more and more consumers enhance health awareness, consumer still have prejudice that preservatives are added to the canned foods to extend the shelf life, which leads to decrease of purchase intention.
- c. As the consumers changes their diet habits, and convenience of eating out is improved, demands for the traditional canned foods are declined.

4. Egg products:

(1) Sales areas of major commodities: Commodities are mainly sold at home (100%).

(2) Market share: At present, the market share in Taiwan is as follows:

Business activities	Market share for refrigerated eggs
Mu Gang High Quality Egg	14.4%

(3) Future market growth potential:

The packaged egg market continues to grow, with a compound growth rate of 14.2% in the past three years. The refrigerated egg products is the main growth factor, and refrigerated white eggs accounted for the majority of the growth (proportion - white eggs: brown eggs = 3:2).

(4) Business targets:

Main Products	Annual estimated sales volume (ton)
Mu Gang High Quality Egg	2,812

- (5) Advantages and disadvantages of future development:
- ① Advantages:
Consumers have increased purchases of refrigerated eggs and view them in line with freshness and stable quality.
 - ② Disadvantages:
Insufficient egg supply stability: Egg production is greatly affected by factors such as climate and bird flu, which in turn affect consumption and market growth.

(II) Food Business – Mainland China:

1. Yogurt:

- (1) Sales areas of major commodities:
Eastern China is the core operation area. The Company also focuses on development of markets in key cities in Northern China, Southern China, Southwestern China and Central China. The Company has not sold the products abroad.

- (2) Market share: At present, the market share in China is as follows-

Main region	Market share
Eastern China	5.5 %
--Shanghai	7.1 %

- (3) Future market supply, demand and growth potential:
According to market survey data, the performance of refrigerated yogurt in 2022 remains in a decline state, mainly due to the COVID-19 outbreak and competition of alternative drinks in the industry, resulting in a decline in overall consumption. Regionally, East China was the main market for refrigerated yogurt (26.5%), with retail sales declining by 8.3% year on year.

Yogurt can improve the immune system with other health attributes which are highly praised by consumers; however, as opportunities are often accompanied by challenges. When the yogurt market develops, problems such as "Homogeneity" where consumers demand differentiated products with better experience, and the market will present higher product requirements for companies in the market. In recent years, new brands have entered the low-temperature yogurt market, and new products from the leading brand Mengniu and Yili have emerged, bringing new options and competitions to the low-temperature yogurt market.

- (4) Business targets:

Main Products	Annual estimated sales volume (ton)
Wei Chuan Yogurt	23,126

- (5) Advantages and disadvantages of future development:
- ① Advantages:
A. With great market potential, the refrigerated yogurt is experiencing slowing overall development in the past 3 years. In recent years, the decline was mainly due to the non-frozen products and the epidemic. Now, as the epidemic is under control, popularity of vaccine will promote consumption growth and is conducive to category demand improvement.

- B. With clear trend of high-end demand in the market, to meet the demand for consumption upgrading and grasp the market trend, in 2022, Wei Chuan also approaches to the middle-end and high-end yogurt markets while improving the layout of basic market. Wei Chuan seizes high-quality uses by launching differentiated new products (high-end spoon food/ bottle food), so as to improve the professional brand image and seize the market share of yogurt.

② Disadvantages:

- A. Competition of milk source is still fierce; international trade environment is unstable, and costs of raw milk, milk powder and other raw materials continuously rise. Meanwhile, the current scale effect of Wei Chuan's yogurt is insufficient, and the requirement on quality of raw material is higher than the competitive products, resulting in no price competitiveness.
- B. Rapid industry change, fast replacement of manufacturer, domination of national and regional refrigerated yogurt brands, higher product innovation requirements, short lifetime, and replacement by substitutes make development and marketing of new products more difficult.
- C. Market capacity of the main markets Eastern China and Northern China is the main recession range, and stock competition is intensified.

2. Lactobacillus:

(1) Sales areas of major commodities:

Southern China, Northern China and Southern China are the core operation areas of lactobacillus. Southwestern China and Central China focus on development in key cities. At present, the Company does not sell products abroad.

(2) Market share: Current market share in China

Main region	Market share
Eastern China (Shanghai/ Jiangsu/ Zhejiang/ Anhui/ Jiangxi)	14.5%
Northern China (Beijing/ Tianjin/ Hebei/ Shandong/ Shanxi/ Liaoning)	10.6%
Southern China (Guangdong/ Fujian)	0.5%

(3) Future market supply, demand and growth potential:

According to the market survey data, in 2022, the retail sales and turnover of refrigerated lactobacillus decreased by 13.0%, mainly because high sugar content of lactobacillus is in line with the consumption trend of the consumers. Meanwhile, faster innovation and upgrading of drinks lead to reduction in purchase or turn to low-sugar substitutes. In the future, as the consumers enhance their awareness of intestinal health and personalized consumption, it is expected that low-sugar taste, functional enhancement and cross-industry innovation of beverage will become an important driving force for category growth.

With respect to segment market of specification, the overall market is composed of 100ml, 300-500ml and other specifications, among which, the market share of 100ml is 63.0%, increased by 5.9% compared with that in the last year; the

market share of 300-500ml is 24.4%, declined by 4.7% compared with that in the last year; top brands in the category are gradually increasing the market input for 100ml, to guide transfer of consumption. Small-scale competition is in at a all-time high.

(4) Business targets:

Main Products	Annual estimated sales volume (ton)
Wei Chuan Lactobacillus	36,877

(5) Advantages and disadvantages of future development:

① Advantages:

- A. Live bacteria is good for intestinal health with increasing attention. Wei Chuan has fully promoted product, brand and package upgrading in 2022. In the future, Wei Chuan will focus on advertise "joy after meal", to continue strengthening functionality and demand scenarios communication.
- B. Wei Chuan Lactobacillus has certain competitiveness in Southern China and Beijing markets. Meanwhile, as low-sugar product is the market development trend, Wei Chuan Lactobacillus meets the needs of the consumers with low sugar and less burden.
- C. We will maintain the performance of key channels, and strengthen the layout of new retail products in Taiwan. Main specification focuses on 435ml, with side development of 950ml family pack, to seize the market share together.

② Disadvantages:

- A. Significant raising of the costs of main raw materials such as dried skim milk and white sugar has great impact on gross profits of the products.
- B. The whole market in Taiwan has suffered serious recession. High sugar content becomes the main drawback of the product. Moreover, there are many functional alternative drinks in the market. Thus, the whole category of product experience serious downturn.
- C. Due to pressure in respect to sales volume, the major manufacturers have enhanced promotion efforts to seize the market. Yakult has strong brand barriers (with market share about 50% nationwide). White-hot competition situation has been existing in the lactobacillus market for a long term.
- D. Large manufactures introduce non-refrigerated lactobacillus production line. Low-price competition under the advantage of cost has significant impact on sale of refrigerated products.

3. Juice:

(1) Sales areas of major commodities:

The product is mainly sold in Southern China, Northern China, Southern China region and key cities in Southwestern China and Central China. At present, the Company does not sell products aboard.

(2) Market share: Current market share in China:

Main region	Market share (100% pure fruit juice)
Nationwide	34.7%
Eastern China (Shanghai/ Jiangsu/ Zhejiang/ Anhui/ Jiangxi)	53.0%
Northern China (Beijing/ Tianjin/ Hebei/ Shandong/ Shanxi/ three northeast provinces of China)	12.5%
Southern China (Guangdong/ Fujian)	41.9%
Southwestern China (Sichuan/ Chongqing)	24.5%
Central China (Hunan/ Shaanxi)	14.9%

(3) Future market supply, demand and growth potential:

According to market survey data, the retail sales of 100% pure juice market increased by 13.4% year on year in 2022. As urbanization accelerates in the post-pandemic era, consumers become more health-conscious, the nutritional value and convenience of bottled juice could lead to the expansion of the pure juice market.

(4) Business targets:

Main Products	Annual estimated sales volume (ton)
Wei Chuan Daily C	89,869

(5) Advantages and disadvantages of future development:

① Advantages:

- A. With the end of the epidemic, the total market of pure juice is on the rise, and the market is picking up.
- B. At present, Wei Chuan Daily C has the largest market share in the pure fruit juice market nationwide. The market share in key area Eastern China is 50.7%. At present, Eastern China has established stronger leading advantages.
- C. Wei Chuan Daily C optimized the benefits from advertising on media in 2022. With steady operation and continuous improvement on brand penetration rate, Wei Chuan has built the leader image of Daily C 100% Pure Fruit Juice.
- D. In response to diversified consumption scenarios and consumption upgrading trend, Wei Chuan will continue making use of its powerful technical innovation and product R&D capability to continuously optimize the product matrix, promote segment market layout and expand target consumer groups, leading the market development of the refrigerated fruit juice drinks.
- E. While maintaining the stable operation in Eastern China, the Company strengthens market penetration and consumer development in Northern China, Southern China and Central China to increase the sales.

② Disadvantages:

- A. The epidemic and the fluctuation of the international trade environment has great impact on the costs of the imported raw materials for fruit juice, and affects the profitability of the products to a certain extent.

- B. Drinks manufacturers enter the fruit juice drinks market in succession. The competitor rapidly increases the market share through non-refrigerated NFC drinks. Meanwhile, it improved the product line layout of non-refrigerated NFC drinks, and is expected to become a strong competitor of Wei Chuan in the future.
- C. The rise of the street drink market, especially the impact of freshly squeezed juice and fruit tea, has intensified cross-product competition.

4. Coconut milk:

(1) Sales areas of major commodities:

Eastern China is the main sales area of coffee drinks. Moreover, the Company also focuses on development in key cities in Northern China, Southern China, Northwestern China and Central China. The Company does not sell products aboard.

(2) Market share: Current market share in China:

Main region	Market share
Nationwide	1.5%
Eastern China (Shanghai/ Jiangsu/ Zhejiang/ Anhui/ Jiangxi)	2.9%
North China (/Tianjin/Lu/Jin/Wing/Liao)	2.9%
Southern China (Guangdong/ Fujian)	1.3%
Central China (Hunan/Hubei/Shaanxi/Henan)	0.7%
Southwestern China (Sichuan/ Chongqing)	0.5%

(3) Future market supply, demand and growth potential:

The current coconut milk market is large and dominated by non-refrigerated coconut milk, while refrigerated coconut milk is in its infancy and is growing rapidly (25% growth in 2022). With the popularity of the coconut drinks raising rapidly, it will accelerate the development of the B-end market and the expansion of the C-end market. In the long run, with the wide range of drinking application and demand expansion for coconut milk beverages, the overall coconut milk market has a promising prospect (the compound growth rate is estimated to be 5% in the next five years). The complementarity of non-refrigerated and refrigerated coconut milk will be a breakthrough to expand market share.

(4) Business Goals:

Main Products	Annual estimated sales volume (ton)
Refrigerated coconut milk	9,767

(5) Advantages and disadvantages of future development:

① Advantages:

- A. As a healthy vegan protein drink, consumers have a wide range of application and a large demand. It is estimated that the market segment will grow steadily.
- B. With strong R&D and production capacity, complete supply chain management, and excellent products, the Company aims to lead the development of the refrigerated coconut milk market.

- C. While maintaining the stable operation in Eastern China, the Company strengthens market penetration and consumer awareness in Northern China, Southern China and Central China to drive sales growth.
- ② Disadvantages:
- A. The brand equity gap remains between competing products (YeShu) in Shanghai, the most competitive region, which impact the rapid penetration rate to a certain extent.
- B. The competition in the product is fierce, the channel for non-refrigerated coconut milk is not fully developed with insufficient growth momentum.
5. Coffee drinks:
- (1) Sales areas of major commodities:
Eastern China is the main sales area of coffee drinks. Moreover, the Company also focuses on development in key cities in Northern China, Southern China, Northwestern China and Central China. The Company does not sell products aboard.
- (2) Future market supply, demand and growth potential:
According to market research, the overall ready-to-drink coffee retail market fell by about 2.9% in 2022. With the limited flavors which cannot meet the needs of different consumers, the overall market growth is not optimistic. With the changes in Taiwan's population bringing about changes in the consumption structure, freshly ground coffee, as one of the "consumption upgrade" products, simply fits the new consumption needs. At the same time, cheap coffee chains initiated a boom in stores openings in the domestic market, driving the strong growth of freshly ground coffee market in Taiwan, and its proportion in the coffee market has increased year by year. With upgrading trend, the main beverage manufacturers have started to established layout for entry to the ready-to-drink coffee market at medium and high price. Retailers also positively develop in-store freshly brewed coffee. The whole market is blossoming.
In a long term, development of middle class accelerates expansion of market demands. The overall RTD coffee market after the epidemic has a promising prospect (expected to grow at 10%-15% in the next 5 years). For ready-to-drink coffee brands, cost efficiency and product innovation speed will be the core breakthrough to expand the market share and explore the potential consumers.
- (3) Business targets:
- | Main Products | Annual estimated sales volume (ton) |
|---------------|-------------------------------------|
| Coffee drinks | 1,3118 |
- (4) Advantages and disadvantages of future development:
- ① Advantages:
- A. Double brand layout combining Bernachon and international famous brand successfully explores high-end product line, and category layout of high gross profit and differentiation.
- B. Urbanization in Mainland China, accelerated development of middle class, and dramatic increase in per capita drinking in the first and second-tier cities anticipate accelerated expansion of the coffee market. In the next 5 years, penetration rate will be expected to grow rapidly, at annual rate of 8-10%.
- C. Powerful R&D production capacity and perfect supply chain and quality management meet the consumers' demands for high quality and personalization.

② Disadvantages:

- A. The coffee market in Mainland China is in the process of education for consumers. More manufacturers and brands draw a bead on the coffee market. In the future, entry of more new products leads to fierce market competition.
- B. Ready-to-drink coffee market still mainly focuses on non-refrigerated coffee. Meanwhile, with rapid approach of a majority of manufacturers to the markets, expansion ability of the refrigerated product is relatively inadequate.
- C. With the competition from freshly ground coffee, as one of the "consumption upgrade" products, it simply fits the new consumption needs. At the same time, cheap coffee chains initiated a boom in stores openings in the domestic market, driving the strong growth of freshly ground coffee market in Taiwan, and many convenience stores are actively promoting freshly brewed coffee in stores, intensifying competition in the offline coffee market.

6. Refrigerated fresh milk:

(1) Sales areas of major commodities:

Refrigerated fresh milk is mainly sold via B2B channel at present. B2C product focuses on Eastern China/ Shanghai. Refrigerated fresh milk has not been exported yet.

(2) Future market supply, demand and growth potential:

According to market research, the refrigerated fresh milk market fell by 5.4% in 2022. Due to the impact of the epidemic, the double-digit growth of the segment reversed and fell. At present, there are many milk brands in Taiwan forming a competitive industry and the market is mainly occupied by large listed companies. With the impact of the epidemic, consumers' health awareness has increased. It is expected that the demand for milk will pick up and continue the high-boom market. However, as the industry and new milk brands continue to grow where leading companies rely on their own strong comprehensive strength, their market share is expected to further increase. In the future, opportunities and competition will coexist in the milk market.

(3) Business targets:

Main Products	Annual estimated sales volume (ton)
Refrigerated fresh milk	67,100

(4) Advantages and disadvantages of future development:

① Advantages:

- A. Consumers' awareness of drinking milk, as will continue in the healthy drink, is enhanced. It is estimated that the market demand for fresh milk will continue to grow in the future.
- B. In terms of consumer goods business, Wei Chuan will establish the professional brand image of "Wei Chuan High-quality Dairy" and enhance its popularity, accurately reach the new generation of target consumers, establish consumer trust, establish high-quality brand image, and meet the dairy security needs of high-end people.

C. In terms of B2B business, Wei Chuan Fresh Milk has established higher brand recognition and obtained certain market share in the catering sector. It has successfully been extended to top high quality catering customers. In the future, continuous expansion of chain tea drink stores/ coffee shops/ CVS will be conducive to Wei Chuan Fresh Milk to maintain rapid growth.

② Disadvantages:

- A. Rapid integration of resources of ranches, tight raw source supply, raising costs and increasingly fierce stock competition.
- B. Regional dairy brand has obvious advantages and higher customer's royalty. Meanwhile, fresh milk is subject to higher supply chain management and terminal return requirements. Thus, it is not easy to achieve regional expansion with limited ranch and production base resources.
- C. The competition is extremely fierce. A number of dairy product enterprises, including leading brand of non-refrigerated product, increase their efforts in full-channel competition of refrigerated fresh milk, which create greater pressure to Wei Chuan's business growth.

7. Dairy drinks:

(1) Sales areas of major commodities:

Eastern China is the main sales area of coffee drinks. Moreover, the Company also focuses on development in key cities in Northern China, Southern China, Northwestern China and Central China. The Company does not sell products aboard.

(2) Future market supply, demand and growth potential:

At present, the overall dairy drinks in the market are mainly UHT products. As consumers consume more rationally, healthily and pursue quality, refrigerated cereal milk will become a substitute for fresh milk, and the market demand will increase accordingly.

(3) Business targets:

Main Products	Annual estimated sales volume (ton)
Annual sales volume (tone)	14,522

(4) Advantages and disadvantages of future development:

① Advantages:

- A. The refrigerated fresh milk market is gradually expanding, driving the consumer's acceptance of the milk drinks. The market size is expected to grow.
- B. Based on the concerns about unhealthy additives in UHT milk drinks, consumers need to choose more nutritious, healthy, delicious and high-quality milk drinks.
- C. In response to upgrading of consumption and enhancement of consumer's health awareness, the quality and delicacy of milk drinks is the communication channel to the customers to satisfy the pursuit of freshness, and the demand for quality and delicacy, establishing the brand image of Wei Chuan dairy products.

- ② Disadvantages:
Milk drink market is mainly dominated by non-refrigerated products. The refrigerated milk drink market size remains small, and the growth momentum is inadequate.

(III) Packaging Materials Business:

1. Modules:
 - (1) Sales areas of major commodities: Mainland China, Taiwan, Middle East, Europe, Indonesia, etc.
 - (2) Future market supply, demand and growth potential: Consumer's health awareness is enhanced. Growth of PET packaged tea drinks has tended to ease in the past two years. In the future, drinking water will be a relatively stable product for the growth of PET package.
 - (3) Advantages and disadvantages of future development:
 - ① Advantages:
 - A. Hsin Chuan has accumulated many years of PET mold design experience, and will further optimize the mold structure, improve the manufacturing process and reduce costs to expand the market shares.
 - B. With long-term experience in making reflexed caps, develop towards multi-hole moulds to expand sales outside the group.
 - ② Disadvantages:
 - A. Die and module enterprises in Mainland strive for the market shares with low-price strategies. Competition of the same trade by price cutting is obviously increased.
 - B. Lack of international talents, and other weak foreign business and after-sale service capabilities.
 - C. There is no PET blowing mold development and testing equipment. Test is relied on customers. The Company is unable to establish the independent ability for one-stop R&D service.
2. Molding:
 - (1) Sales area of major commodities: Taiwan, Japan, Korea and USA.
 - (2) Future market supply, demand and growth potential:
 - ① Rubber cap: Domestic beverage market constantly introduces new taste. The growth space of the overall domestic market is limited, with the need to compete with the existing manufacturers in a reasonable price range. Currently, it is necessary to cooperate with development toward 1881 short cap market, expand the product advantages and differentiation.
 - ② Coffee cup lid: The coffee drink markets at home and abroad are growing stably. In particular, the ready-to-drink coffee are launched by the chain convenient stores, which is in line with the modern people's demand for speed and convenience. Thus, in the future, molding growth momentum will develop towards coffee cup lid.
 - ③ Plastic cup: Old products including pudding cups, yoghurt cups and other desert products, will take aim at market development at home and abroad and chained channels in the form of plastic cup in the future due to limited growth space.

- ④ Vacuum molding: In response to enhanced awareness of environmental packaging materials at home and aboard, market demands for food packaging materials in vacuum molding will increase significantly, equipment procurement, staff training and other preparations have been completed. In the future, vacuum molding products will become one of the major sources for market development.
- (3) Advantages and disadvantages of future development:
 - ① Advantages:
 - A. As new food products are constantly introduced and launched, molding injection manufacturers have more opportunities to receive orders.
 - B. Complete product portfolio and good core competitiveness.
 - C. Development towards short-cap market to expand product differentiation.
 - D. Coffee cup lid series are expanded foreign countries to increase growth momentum for performance.
 - ② Disadvantages:
 - A. Modern channel manufacturers have strong bargaining power, and the contract related costs are constantly increased, impairing the operating profits.
 - B. Global container shipping cabinet shortage situation is serious, export freight prices rise substantially, serious eroding profit.
 - C. The awareness of plastic reduction is rising, which affects the demand and sales of plastic products.
- 3. Assembly:
 - (1) Sales areas of major commodities: Taiwan, Japan, Australia.
 - (2) Future market supply, demand and growth potential:

Customers who need to process assembly precision products in Taiwan require higher quality (compared with Mainland) and lower cost (compared with Japan). Only quality of every delivery to the satisfaction of the customer can assure sustainable orders.
 - (3) Advantages and disadvantages of future development:
 - ① Advantages:
 - A. Adjust product accessories according to the customer's needs to reduce costs and deepen customer's attachment.
 - B. Strong core competitiveness and good customer reputation.
 - C. Influence of aging population and growth of medical device market demand.
 - ② Disadvantages:
 - A. Domestic auto parts market is bogged down.
 - B. Products denominated in USD are subject to drastic fluctuation of exchange rate, adversely affecting export price.
 - C. There is a shortage of electronic IC parts, which affects the sales progress.

4. Can making:

- (1) Sales areas of major commodities: Commodities are mainly sold at home.
- (2) Future market supply, demand and growth potential:
 - ① Can: Domestic tin cans in food market are approaching saturation. In the future, there is need to strengthen product promotion and introduce diversified products to meet the needs of the processing plants.
 - ② Paper cup: In response to the instant cup coffee launched by chain convenience stores, the demand of coffee paper cup market is increasing, and we have invested in equipment construction to expand the market with coffee cup lids.
- (3) Advantages and disadvantages of future development:
 - ① Advantages:
 - A. With enhanced health awareness of modern people, sales of organic grain cans and health-care milk powder cans are increased.
 - B. The new coffee paper cup series has been put into the market to increase growth momentum.
 - ② Disadvantages:
 - A. Market competition of tin cans is fierce; the unit price cannot be raised up, and the gross profit is relative low.
 - B. Iron sheet price rises, raw material cost rises substantially.

(IV) Import and Export Trade:

1. Dairy products and raw materials:

- (1) Sales areas of major commodities: including Taiwan and China.
- (2) Market supply, demand and growth potential in Taiwan:

Taiwan's dairy product consumption market is relatively mature. Fresh refrigerated liquid milk is the main fresh milk processing product, and is oriented by the domestic consumption demand. However, as the domestic raw milk has higher cost, and the breeding conditions are bad for large-scale production expansion, the milk source is insufficient. In order to meet the refresh milk demand and to be used in processing of other dairy products, domestic manufacturers of the dairy products have to rely on imported milk raw materials. Affected by COVID-19 in recent years, in 2022, Taiwan imported liquid milk of about 53,928 tons, declined by about 6.3% compared with that in 2021. It is estimated that growth will be recovered after the epidemic in 2023.
- (3) Market supply, demand and growth potential in China:

In 2022, mainland China's milk (i.e. fresh and raw milk) output was 39.32 million tons, an increase of 2.49 million tons or 6.8% over the same period in 2021, the highest in the past six years; the output of dairy products was 31.177 million tons, a year-on-year increase of 2.0%.
- (4) Advantages and disadvantages of future development:
 - ① Advantages:

After China fully lifted the COVID-19 restrictions, a large number of consumers need a large amount of protein supplements to restore physical strength and enhance the immune system. Dairy products, as a cheap and

effective protein supplement, will be favored by consumers where market demand is likely to expand rapidly.

② Disadvantages:

- A. Due to the increase in feeding costs, the milk production in the world's major production areas has not increased. In 2022, the cumulative milk production will be -3.8% in New Zealand, -6.7% in Australia, flat in the European Union, and +0.2% in the United States. In the context of limited growth in global milk production, the supply of dairy raw materials remains tight.
- B. Due to the fluctuations in the global raw material during the COVID-19 epidemic, dairy has fluctuated with the international materials and global transportation costs, and the impact on the volatile dairy market has been severe where the market uncertainty has increased compared to previous years.

2. Granulated sugar:

- (1) Sales areas of major commodities: The granulated sugar purchased by the Company is mainly sold in Taiwan.

- (2) Competitors and market share:

Granulated sugar used by the food producer in Taiwan is mainly the imported sugar, followed by sugar made by contractual farmers and self-made sugar of Taisugar. Compared with 2021, in 2022, the imported granulated sugar was reduced by about 5.5% to 550 thousand tons, mainly because the overall demand was declined due to outbreak of COVID-19 in 2020, delaying the de-stocking, and changes in consumer eating habit, leading to decline in import volume.

The market share of the Taiwan's company is about 52.55%, while the remaining market share is occupied by the sugar importers or food companies, such as Mitsubishi, Mitsui and other large-scale food raw material trading companies, and food or liquid glucose companies such as Vedan, Tai Jung, Huan T'ai and Feng Nien, etc.

- (3) Future market supply, demand and growth potential:

① Market supply and demand of granulated sugar:

- A. Total domestic market supply: about 597 thousand metric tons.
- B. Total domestic market demand: about 553 thousand metric tons.

- ② With the gradual relocation of the domestic food industry, the slowdown in population growth, and the rising health awareness in Taiwan towards low-sugar, sugar-reduced or organic foods, the revenue growth of granulated sugar is limited.

- (4) Advantages and disadvantages of future development:

① Advantages:

The global sugar oversupply is estimated to be 1.77 million tons. Although major sugar production regions such as Brazil and Thailand are expected to increase production, fluctuations in crude oil prices, reductions in European beet sugar production, and reductions in India's production and export quotas have supported international sugar prices. However, due to the limited economies of scale of Taiwan's sugar production, the cost of imported sugar is still favorable compared with domestic sugar.

② Disadvantages:

With change to consumer's diet habits and reduction of sugar used in global food industry, most beverage manufacturers follow the trend, and prioritize development of sugar-free/low-sugar beverages. The overall demand for granulated sugar is weak.

3. Plastic particles:

(1) Sales areas of major commodities:

The plastic particles purchased by the Company are mainly HDPE, which are sold to the affiliates in Taiwan.

(2) Future market supply, demand and growth potential:

The downturn in the petrochemical industry in the second half of 2022 will likely to bottom out in the first quarter of 2023. Most of the companies in the industry is pessimistic about the market outlook in 2023. And "Made in China 2025 Initiative" will be the main cause for the 2023 downturn in the petrochemical industry, followed by geopolitics (Russia-Ukraine war), EU-Russia energy trade issues, etc.

In recent years, the petrochemical industry has faced many challenges, including the shale gas revolution, the rise of coal chemical industry, the oil price fluctuations, the Made in China 2025 Initiative, the Sino-US trade war, and the COVID-19 epidemic, which are the most important factors affecting the development of the petrochemical industry. In the future, net-zero carbon emissions will become an important international development trend, and low-carbon sustainable materials will become the development focus of the petrochemical industry.

(3) Advantages and disadvantages of future development:

① Advantages:

- A. As the epidemic is gradually under control, regulations are gradually lifted, economic activities have been reactivated, and the global demand for petrochemical products has rebounded, which is good news for the petrochemical market.
- B. OPEC raised its 2023 growth forecast for global oil demand which are mainly resulted by China's easing of restrictions on the COVID-10 epidemic and a modest increase in the global economic outlook.
- C. Inflation in Europe and the United States has peaked and cooled down, coupled with the decline in energy, raw materials, food prices and shipping costs, the Fed and the European Central Bank are expected to ease the interest rate increase and the economy is expected to recover early.

② Disadvantages:

- A. Investors are still on the sidelines observing the changes in China's demand. With the weakening of the US dollar, crude oil prices fluctuate, and the geopolitical situation still results in the international oil price of nearly \$80-85 US dollars per barrel.
- B. Economic slowdown in developed countries and persistent inflation will take a toll of the global economic growth.

- C. As the end of the Russo-Ukraine war is nowhere in sight, and global economic growth will remain impacted. Although new petrochemical production capacity has not been slowed down, as we enter the second quarter of 2023, the intensive annual repair period of naphtha cracking plant in Asia, the petrochemical market is expected to be stabilized.

III. Key Functions and Manufacturing Process of Key Products

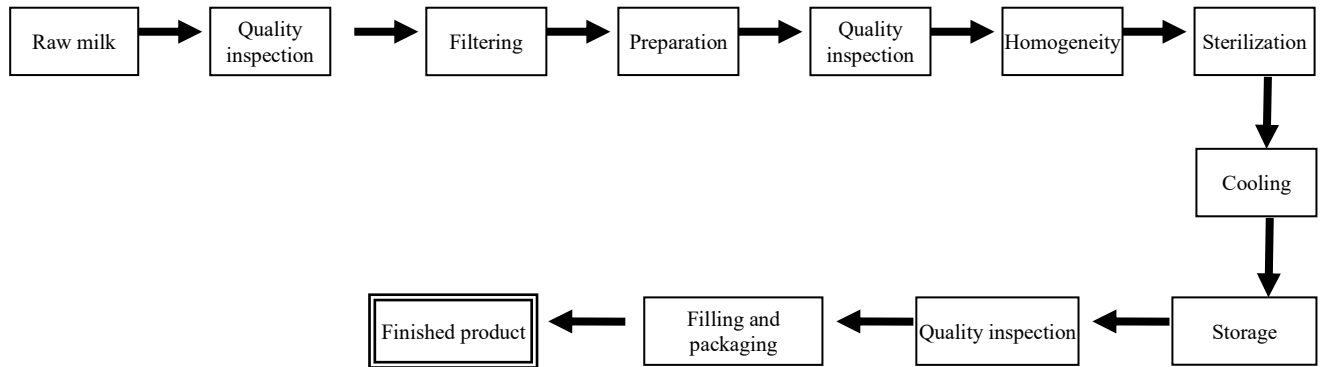
(I) Key functions of the key products

Under the mission to create healthy and convenient life culture, the Company develops a variety of foods including dairy products, drinks, cans, sauces and seasoning based on the diet demand of the consumers, so that different age groups of consumers can enjoy delicious, healthy and convenient foods every day. Furthermore, the Company also strictly controls quality and safety of the products, offering customers safe foods and taking care of their health.

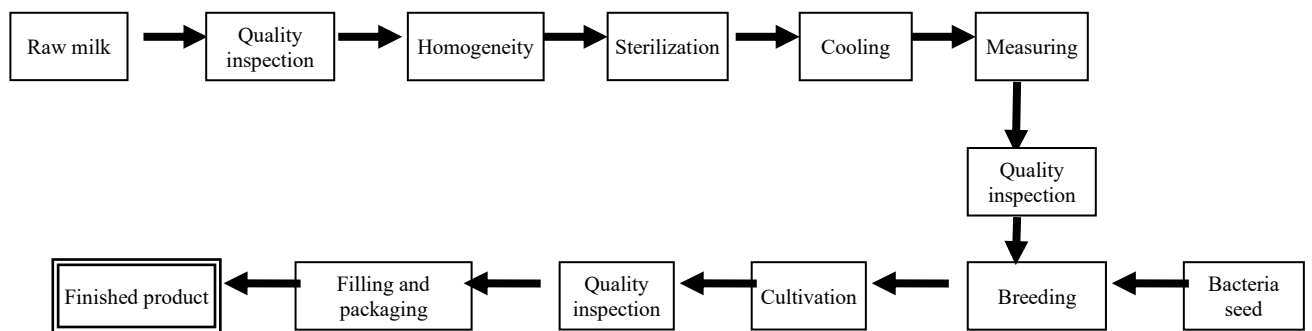
(II) Manufacturing process of the key products

The Company applies different R&D and manufacturing technologies based on different categories of the products, and have produced high quality and safe products through strict quality management. See the following figure for the manufacturing process of the key products (such as fresh milk, yogurt, juice, coffee and brewed sauce).

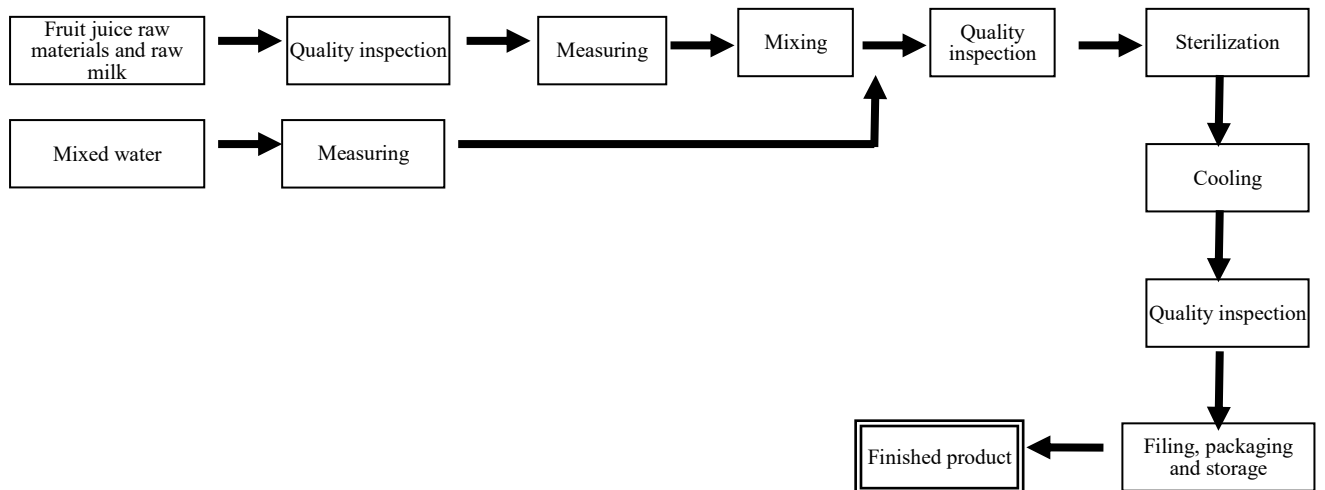
1. Fresh Milk Manufacturing Flow Chart



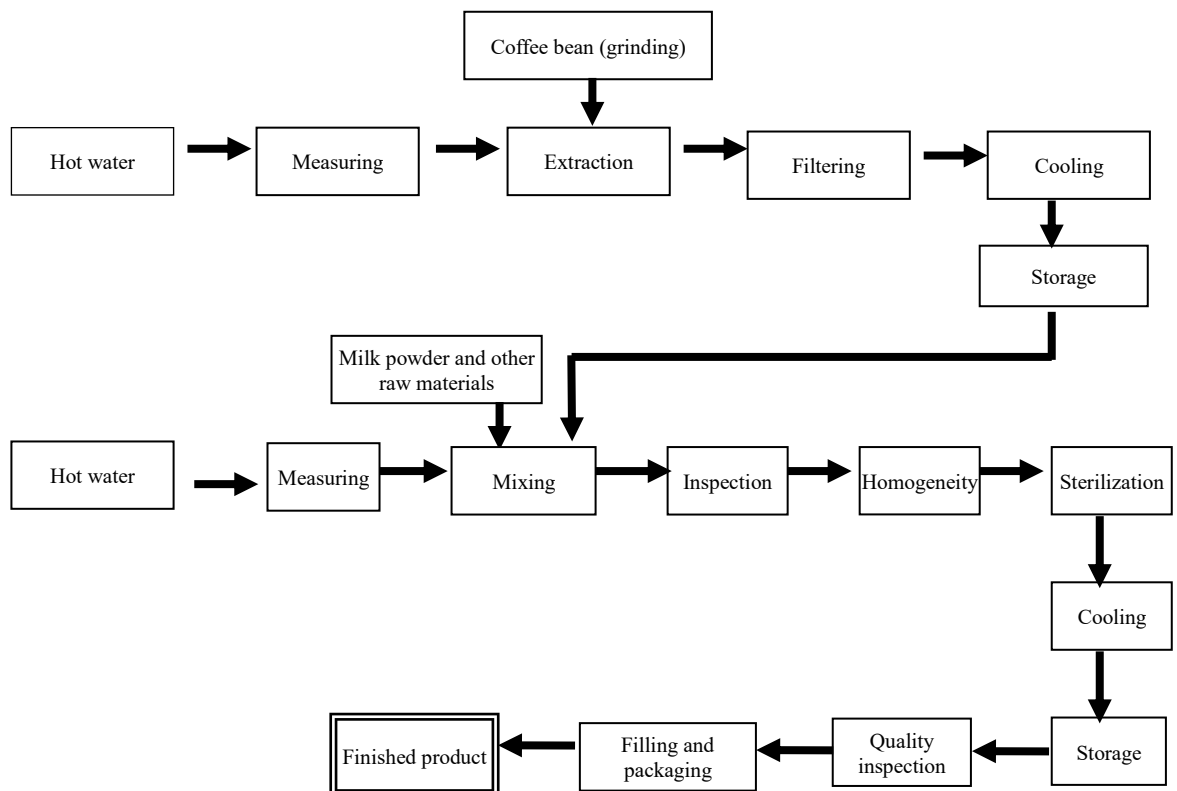
2. Yogurt Manufacturing Flow Chart



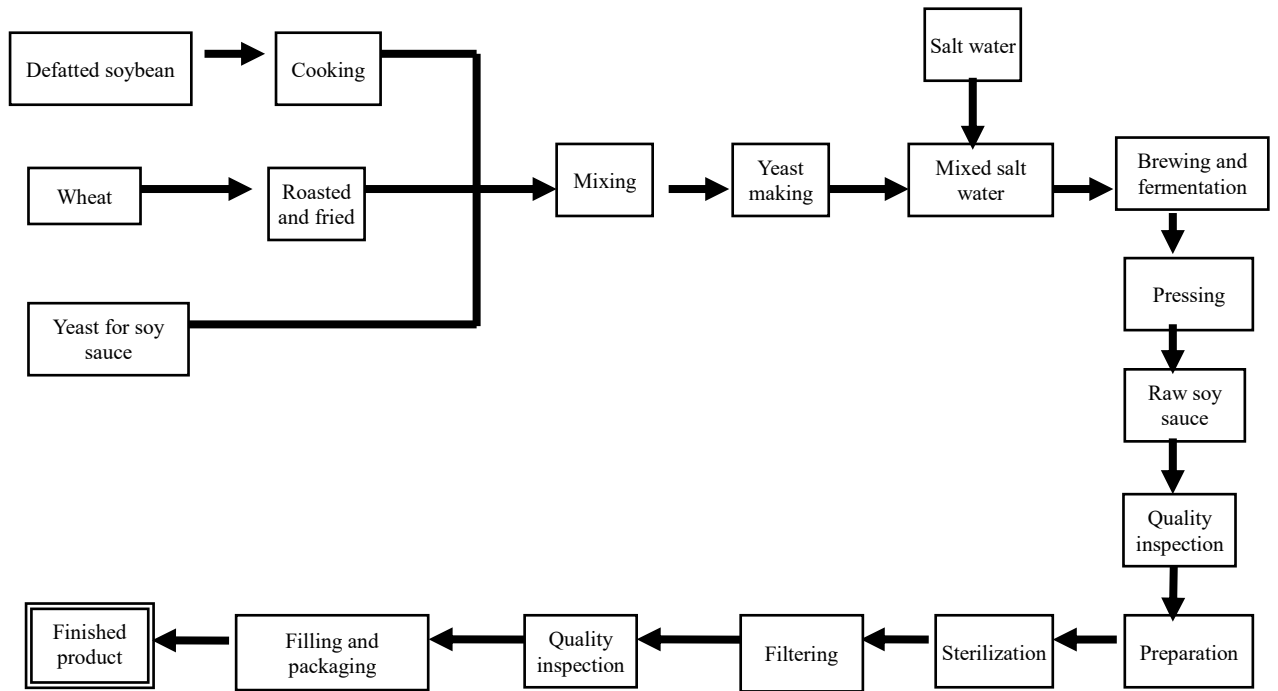
3. Fruit Juice Manufacturing Flow Chart



4. Coffee Manufacturing Flow Chart



5. Brewed Sauce Manufacturing Flow Chart



IV. Supply of Key Raw Materials

- (I) The Company will sign a contract with the dairy farmer to purchase the raw milk from the dairy farmer and provide breeding technology guidance, so as to stabilize the price, quality and supply sources.
- (II) For milk powder and other dairy raw materials, fruit juice, soybeans and other bulk raw materials, in response to the port block and cabinet shortage caused by the epidemic, changes in the international situation, climate variability and other factors, resulting in the risk of raw materials chain disruption, the Company has extended the estimated shipment schedule and inventory to ensure stable production.
- (III) Affected by bird flu and feed price hikes, the supply of eggs was tight in the first half of the year. Work with multiple supply sources in preparation and purchase goods in combination to ensure supply.
- (IV) Most of other raw materials are supplied from the domestic sources. Due to increase in transport cost, price of upstream raw materials, the costs of some categories are increased. However, the Company has prepared for the source of goods in advance, to stabilize the source and assure production.

Product	Major raw materials	Main source	Supply
Dairy products (including soybean milk)	Raw milk	Domestic	Stable
	Milk powder	New Zealand	Stable
	Non-GMO soybean	United States	Stable
Juice beverage	Granulated sugar	Taiwan, Thailand	Stable
	Fruit juice	Domestic, Brazil, Spain, United States, New Zealand, Turkey	Stable
	Coffee bean	Domestic	Stable
Sauce	Non-GMO soybean	United States	Stable
	Wheat	United States	Stable
Salad	Egg	Taiwan	Low
Seasoner	Monosodium Glutamate	Domestic	Stable
Cans	Pork	Domestic	Stable
	Pickled cucumbers	China	Stable
	Peanut	Domestic	Stable
	Gluten	Domestic	Stable

V. Name and procurement (sale) amount and percentage of customers accounting for 10% or more of total procurement (sale) amount in any given year within the most recent two years:

(I) Major suppliers in the past two years:

There are many suppliers for the raw materials required for the products sold by the Company and its subsidiaries. Purchase amount from single external supplier in 2021, 2022 and the first quarter of 2023 was less than 10% of total purchase amount.

(II) Major customers in the past two years

Unit: NT\$ thousands

Item	2021				2022				As of the last quarter of 2023			
	Name	Amount	% Net sales Percentage (%)	Relationship with the issuer	Name	Amount	% Net sales Percentage (%)	Relationship with the issuer	Name	Amount	Percentage in net sales as of the last quarter (%) Percentage (%)	Relationship with the issuer
1.	Customer A	3,178,599	16.04	-	Customer A	3,172,231	15.88	-	Customer A	647,288	13.52	-
2.	Others	16,639,263	83.96	-	Others	16,800,601	84.12	-	Others	4,141,983	86.48	-
Total		19,817,862	100.00	-	Total	19,972,832	100.00	-	Total	4,789,271	100.00	-

Note: With the name and sales amount of the customers with 10% or more among the total sales of the Company and the subsidiaries in the most recent two years, only Customer A exceeded the disclosure criteria. Other customers did not reach the criteria, and thus their sales amounts were stated in aggregate and not disclosed individually.

VI. Table of Outputs for the Two Most Recent Years

Unit: NT\$ thousands

Category of Product	2022			2021		
	Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value
Food manufacturing- Taiwan						
Dairy products	Ton 145,561	Ton 99,044	5,306,522	Ton 148,250	Ton 110,441	5,423,759
Beverages	Ton 67,403	Ton 33,465	1,346,017	Ton 67,803	Ton 33,677	1,349,058
Convenient foods	Ton 98,635	Ton 8,772	776,527	Ton 98,478	Ton 9,180	785,572
Others	11,041	4,367	420,920	11,041	4,172	390,416
Subtotal	-	-	7,849,986	-	-	7,948,805
Food manufacturing- Mainland						
Refrigerated drinks	Ton 510,480	Ton 246,823	11,405,171	Ton 508,680	Ton 243,942	11,048,954
Solid beverages	Ton 16,200	Ton 912	114,596	Ton 22,659	Ton 2,112	334,489
Subtotal		-	11,519,767	-	-	11,383,443
Total	-	-	19,369,753	-	-	19,332,248

VII. Table of Sales for the Two Most Recent Years

Unit: NT\$ thousands

Category of Product	2022				2021			
	Domestic Sales		Foreign Sales		Domestic Sales		Foreign Sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Food manufacturing- Taiwan								
Dairy products	Ton 86,653	4,909,293	Ton -	8	Ton 88,169	4,932,665	Ton -	6
Beverages	Ton 37,064	1,710,334	Ton 39	3,783	Ton 37,021	1,662,094	Ton 69	5,610
Convenient foods	Ton 8,228	706,630	Ton 1,090	111,524	Ton 8,808	719,342	Ton 1,555	166,498
Others	Ton 6,071	653,410	Ton 8	830	Ton 6,536	670,118	Ton 9	760
Subtotal	-	7,979,667	-	116,145	-	7,984,219	-	172,874
Food manufacturing- Mainland								
Refrigerated drinks	Ton 243,515	11,945,839	Ton -	-	Ton 244,018	11,745,265	Ton -	-
Solid beverages	Ton 1,052	116,553	Ton -	-	Ton 2,077	311,249	Ton -	-
Subtotal	-	12,062,392	-	-	-	12,056,514	-	-
Total	-	20,042,059	-	116,145	-	20,040,733	-	172,874
Percentage of sales value	99.4%		0.6%		99.1%		0.9%	

Note: With domestic sales and foreign sales, domestic sales refer to the sales in the local place of the Company and its subsidiaries.

The volume and the value of dairy products and beverages in Taiwan in 2021 were different from last year's annual report due to reclassification.

VIII. Employees

Number of Employees in the Most Recent Two Years and as of the Date of Publication of the Annual Report

Year			2021	2022	Year as of April 10, 2023
Number of employees	Employees	Operation	964	966	972
		Production	542	550	547
		Management	526	559	558
	Operator		857	851	859
	Total		2,889	2,926	2,936
Average Age			39.4	40.1	40.2
Average Length of Service (Year)			10.3	10.7	10.7
Distribution of education	Ph. D.		0.28%	0.27%	0.24%
	Master		8.27%	8.41%	8.58%
	Bachelor		52.20%	53.59%	53.88%
	High school		29.94%	28.60%	28.14%
	No Diploma		9.31%	9.13%	9.16%

IX. Environmental Protection Expenditures

(I) Losses from Polluting Environment in the Recent Years

2022	
Pollution status	Violation of Paragraph 1, Article 36 of Air Pollution Control Act
Compensation Target or Punishing Unit	Changhua County Government
Compensation Amount or Punishment	The particulate pollutants discharged by small self-use trucks exceeds the legal emission standard A penalty of NT\$ 3,000
Other losses	None

(II) Responsive Actions

In order to promote the Company's image and corporate social responsibility, and meet the environmental standards published by the government, the Company proposes to implement the following environmental improvement plan:

1. Improvement measures:

- (1) Conformity with the relevant environmental standards published by the government.
- (2) Estimated environmental protection expenses in the next three years

Unit: NT\$ thousands

	2024	2025	2026
Relevant works of wastewater treatment equipment	\$12,000	\$13,000	\$13,000
Relevant works of waste disposal facilities	\$10,000	\$13,000	\$13,000
Total	\$22,000	\$26,000	\$26,000

- (3) The impact of adopting environmental protection measures: Enhance the Company's corporate image and meet the government's announced standards for waste water treatment and controlled discharge of air pollutants.

- (4) Greenhouse gas evaluation and verification (subject to ISO 14064 Internal Audit Standards):
- Douliu Plant of the Company passed the greenhouse gas emission evaluation and verification of BSI on January 18, 2012, and obtained the certificate on February 6, 2012.
 - Taichung Plant of the Company passed the greenhouse gas emission evaluation and verification of BSI on January 28, 2014, and obtained the certificate on February 24, 2014.
 - Kaohsiung Plant of the Company has made self-evaluation and verification for greenhouse gas since 2014 (subject to ISO 14064 Internal Audit Standards).

Data regarding greenhouse gas emission is as follows:

Unit: Metric tonnes of carbon dioxide equivalents

Plant	2014	2015	2016	2017	2018	2019	2020	2021	2022	Remark
Douliu Plant	19,188	14,340	14,470	13,487	13,533	11,467	10,572	10,662	10,377	Taking 2010 as the base year
Taichung Plant	10,026	8,862	8,271	6,919	7,685	7,113	7,670	6,967	6,703	Taking 2012 as the base year
Kaohsiung Plant	12,734	11,587	12,460	12,735	12,571	12,797	12,876	9,585	9,347	Taking 2013 as the base year

2. Parts without responsive actions: None

X. Labor Relationship

- (I) The labor human rights policies and the occupational safety and health policies established by the Company to protect the basic human rights and relevant interest of the employees, the effective occupational safety and health management system maintained by the Company, the rules regarding benefits, continuing education, training and retirement and implementation thereof, labor agreements and measures for protection of the employees' rights and interest are as follows:

1. Employee Benefits

The Company integrates the resources of the whole company and the Employee Welfare Committee to plan diversified welfare measures for the employees:

- Subsidies: including education sponsorship for the employees and their children; hospitalization allowance and funeral allowance for the employees and their direct relatives; marriage allowance, childbirth allowance of the employee and their spouses, and lunch allowance, etc.
- Events: Staff travel, mountaineering and recreational activities.
- Gifts: Festival gifts, staff birthday gifts, and commemorative gold coin for staff retirement.
- Concessions: Concessions on Company products, concessions for travel and catering with partners.
- Insurances: Labor insurance, national health insurance, and employee group insurance (including life insurance, accident insurance, cancer insurance and medical insurance).
- Other items: Emergency rescue loans, and physical examination.

2. Continuing Education and Training

In order to cultivate and retain the excellent talents, and enhance the Company's competitiveness, the Company establishes a function-based corporate university education and training system, and designs a variety of courses in combination of the actual professional needs and future career development through internal work process, operation system, analysis on functional work at all levels and TTQS talent development quality system.

In light of TTQS talent development quality system, the Company formulates the annual education and training plan based on the annual strategic objectives, the curriculum of the corporate university and the annual performance evaluation results. The Company will implement and review the achievements of the training courses on time, including trainee's satisfaction, study evaluation and other aspects, to continue improving the training effect.

Furthermore, depending on individual work and development needs, the employees may request for external training to attend the courses organized by the external professional institutions in the way of recommendation by the HR Department, designation by the department or individual enrollment, so as to improve individual competence.

3. Retirement System and Implementation Status

For the employees to whom the old labor pension system is applicable, based on the different pension planning on the date of retirement, the Company will pay pension at maximum 50% up to the base under the Labor Standard Act to the employees who will retire before March 9, 1996, and will pay pension to the employees who will retire after March 10, 1996 (inclusive) according to the relevant standards under the Labor Standard Act.

Every year, the Company will entrust an external professional agency to calculate and appropriate the pension. The Company will pay 15% of the total salary to the labor pension account with the Bank of Taiwan every month, and will appropriate full amount of pension contribution by the end of the year according to regulations. Reserves for labor pension will be stated in the Company's accounts as liabilities, in order to give priority to the retirement rights and interest of the employees.

For the employees to whom the new labor pension system is applicable, the Company will deposit 6% out of the insurance pay in the labor's individual pension account with the Labor Insurance Bureau every month according to laws.

4. Labor Agreements, and Right and Interest Protection Measures

The Company has formulated the "Measures for Prevention and Controlling Employee Sexual Harassment" and the "Measures for Handling Employee Complaints", to provide the employees with a safe working environment, and sets up the special lines and mailboxes (including "violation of the Code of Conduct email", "independent director mailbox", etc.) for sexual harassment and complaints. Upon receipt of complaints from the employees, the Company shall have the complaints addressed by the special units and personnel according to the relevant regulations. The Company shall protect the individual rights and privacy of the employees in question.

The Company pays attention to the recommendations of the employees, and takes the initiative to hold the labor relationship meeting, trade union meeting, meetings of directors, supervisors, Employee Welfare Committee and Labor Pension Supervision Committee to promote communication among employees.

5. Code of Conduct for Employees

The Company's working rules stipulate various codes of conduct or ethics for the employees, which are listed as essential items for the year-end assessment. For the implementation of various codes, a complete reward and punishment system is also established as the basis for punishment.

The employees of the Company shall comply with the following code of conduct:

- (1) Employees shall be loyal to their duties, say and do properly, comply with the Company's rules and regulations, obey the reasonable command of the supervisors at all levels, act in good faith; supervisors at all levels shall kindly guide the subordinates.
- (2) Employees shall work in earnest, cherish public property, reduce waste and loss, improve quality, increase output and sales, and keep confidential the information about business or position.
- (3) Employees shall perform the duties, and make report step by step according to their rights and responsibilities. However, any emergency or special circumstances shall be exempted from the above provisions.
- (4) If the employees have gross negligence, their direct supervisor shall be punished jointly and severally. If the employees achieve critical merits, their direct supervisors shall be also awarded jointly and severally.
- (5) During the working hours, the employees may receive the visitors in the designated place only with approval.
- (6) Employees shall not engage in any business that has interest conflict with the Company without permission.
- (7) Without written consent of the Company, no employees shall take a part-time job.
- (8) Employees shall not accept any hospitality, gifts or other improper benefits from the manufacturers.
- (9) Employees shall not gain benefits for themselves or others by taking advantage of their position.
- (10) Employees shall not bring any prohibited articles into the workplace.
- (11) Employees shall not provide external guarantee by taking advantage of their position.
- (12) After work, the employees shall properly tidy up the documents or tools for work before leaving.
- (13) Employees shall comply with the Company's safety and health related regulations.

6. Protective Measures for Working Environment and Personal Safety of the Employees

A safe working environment is the most basic commitment given by the Company to the employees. The Company shall formulate the occupational safety and health management policies, reduce the potential accidents through systematic management, and create a safe and secure working environment in accordance with the laws and regulations. In order to make Wei Chuan employees work more at ease, Taichung Plant, Douliu Plant and Kaohsiung Plant have all obtained ISO 45001 (International Occupational Safety and Health Management System) and CNS 15506 (Taiwan Occupational Safety and Health Management System, namely TOSHMS) certification, the management scope covers all employees and workers, and, through quarterly industrial safety meetings, carry out occupational safety management reports and exchanges of all units, actively implement employee safety and health management

care, and enhance corporate safety and hygiene culture.

The protective measures taken by the Company for the working environment and the employees' personal safety are as follows;

- (1) Establish OSH management system, and continue improve OSH management performance.
- (2) Implement management of the contracting work, and guarantee safety of the contractors.
- (3) Periodically check, inspect and maintain the machinery equipment.
- (4) Periodically implement safety inspection for the fire equipment, to ensure normal performance.
- (5) Implement the safety and health education and training to build the employee's safety working awareness.
- (6) Organize emergency drills and exercise, to strengthen the employee's emergency response capabilities.
- (7) Implement working environment monitoring and health inspection, to provide a safe and healthy working environment.
- (8) Regularly organize audit and guidance for the occupational safety management, to ensure effective operation of the security management system.

7. Codes of Ethical Conducts

Article 1 (Purpose and Scope of Application)

The Code of Ethical Conduct is formulated to guide the conducts of the Company's directors, managerial officers (including General Manager and officers at equivalent level, Vice General Manager and officers at equivalent level, assistances and officers at equivalent level, heads of the Finance Department and the Accounting Department, and other persons who are authorized to manage the affairs of the Company and sign documents on behalf of the Company) and all employees (hereinafter referred to as the "Company's personnel") in compliance with the ethical standards, and enable the stakeholders of the Company to have a better understanding of the ethical standards of the Company.

Article 2 (Prevention of Conflict Of Interest)

The Company's personnel shall perform their duties in an objective and efficient manner, and shall avoid to take advantage of their position in the Company to obtain improper benefits for either themselves, their spouse, or relatives within the second degree of kinship.

The Company shall pay special attention to preventing conflicts of interest, and state clearly whether there is a potential conflict of interest with the Company when the Company lends funds to or provides guarantees for, has material asset transaction with or purchases goods from or sells goods to the affiliated company in which the aforementioned personnel works.

Article 3 (Prevention of Personal Gains)

The Company's personnel shall not:

- (I) Seek an opportunity to pursue personal gain by using the Company's property or information or taking advantage of their positions.
- (II) Obtain personal gain by using the Company's property or information or taking advantage of their positions.

(III) Compete with the Company.

When the Company has an opportunity for profit, it is the responsibility of the Company's personnel to maximize the reasonable and proper interests and benefits which can be so obtained by the Company.

Article 4 (Confidentiality Obligations)

The Company's personnel shall be bound by the obligation and duty to maintain the confidentiality of any information regarding the Company itself or its suppliers and customers, except otherwise authorized or required by law to disclose such information.

Confidential information includes any undisclosed information that, if exploited by a competitor or disclosed, could result in damage to the Company or the suppliers and customers.

Article 5 (Fair Trade)

The Company's personnel shall treat the Company's buyers (sellers), competitors and employees fairly, and shall not gain improper benefits through use, concealment or abuse of the information that is known in duty performance, misstatement of important events or other unfair means of transactions.

Article 6 (Protection and Proper Use of the Company's Properties)

It is the responsibility of the Company's personnel to protect the Company's assets and ensure that the Company's assets can be used effectively and legally for the business affairs, and protected from theft, negligence or waste with impairment on the Company's profits.

Article 7 (Compliance with Laws and Regulations)

The Company's personnel shall comply with the Company Act, the Securities and Exchange Act, and other applicable laws, regulations and bylaws.

Article 8 (Encouraging Report on Illegal or Unethical Conducts)

The Company shall raise awareness of ethics internally and encourage employees to report to managerial officers, chief internal auditor or other appropriate personnel upon suspicion or discovery of any activity in violation of a law or regulation or the code of ethical conduct.

In order to encourage employees to report illegal conduct, the Company shall establish a concrete whistleblowing system, allow anonymous whistleblowing, deal with the case in a confidential way, make objective investigation via independent channel, and make employees aware that the Company will use its best efforts to ensure the safety of whistleblowers and protect them from reprisals.

Article 9 (Disciplinary Measures)

When the Company's personnel violate the Code of Ethical Conduct, the Company shall take actions according to the relevant regulations, and shall also disclose at the Company's website the date of violation, reasons for violation, violated provisions and disciplinary actions taken.

The Company shall establish a relevant complaint system to provide the violator against the Code of Ethical Conduct with remedies.

Article 10 (Procedure for Exemption)

Where the Company's personnel are required to be exempted from this Code, such exemption shall be approved by resolution of the Board of Directors, and the Company shall disclose at the Company's website such information on the date of approval by the Board of Directors, independent directors' dissenting or qualified opinions, the period for which the exemption is applicable, the reason for the exemption, and the criteria for the exemption, for shareholders to assess if said resolution made by the Board of Directors is appropriate, to prevent arbitrary or questionable exemptions from complying with the Code and to ensure that any exemptions from complying with the Code are controlled appropriately to protect the Company.

Article 11 (Information Disclosure)

The Company shall disclose the Code of Ethical Conduct it has established and any amendments thereto on its company website, in its annual reports and prospectuses, and on MOPS.

Article 12 (Establishment and Amendment Authority)

Establishment and amendment of the Code shall be subject to consent of the Company's Board of Directors.

Article 13 (Date of Establishment and Amendment)

The Code is established on March 28, 2013, and amended by the first amendment dated May 13, 2014, the second amendment dated March 29, 2016 and the third amendment dated November 9, 2020.

- (II) List any losses suffered by the Company in the latest year 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 measures being or to be taken..

Disposition dates	Disposition reference numbers	Violated Regulation	Contents of Violated Regulation	Content of the dispositions
2022/02/10	X.B.F.L.J.Z. No. 1114733754	Labor Standards Act Paragraph 1, Article 38	Failed to give special vacation according to regulations.	A penalty of NT\$ 48 thousand
2022/09/12	X.B.F.L.J.Z. No. 1111689233	Labor Pension Act Paragraph 1, Article 12; Paragraph 2, Article 12	The employer fails to pay the severance pay according to the seniority of service of the Labor Pension Act according to the prescribed standard; the employer fails to pay the severance pay under the new regulation within 30 days after the labor contract is terminated according to the regulations.	A penalty of NT\$ 300 thousand
2022/09/23	G.S.L.T.Z. No. 11136906400	Labor Standards Act Paragraph 4, Article 32	Due to the occurrence of an act of God, an accident, or an unexpected event and when an employer has a necessity to have his/her employee to perform the work besides regular working hours, may extend the working hours. However, the employer shall notify the labor union within twenty-four hours after the beginning of the extension. If there is no labor union, shall report it to the local competent authority for record. Subsequent to the over time, the employer shall offer worker suitable time off.	A penalty of NT\$ 50 thousand

Responsive actions: Provide special leave according to the regulation; urge each department to properly arrange the working hours of the employees, e.g., the extended working hours together with the normal working hours shall not exceed 12 hours a day; the extended working hours shall not exceed 46 hours in a month; properly arrange staff rest time, strict control staff attendance hours, set up a warning mechanism to avoid insufficient rest hours of workers due to overtime working; strengthen attendance publicity and management, and optimize the system to comply with laws and regulations.

XI. Information security management

The ultimate goal of the Company's information security work is to ensure that the Company's information processing operations can operate safely and effectively, and to protect the rights and interests of consumers and employees through the management of personnel, operations, processes and information technology.

(I) Information security risk management framework and specific management plans:

The Company has an information security team, whose head and members are assigned by the head of the Information Technology Department and report directly to the General Manager. Report information security management planning and execution information to the Board of Directors at least once a year, most recently on March 15, 2023.

(II) Information security policy, specific management plan and resources invested in the information security management, etc.:

1. Information security policy: The Company regularly reviews internal information security standards, carries out security protection and risk assessment for physical security, network security and other weaknesses, threats and impacts, and strengthens information security according to the assessment results to improve the overall information security environment.
2. Specific management plan and resources invested in information security management: management measures can be divided into institutional, network security, content security, system security and self-management measures according to their nature. Carry out a security consultation every two years, carry out information security promotion for colleagues through E-mail regularly every month, cooperate with internal/external auditors to carry out information security inspection regularly every year.

(III) No major security incidents occurred in 2022, with a total of 91 viruses and 94 spyware blocked. Continuously carry out annual major vulnerability security updates, reduce operational risk, update product life cycle expiration, and conduct external third party security testing.

XII. Important Contracts

Nature of Contract	Party	Contract Duration	Main contents	Restrictions
Medium and Long-term Loans	Far East Bank	2023.01.13 ~ 2026.01.13	Amount of financing NT\$ 700,000 thousand Collateral: Douliu Plant	During the financing duration, the Company shall maintain three financial ratios. The net debt to tangible assets ratio below 425%, the interest coverage ratio above 2 times, and the net tangible asset of more than NT\$4 billion.
Medium and Long-term Loans	United Overseas Bank	2023.05.09 ~ 2025.04.30	Amount of financing NT\$ 1,700,000 thousand Collateral: Taichung Plant	During the financing duration, the Company shall maintain three financial ratios. The current ratio above 80%, the net debt to tangible assets ratio below 350%, and the tangible net value is more than 6 billion. The net debt to tangible assets ratio below 350%, the interest coverage ratio above 2 times, and the net tangible asset of more than NT\$6 billion.

Chapter 6. Financial Overview

I. Condensed Balance Sheets and Consolidated Income Statements for the Last 5 Years

(I) Balance Sheet

1. Condensed Consolidated Balance Sheet - IRFSs

Condensed Balance Sheet

Unit: NT\$ thousands

Item \ Year		Financial data for the last 5 years (Note 1)					Year as March 31, 2023 Financial information (Note 2)
		2018	2019	2020	2021	2022	
Current assets		8,996,892	6,536,514	5,875,356	5,926,571	5,723,029	7,198,372
Property, plant and equipment		9,934,574	9,780,396	9,426,888	9,170,598	9,093,780	8,869,290
Intangible assets		138,316	149,594	174,911	164,456	190,166	212,534
Other assets		2,172,915	2,630,439	2,554,366	2,697,469	2,601,251	2,472,949
Total assets		21,242,697	19,096,943	18,031,521	17,959,094	17,608,226	18,753,145
Current liabilities	Before distribution	11,746,178	7,290,451	6,105,443	5,934,906	6,206,831	7,243,184
	After distribution	12,151,028	7,965,488	6,373,656	6,188,444	6,327,274	7,243,184
Non-current liabilities		3,296,077	4,862,697	5,070,290	4,972,135	4,168,739	4,254,279
Total liabilities	Before distribution	15,042,255	12,153,148	11,175,733	10,907,041	10,375,570	11,497,463
	After distribution	15,447,105	12,828,185	11,443,946	11,160,579	10,496,013	11,497,463
Equity attributable to owners of parent company		6,188,035	6,935,868	6,847,705	7,043,981	7,224,426	7,247,192
Capital		5,060,629	5,060,629	5,060,629	5,060,629	5,060,629	5,060,629
Capital surplus		31,936	36,103	36,113	36,115	36,115	36,115
Retained earnings	Before distribution	1,234,238	2,141,842	2,003,464	2,232,784	2,332,580	2,339,938
	After distribution	829,388	1,466,805	1,735,251	1,979,246	2,212,137	2,339,938
Other equity interest		(138,768)	(302,706)	(252,501)	(285,547)	(204,898)	(189,490)
Treasury stock		-	-	-	-	-	-
Non-controlling interests		12,407	7,927	8,083	8,072	8,230	8,490
Equity	Before distribution	6,200,442	6,943,795	6,855,788	7,052,053	7,232,656	7,255,682
Total	After distribution	5,795,592	6,268,758	6,587,575	6,798,515	7,112,213	7,255,682

Note 1: The financial data from 2018 to 2022 has been audited by CPAs.

Note 2: The financial data for the first quarter of 2023 has been reviewed by CPAs.

Note 3: The Company's 2022 Earnings Distribution Proposal was approved by the Board of Directors on March 15, 2023 to distribute cash dividends of NT\$ 120,443 thousand.

2. Condense Parent Company Only Balance Sheet - IFRSs

Condensed Balance Sheet

Unit: NT\$ thousands

Year Item		Financial data for the last 5 years (Note)				
		2018	2019	2020	2021	2022
Current assets		3,649,892	2,168,951	2,319,896	2,192,940	2,342,018
Property, plant and equipment		4,991,711	4,891,241	3,687,645	3,594,341	3,491,875
Intangible assets		-	-	-		
Other assets		7,010,180	6,810,081	7,119,765	6,793,768	6,480,363
Total assets		15,651,783	13,870,273	13,127,306	12,581,049	12,314,256
Current liabilities	Before distribution	6,447,090	2,571,963	2,182,988	1,560,424	1,746,113
	After distribution	6,851,940	3,247,000	2,451,201	1,813,962	1,866,556
Non-current liabilities		3,016,658	4,362,442	4,096,613	3,976,644	3,343,717
Total liabilities	Before distribution	9,463,748	6,934,405	6,279,601	5,537,068	5,089,830
	After distribution	9,868,598	7,609,442	6,547,814	5,790,606	5,210,273
Equity attributable to owners of parent company		6,188,035	6,935,868	6,847,705	7,043,981	7,224,426
Capital		5,060,629	5,060,629	5,060,629	5,060,629	5,060,629
Capital surplus		31,936	36,103	36,113	36,115	36,115
Retained earnings	Before distribution	1,234,238	2,142,842	2,003,464	2,232,784	2,332,580
	After distribution	829,388	1,467,805	1,735,251	1,979,246	2,212,137
Other equity interest		(138,768)	(302,706)	(252,501)	(285,547)	(204,898)
Treasury stock		-	-	-	-	-
Equity	Before distribution	6,188,035	6,935,868	6,847,705	7,043,981	7,224,426
	After distribution	5,783,185	6,260,831	6,579,492	6,790,443	7,103,983
Total						

Note: The financial data from 2018 to 2022 has been audited by CPAs.

Note: There was no parent company only financial reports for the first quarter of 2023.

(II) 1. Consolidated Condensed Income Statement - IFRSs

Consolidated Condensed Income Statement

Unit: NT\$ thousands

Item \ Year	Financial data for the last 5 years (Note 1)					Year as March 31, 2023 Financial information (Note 2)
	2018	2019	2020	2021	2022	
Sales revenue	19,436,763	20,228,119	18,650,871	19,817,862	19,972,832	4,789,271
Gross profit	6,038,549	6,122,186	5,444,263	5,782,851	5,498,046	1,295,644
Operating (loss) profit	513,149	544,606	595,053	643,882	334,177	109,094
Non-operating income And expense	479,517	1,184,991	(52,165)	74,414	(34,377)	54,737
Profit before tax	992,666	1,729,597	542,888	718,296	299,800	163,831
Continuing operations Profit for the period	869,091	1,350,879	536,142	507,826	241,083	128,047
Profit for the period	869,091	1,350,879	536,142	507,826	241,083	128,047
Other comprehensive income (Net profit after taxation)	179	(201,553)	51,721	(42,476)	193,825	15,422
Total comprehensive income for the year	869,270	1,149,326	587,863	465,350	434,908	143,469
Net profit attributable to owners of the parent company	982,564	1,349,985	535,196	507,002	240,283	127,801
Net profit attributable to Non-controlling interests	(113,473)	894	946	824	800	246
Total comprehensive income attributable to owners of the parent company	982,457	1,148,516	586,864	464,487	433,983	143,209
Total comprehensive income attributable to non-controlling interests	(113,187)	810	999	863	925	260
Earnings Per Share (Note 3)	1.94	2.67	1.06	1.00	0.47	0.25

Note 1: The financial data from 2018 to 2022 has been audited by CPAs.

Note 2: The financial data for the first quarter of 2023 has been reviewed by CPAs.

Note 3: Calculated based on the weighted average outstanding shares for the year.

2. Consolidated Condensed Parent Company Only Income Statement - IFRSs

Consolidated Condensed Income Statement

Unit: NT\$ thousands

Item \ Year	Financial data for the last 5 years (Note 1)				
	2018	2019	2020	2021	2022
Sales revenue	7,465,839	7,638,740	7,802,514	8,157,093	8,095,812
Gross profit	1,345,367	1,424,679	1,753,884	1,930,377	1,719,425
Operating (loss) profit	(432,243)	(260,493)	122,964	194,310	4,314
Non-operating income and expenses	1,310,112	1,824,750	326,821	350,452	262,268
Profit before tax	877,869	1,564,257	449,785	544,762	266,582
Net profit from continuing operations in the current period	982,564	1,349,985	535,196	507,002	240,283
Profit for the period	982,564	1,349,985	535,196	507,002	240,283
Other comprehensive income	(107)	(201,469)	51,668	(42,515)	193,700
Total comprehensive income for the year	982,457	1,148,516	586,864	464,487	433,983
Net income attributable to owners of the parent company	982,564	1,349,985	535,196	507,002	240,283
Total comprehensive income attributable to owners of the parent company	982,457	1,148,516	586,864	464,487	433,983
Earnings Per Share (Note 2)	1.94	2.67	1.06	1.00	0.47

Note 1: The financial data from 2018 to 2022 has been audited by CPAs.

Note 2: Calculated based on the weighted average outstanding shares for the year

Note 3: There was no parent company only financial report for the first quarter of 2023.

(III) Name and opinion of the CPAs for the last 5 years

Year	Accounting Firm	CPA	Audit Opinion
2018	PricewaterhouseCoopers, Taiwan	Hsiao, Chin Mu, Wu, Yu Lung	Unmodified Opinion
2019	PricewaterhouseCoopers, Taiwan	Wu, Yu Lung, Hsiao, Chin Mu	Unmodified Opinion
2020	PricewaterhouseCoopers, Taiwan	Wu, Yu Lung, Huang, Shih Chun	Unmodified Opinion
2021	PricewaterhouseCoopers, Taiwan	Wu, Yu Lung, Huang, Shih Chun	Unmodified Opinion
2022	PricewaterhouseCoopers, Taiwan	Huang, Shih-Chun, Wu, Yu-Lung	Unqualified opinion

II. Financial Analysis for the Last 5 Years

(I) Consolidated financial analysis for the last 5 years - IFRSs

(1) Financial analysis

Analysis Item (Note 3)		Financial data for the last 5 years					Year as March 31, 2023 (Note 2)
		2018	2019	2020	2021	2022	
Financial structure (%)	Debt-asset ratio	70.81	63.64	61.98	60.73	59.82	61.31
	Ratio of long-term capital to property, plant and equipment	95.59	120.72	126.51	131.12	125.38	129.77
Solvency (%)	Current ratio	76.59	89.66	96.23	99.86	92.21	99.38
	Quick ratio	63.25	68.62	73.90	68.28	59.20	68.78
	Interest coverage ratio (%)	371.07	1000.46	461.39	719.56	349.01	520.69
Operating ability	Accounts receivable turnover rate (times)	6.77	7.14	7.05	7.62	7.73	7.66
	Average days for cash receipts	53.91	51.12	51.77	47.9	47.21	47.65
	Inventory turnover rate (times)	1.83	10.64	10.29	10.56	9.67	8.58
	Accounts payable turnover rate (times)	7.86	8.57	8.45	8.68	8.77	8.41
	Average days for sale of goods	199.45	34.30	35.47	34.56	37.75	42.54
	Property, plant and equipment turnover rate (times)	1.84	2.05	1.94	2.13	2.19	2.13
	Total assets turnover rate (times)	0.72	1.00	1.00	1.10	1.12	1.05
Profitability	Return on total assets (%)	4.30	7.46	3.54	3.34	1.90	0.88
	Return on equity (%)	12.41	20.55	7.77	7.30	3.38	1.77
	Pre-tax profit to paid-in capital (%) (Note 7)	19.62	34.18	10.73	14.19	6.60	3.24
	Net profit margin (%)	4.47	6.68	2.87	2.56	1.21	2.67
	Earnings per share (NT\$)	1.94	2.67	1.06	1.00	0.47	0.25
Cash flow	Cash flow ratio (%)	4.73	19.59	30.69	19.21	13.67	0.32
	Cash flow adequacy ratio (%)	5.24	23.55	62.11	94.53	89.26	93.65
	Cash reinvestment ratio (%)	2.94	4.72	5.30	3.75	2.54	-0.40
Leverage	Operating leverage	4.44	4.30	4.10	3.50	5.46	4.00
	Financial leverage	3.49	1.54	1.34	1.22	1.56	1.56
Explain changes in financial ratios over the past 2 fiscal years (Analysis is not be required if such changes are within 20%). (1) The decrease in interest coverage ratio, return on assets, return on equity, percentage of net profit before tax to the paid-in capital, net profit margin and earnings per share is mainly resulted by the decrease in income before tax. (2) The decrease in cash flow ratio and cash reinvestment ratio was resulted by the decrease in cash flow from operating activities. (3) The increase in financial leverage was resulted by the decrease in operating profit and the increase in financial costs.							

Note 1: The financial data from 2018 to 2022 has been audited by CPAs; the financial data for the first quarter of 2023 has been reviewed by CPAs.

Note 2: The companies who are listed or whose shares are traded at securities exchange shall include the financial data for the year one quarter before the publication date of the annual report into the financial statements of the year for analysis.

Note 3: The following formula shall be stated at the bottom of the annual report:

1. Financial structures

(1) Debt-asset ratio = Total liabilities/Total assets.

(2) Ratio of long-term capital to property, plant and equipment = (Total equity + Non-current liabilities)/Net value of property, plant and equipment.

2. Solvency
 - (1) Current ratio = Current assets/Current liabilities.
 - (2) Quick ratio = (Current assets - Inventories - prepaid expenses)/Current liabilities.
 - (3) Interest coverage ratio = Income before tax and interest expenses/Interest expenses.
3. Operating ability
 - (1) Receivable (including accounts receivable and business-related notes receivable) turnover ratio = net sale / average balance of receivable of each period (including accounts receivable and business-related notes receivable).
 - (2) Average days for cash receipts = 365/Accounts receivable turnover rate.
 - (3) Inventory turnover rate = Cost of goods sold/Average inventories.
 - (4) Payable (including accounts payable and business-related notes payable) turnover ratio = sales cost / average balance of payable in each period (including accounts payable and business-related notes payable).
 - (5) Average days for sale of goods = 365/Inventory turnover rate.
 - (6) Property, plant and equipment turnover rate = Net sales/Average net property, plant and equipment.
 - (7) Total assets turnover rate = Net sales/Average total assets.
4. Profitability
 - (1) Return on assets = [Income after tax + Interest expenses x (1 - tax rate)]/Average total assets.
 - (2) Return on equity = Income after tax/Average total equity.
 - (3) Net profit margin = Income after tax/Net sales.
 - (4) Earnings per share = (Income attributable to owners of the parent company- preferred share dividends)/Weighted average number of shares issued. (Note 4)
5. Cash flows
 - (1) Cash flow ratio = Net cash flows generated from operating activities/Current liabilities.
 - (2) Cash flow adequacy ratio = Five-year sum of net cash flows generated from operating activities/Five-year sum of capital expenditure, inventory additions and cash dividends.
 - (3) Cash reinvestment ratio = (Net cash flows from operating - cash dividends)/(Gross amount of property, plant and equipment + Long term investment + Other non-current assets + Working capital). (Note 5)
6. Leverage:
 - (1) Operating leverage = (Net operating revenue - Variable operating costs & expenses)/Operating income (Note 6).
 - (2) Financial leverage = Operating income/(Operating income - Interest expenses).

Note 4: Special attention shall be paid to the following matters when the calculation formula of earning per share above is used:

1. Shares outstanding is based on weighted average shares, and not based on year end shares outstanding.
2. Circulation period of cash offerings or treasury stock transactions shall be considered in calculating weighted average shares.
3. Earnings appropriation or reserves to paid in capital shall be retroactively adjusted based on the capital increase percentage without consideration of issuing period of such capital increase while earnings per share of the past years and for half of year.
4. If preferred shares are cumulative non-convertible preferred shares, dividends shall be subtracted (regardless of whether they are paid out in dividends) from or added to post-tax net profit. If preferred shares are non-cumulative, in the event of net profits, dividends on preferred shares shall be subtracted after tax, but no adjustments are needed if there are losses.

Note 5: Special attention shall be paid to the following matters when cash flow analysis is measured:

1. Net cash flows from operating activities refers to net cash inflows from operating activities in the cash flow statement.
2. Capital expenditures are from the cash outflows on annual capital expenditure.
3. Inventory increases are recognized only when the closing balance is greater than the opening balance, or calculated at zero if the inventories are decreased.
4. Cash dividends include dividends on common shares and preferred shares.
5. Gross amount of property, plant and equipment balance is the total amount of property, plant and equipment after subtracting accumulative depreciation.

Note 6: The issuer shall classify the operating costs and operating expenses as fixed or variable as per their nature. If it involves estimation or subjective judgment, they are classified based on rationality and consistency.

Note 7: Where the Company's shares have no par value or where the par value per share is not NT\$ 10, any calculations that involve paid-in capital and its ratio shall be replaced with the equity ratio attributable to the owner of the parent company of the balance sheet.

(II) Financial analysis of parent company only for the last 5 years - IFRSs

(1) Financial analysis

Analysis Item (Note 2)		Year (Note 1)	Financial data for the last 5 years (Note 2)				
			2018	2019	2020	2021	2022
Financial structure (%)	Debt-asset ratio		60.46	49.99	47.84	44.01	41.33
	Ratio of long-term capital to property, plant and equipment		184.40	230.99	296.78	306.61	302.65
Solvency (%)	Current ratio		56.61	84.33	106.27	140.53	134.13
	Quick ratio		47.55	62.09	78.14	96.04	89.01
	Interest coverage ratio (%)		716.35	2464.07	867.43	1237.53	689.87
Operating ability	Accounts receivable turnover rate (times)		7.28	7.92	8.79	8.57	7.85
	Average days for cash receipts		50.14	46.09	41.52	42.59	46.50
	Inventory turnover rate (times)		10.63	10.66	9.85	9.38	8.58
	Accounts payable turnover rate (times)		9.18	9.20	9.27	9.21	9.30
	Average days for sale of goods		34.34	34.24	37.06	38.91	42.54
	Property, plant and equipment turnover rate (times)		1.28	1.55	1.82	2.24	2.28
	Total assets turnover rate (times)		0.45	0.52	0.58	0.63	0.65
Profitability	Return on total assets (%)		6.61	9.50	4.31	4.24	2.22
	Return on equity (%)		17.30	20.57	7.77	7.30	3.37
	Pre-tax profit to paid-in capital (%) (Note 6)		17.35	30.91	8.89	10.76	5.27
	Net profit margin (%)		13.16	17.67	6.86	6.22	2.97
	Earnings per share (NT\$)		1.94	2.67	1.06	1.00	0.47
Cash flow	Cash flow ratio (%)		-2.38	11.79	47.29	51.98	38.08
	Cash flow adequacy ratio (%)		-99.73	-133.64	-29.38	66.19	95.03
	Cash reinvestment ratio (%)		-1.02	-0.58	2.15	3.25	2.51
Leverage	Operating leverage		-1.73	-3.72	10.06	6.36	248.93
	Financial leverage		0.75	0.80	1.91	1.33	-0.11
Explain changes in financial ratios over the past 2 fiscal years (Analysis is not be required if such changes are within 20%). (1) The decrease in current ratio and quick ratio was resulted by the increase in short-term borrowings. (2) The decrease in interest coverage ratio was resulted by the decrease in profit before tax. (3) The decrease in return on assets, return on equity and profitability was resulted by the decrease in profit before tax. (4) The decrease in cash flow ratio and cash reinvestment ratio was resulted by the decrease in net cash inflow from operating activities due to the decrease in profit before tax. (5) The increase in operating leverage and the negative financial leverage were resulted by the sharp decrease in operating profits.							

Note 1: The above financial data from 2018 to 2022 has been audited by CPAs.

Note 2: The following formula shall be stated at the bottom of the annual report:

1. Financial structures

(1) Debt-asset ratio = Total liabilities/Total assets.

(2) Ratio of long-term capital to property, plant and equipment = (Total equity + Non-current liabilities)/Net value of property, plant and equipment.

2. Solvency

(1) Current ratio = Current assets/Current liabilities.

(2) Quick ratio = (Current assets - Inventories - prepaid expenses)/Current liabilities.

- (3) Interest coverage ratio = Income before tax and interest expenses/Interest expenses.
3. Operating ability
 - (1) Receivables (including accounts receivable and notes receivable generated from operations) turnover rate = Net sales/Average balance of receivables (including accounts receivable and notes receivable generated from operations) for each period.
 - (2) Average days for cash receipts = 365/Accounts receivable turnover rate.
 - (3) Inventory turnover rate = Cost of goods sold/Average inventories.
 - (4) Payables (including accounts payable and notes payable generated from operations) turnover rate = Cost of goods sold/Average balance of payables (including accounts payable and notes payable generated from operations) for each period.
 - (5) Average days for sale of goods = 365/Inventory turnover rate.
 - (6) Property, plant and equipment turnover rate = Net sales/Average net property, plant and equipment.
 - (7) Total assets turnover rate = Net sales/Average total assets.
4. Profitability
 - (1) Return on assets = [Income after tax + Interest expenses x (1 - tax rate)]/Average total assets.
 - (2) Return on equity = Income after tax/Average total equity.
 - (3) Net profit margin = Income after tax/Net sales.
 - (4) Earnings per share = (Income attributable to owners of the parent company- preferred share dividends)/Weighted average number of shares issued. (Note 3)
5. Cash flows
 - (1) Cash flow ratio = Net cash flows generated from operating activities/Current liabilities.
 - (2) Cash flow adequacy ratio = Five-year sum of net cash flows generated from operating activities/Five-year sum of capital expenditure, inventory additions and cash dividends.
 - (3) Cash reinvestment ratio = (Net cash flows from operating - cash dividends)/(Gross amount of property, plant and equipment + Long term investment + Other non-current assets + Working capital). (Note 4)
6. Leverage:
 - (1) Operating leverage = (Net operating revenue - Variable operating costs & expenses)/Operating income (Note 5).
 - (2) Financial leverage = Operating income/(Operating income - Interest expenses).

Note 3: Special attention shall be paid to the following matters when the calculation formula of earning per share above is used:

1. Shares outstanding is based on weighted average shares, and not based on year end shares outstanding.
2. Circulation period of cash offerings or treasury stock transactions shall be considered in calculating weighted average shares.
3. Earnings appropriation or reserves to paid in capital shall be retroactively adjusted based on the capital increase percentage without consideration of issuing period of such capital increase while earnings per share of the past years and for half of year.
4. If preferred shares are cumulative non-convertible preferred shares, dividends shall be subtracted (regardless of whether they are paid out in dividends) from or added to post-tax net profit. If preferred shares are non-cumulative, in the event of net profits, dividends on preferred shares shall be subtracted after tax, but no adjustments are needed if there are losses.

Note 4: Special attention shall be paid to the following matters when cash flow analysis is measured:

1. Net cash flows from operating activities refers to net cash inflows from operating activities in the cash flow statement.
2. Capital expenditures are from the cash outflows on annual capital expenditure.
3. Inventory increases are recognized only when the closing balance is greater than the opening balance, or calculated at zero if the inventories are decreased.
4. Cash dividends include dividends on common shares and preferred shares.
5. Gross amount of property, plant and equipment balance is the total amount of property, plant and equipment after subtracting accumulative depreciation.

Note 5: The issuer shall classify the operating costs and operating expenses as fixed or variable as per their nature. If it involves estimation or subjective judgment, they are classified based on rationality and consistency.

Note 6: Where the Company's shares have no par value or where the par value per share is not NT\$ 10, any calculations that involve paid-in capital and its ratio shall be replaced with the equity ratio attributable to the owner of the parent company of the balance sheet.

III. Audit Committee's report for the most recent year's financial statement

Wei Chuan Foods Corporation Audit Committee's Review Report

The Business Report, Financial statements and Proposal for Earnings Distribution and such papers for Year 2022 of Wei Chuan Foods Corporation had been duly worked out by the Board of Directors. Among the papers, the Financial Statements had been duly audited by PwC Taiwan who had duly issued the Audit Report. The above business report, financial statements and proposal for earnings distribution have been reviewed by the audit committee without discrepancy. They are reported as above in accordance with the relevant provisions of the Securities and Exchange Act and the Company Act.

To Wei Chuan Foods Corporation

Auditing Committee Convener: Li-Zhi Ping

March 15, 2023

IV. Consolidated Financial Reports and Auditor's Report of the Recent Years

PWCR22000528

To the Board of Directors and Shareholders of Wei Chuan Foods Corporation

Opinion

We have audited the accompanying consolidated balance sheets of Wei Chuan Foods Corporation and subsidiaries (the “Group”) as at December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group’s 2022 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2022 consolidated financial statements are stated as follows:

Estimation of sales incentives

Description

Refer to Note 4(30) for accounting policy on revenue, Note 5(2) for the uncertainty of accounting judgments, assumptions and estimates in relation to revenue recognition and Note 6(22) for details of revenue.

The Group enters into different sales incentive agreements with different sales customers due to the nature of the industry. The Group pays incentives to sales customers if they meet the sales targets at various reward and promotion activities that the Group launches over a number of periods for cooperating with customers and distributors to promote products. International Financial Reporting Standards require that if sales incentives are substantively linked to operating revenue, the Group shall combine the two transactions and record the sales incentives as a deduction item to operating revenue.

The Group calculates and estimates the sales incentive amounts based on the actual sales amounts and the contract terms negotiated with sales customers. Given that the aforementioned process to recognise sales incentives usually involves management judgment and the calculations are relatively complicated, we consider the estimation of sales incentives a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Obtained an understanding of the Group's internal control designed for sales incentives and tested the effectiveness of the control, such as ascertained whether the calculations and estimates of each main sales incentive were reviewed by an authorised supervisor.
2. Obtained the reports derived from the Group's system and the relevant proofs of delivery, and then sampled and verified the actual sales volumes and unit prices.
3. Obtained the sales agreements of the Group's main sales customers. Used the actual sales amounts to recalculate the incentives based on the terms specified in the agreement.
4. Performed tests of subsequent deductions and write-offs for the balances of incentives payable that are material on the balance sheet date.

Evaluation of inventories

Description

Refer to Note 4(13) for accounting policy on inventory evaluation, Note 5(2) for critical judgement in relation to inventory evaluation, and Note 6(4) for details of inventories.

The Group is primarily engaged in the manufacture and sale of dairy products, beverages and soy sauce. Due to the high competitiveness of similar products in the food market, the growing consumer awareness of food safety in recent years and the short shelf-life of most dairy products, there is a higher risk of inventories losing value or becoming obsolete if the products are not selling as expected.

The Group applies judgments and estimates in determining the net realisable value of inventories on balance sheet date and then writes down the inventory costs to the net realisable value. Given that the inventories are the main operating assets for the Group, the evaluation of inventories involves management judgments and evaluation amounts are material to the financial statements, we consider the evaluation of inventories a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Obtained the policies for inventory valuation and determined whether the policies applied in provision of allowance for inventory valuation losses in the different periods are in agreement.
2. Observed physical inventory count at the end of period to identify whether there are obsolete, damaged or unsalable inventories.
3. Obtained aging statements of each kind of inventory and tested the changes in ages of inventory. Selected samples with inventory number and verified the date of manufacture, checked the accuracy of classification range of inventory ages.
4. Obtained net realizable value statement of each kind of inventory and checked the applied calculation logic. Tested relevant parameters, including: sales or purchases data, reasonableness of marketing to sales ratio calculation, and relevant estimate document. Checked and compared allowance for valuation losses that the Group should provision at the lower of cost and net realizable value.

Other matter – Parent company only financial statements

We have audited and expressed an unqualified opinion on the parent company only financial statements of Wei Chuan Food Corporation as at and for the years ended December 31, 2022 and 2021.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Huang, Shih-Chun

Wu, Yu-Lung

For and on Behalf of PricewaterhouseCoopers, Taiwan

May 15, 2023

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

Assets		Notes	December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 964,499	5	\$ 1,292,071	7
1110	Financial assets at fair value through profit or loss - current	6(2)	2,270	-	-	-
1150	Notes receivable, net	6(3)	31,965	-	42,996	-
1170	Accounts receivable, net	6(3)	2,321,146	13	2,365,742	13
1180	Accounts receivable due from related parties, net	6(3) and 7(2)	172,040	1	220,261	1
1200	Other receivables	7(2)	117,142	1	111,648	1
1220	Current tax assets		37,199	-	3,096	-
130X	Inventories	6(4)	1,551,775	9	1,383,609	8
1410	Prepayments	7(2)	496,811	3	490,772	3
1470	Other current assets		28,182	-	16,376	-
11XX	Total current Assets		5,723,029	32	5,926,571	33
Non-current assets						
1510	Non-current financial assets at fair value through profit or loss	6(2)	23,452	-	33,452	-
1535	Non-current financial assets at amortised cost	6(1) and 8	8,060	-	8,000	-
1550	Investments accounted for using the equity method	6(5)	16,441	-	18,060	-
1600	Property, plant and equipment	6(6) and 8	9,093,780	52	9,170,598	51
1755	Right-of-use assets	6(7)	787,959	5	775,441	4
1760	Investment property, net	6(8) and 8	216,866	1	222,453	1
1780	Intangible assets	6(9)	190,166	1	164,456	1
1830	Biological assets-non-current	6(10)	142,086	1	135,760	1
1840	Deferred tax assets	6(28)	1,134,961	6	1,181,961	7
1900	Other non-current assets	6(11)	271,426	2	322,342	2
15XX	Total non-current assets		11,885,197	68	12,032,523	67
1XXX	Total assets		\$ 17,608,226	100	\$ 17,959,094	100

(Continued)

Liabilities and Equity		Notes	December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(13)	\$ 2,041,678	12	\$ 1,446,826	8
2110	Short-term notes and bills payable	6(14)	155,231	1	170,000	1
2130	Current contract liabilities	6(22)	94,300	-	86,480	1
2150	Notes payable		212	-	61	-
2170	Accounts payable		1,563,356	9	1,625,083	9
2180	Accounts payable due from related parties	7(2)	54,675	-	57,920	-
2200	Other payables	6(15)	1,896,034	11	2,183,531	12
2230	Current tax liabilities		29,549	-	69,486	-
2280	Current lease liabilities		135,975	1	107,670	1
2320	Long-term liabilities, current portion	6(16)	220,919	1	175,461	1
2399	Other current liabilities		14,902	-	12,388	-
21XX	Total current Liabilities		6,206,831	35	5,934,906	33
Non-current liabilities						
2540	Long-term borrowings	6(16)	2,974,351	17	3,507,046	19
2570	Deferred tax liabilities	6(28)	667,672	4	710,978	4
2580	Non-current lease liabilities		233,489	1	283,742	2
2600	Other non-current liabilities	6(17)	293,227	2	470,369	3
25XX	Total non-current liabilities		4,168,739	24	4,972,135	28
2XXX	Total Liabilities		10,375,570	59	10,907,041	61
Equity attributable to owners of parent						
	Share capital	6(19)				
3110	Ordinary share		5,060,629	29	5,060,629	28
	Capital surplus	6(20)				
3200	Capital surplus		36,115	-	36,115	-
	Retained earnings	6(21)				
3310	Legal reserve		786,135	4	736,381	4
3320	Special reserve		285,547	2	252,501	2
3350	Unappropriated retained earnings		1,260,898	7	1,243,902	7
	Other equity interest					
3400	Other equity interest		(204,898)	(1)	(285,547)	(2)
31XX	Total equity attributable to owners of parent		7,224,426	41	7,043,981	39
36XX	Non-controlling interest		8,230	-	8,072	-
3XXX	Total equity		7,232,656	41	7,052,053	39
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	Total liabilities and equity		\$ 17,608,226	100	\$ 17,959,094	100

		Year ended December 31			
		2022		2021	
Items	Notes	AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(22) and 7(2)	\$ 19,972,832	100	\$ 19,817,862	100
5000 Operating costs	6(4)(26) and 7(2)	(14,474,786)	(73)	(14,035,011)	(71)
5950 Gross profit from operations		<u>5,498,046</u>	<u>27</u>	<u>5,782,851</u>	<u>29</u>
Operating expenses	6(26)				
6100 Selling expenses		(4,107,491)	(21)	(4,020,500)	(20)
6200 General and administrative expenses		(846,046)	(4)	(889,936)	(5)
6300 Research and development expenses		(210,338)	(1)	(225,589)	(1)
6450 Expected credit gains (losses)	12(2)	<u>6</u>	<u>-</u>	<u>(2,944)</u>	<u>-</u>
6000 Total operating expenses		(5,163,869)	(26)	(5,138,969)	(26)
6900 Operating profit		<u>334,177</u>	<u>1</u>	<u>643,882</u>	<u>3</u>
Non-operating income and expenses					
7100 Interest income		21,024	-	25,653	-
7010 Other income	6(23) and 7(2)	313,214	2	203,113	1
7020 Other gains and losses	6(24)	(267,432)	(1)	(102,257)	-
7050 Finance costs	6(25)	(120,397)	(1)	(115,937)	(1)
7055 Expected credit profit	12(2)	20,833	-	63,468	-
7060 Share of loss (profit) of associates and joint ventures accounted for using the equity method	6(5)	(1,619)	-	374	-
7000 Total non-operating income and expenses		(34,377)	-	74,414	-
7900 Profit before income tax		299,800	1	718,296	3
7950 Income tax expense	6(28)	(58,717)	-	(210,470)	(1)
8200 Profit for the year		<u>\$ 241,083</u>	<u>1</u>	<u>\$ 507,826</u>	<u>2</u>

(Continued)

		Year ended December 31			
		2022		2021	
Items	Notes	AMOUNT	%	AMOUNT	%
Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8311 Gains (losses) on remeasurements of defined benefit plans	6(18)	\$ 113,133	1	(\$ 9,417)	-
8310 Components of other comprehensive (loss) income that will not be reclassified to profit or loss		113,133	1	(9,417)	-
Components of other comprehensive income that will be reclassified to profit or loss					
8361 Exchange differences on translation		81,520	-	(33,314)	-
8399 Income tax relating to components of other comprehensive income(loss) that will be reclassified to profit or loss		(828)	-	255	-
8360 Components of other comprehensive income (loss) that will be reclassified to profit or loss		80,692	-	(33,059)	-
8300 Other comprehensive income (loss)		\$ 193,825	1	(\$ 42,476)	-
8500 Total comprehensive income		\$ 434,908	2	\$ 465,350	2
Profit, attributable to:					
8610 Owners of the parent		\$ 240,283	1	\$ 507,002	2
8620 Non-controlling interest		800	-	824	-
Profit for the year		\$ 241,083	1	\$ 507,826	2
Comprehensive income attributable to:					
8710 Owners of the parent		\$ 433,983	2	\$ 464,487	2
8720 Non-controlling interest		925	-	863	-
Total comprehensive income		\$ 434,908	2	\$ 465,350	2
Basic earnings per share					
9750 Profit for the year	6(29)	\$ 0.47		\$ 1.00	
Diluted earnings per share					
9850 Profit for the year	6(29)	\$ 0.47		\$ 1.00	

Year ended December 31, 2021

Balance at January 1, 2021		<u>\$ 5,060,629</u>	<u>\$ 36,113</u>	<u>\$ 682,715</u>	<u>\$ 302,706</u>	<u>\$ 1,018,043</u>	<u>(\$ 252,501)</u>	<u>\$ 6,847,705</u>	<u>\$ 8,083</u>	<u>\$ 6,855,788</u>
Profit for the year		-	-	-	-	507,002	-	507,002	824	507,826
Other comprehensive income (loss) for the year		-	-	-	-	(9,469)	(33,046)	(42,515)	39	(42,476)
Total comprehensive income (loss) for the year		-	-	-	-	497,533	(33,046)	464,487	863	465,350
Appropriation and distribution of 2020 retained earnings										
Legal reserve appropriated	6(21)	-	-	53,666	-	(53,666)	-	-	-	-
Special reserve reversed	6(21)	-	-	-	(50,205)	50,205	-	-	-	-
Cash dividends	6(21)	-	-	-	-	(268,213)	-	(268,213)	-	(268,213)
Capital surplus - dividends unclaimed by shareholders		-	2	-	-	-	-	2	-	2
Changes in non-controlling interests	4(3)	-	-	-	-	-	-	-	(874)	(874)
Balance at December 31, 2021		<u>\$ 5,060,629</u>	<u>\$ 36,115</u>	<u>\$ 736,381</u>	<u>\$ 252,501</u>	<u>\$ 1,243,902</u>	<u>(\$ 285,547)</u>	<u>\$ 7,043,981</u>	<u>\$ 8,072</u>	<u>\$ 7,052,053</u>

Year ended December 31, 2022

Balance at January 1, 2022		<u>\$ 5,060,629</u>	<u>\$ 36,115</u>	<u>\$ 736,381</u>	<u>\$ 252,501</u>	<u>\$ 1,243,902</u>	<u>(\$ 285,547)</u>	<u>\$ 7,043,981</u>	<u>\$ 8,072</u>	<u>\$ 7,052,053</u>
Profit for the year		-	-	-	-	240,283	-	240,283	800	241,083
Other comprehensive income for the year		-	-	-	-	113,051	80,649	193,700	125	193,825
Total comprehensive income for the year		-	-	-	-	353,334	80,649	433,983	925	434,908
Appropriation and distribution of 2021 retained earnings										
Legal reserve appropriated	6(21)	-	-	49,754	-	(49,754)	-	-	-	-
Special reserve appropriated	6(21)	-	-	-	33,046	(33,046)	-	-	-	-
Cash dividends	6(21)	-	-	-	-	(253,538)	-	(253,538)	-	(253,538)
Changes in non-controlling interests	4(3)	-	-	-	-	-	-	-	(767)	(767)
Balance at December 31, 2022		<u>\$ 5,060,629</u>	<u>\$ 36,115</u>	<u>\$ 786,135</u>	<u>\$ 285,547</u>	<u>\$ 1,260,898</u>	<u>(\$ 204,898)</u>	<u>\$ 7,224,426</u>	<u>\$ 8,230</u>	<u>\$ 7,232,656</u>

CASH FLOWS FROM OPERATING ACTIVITIES

Profit before tax		\$	299,800	\$	718,296
Adjustments					
Adjustments to reconcile profit (loss)					
Depreciation expense	6(26)		1,090,557		1,076,551
Amortisation expense	6(26)		28,365		25,682
Expected credit loss	12(2)	(	20,839)	(	60,524)
Interest expense	6(25)		120,397		115,937
Interest income		(	21,024)	(	25,653)
Dividends revenue	6(23)	(	2,081)		-
Net loss (gains) on financial assets or liabilities at fair value through profit or loss	6(24)		4,802		-
Share of (loss) profit of associates accounted for using the equity method	6(5)		1,619	(	374)
Losses on disposal of property, plant and equipment and biological assets	6(24)		26,231		22,675
Impairment gain on reversal of non-financial assets	6(24)	(	16)	(	32,271)
Changes in operating assets and liabilities					
Changes in operating assets					
Notes receivable			11,031	(	21,000)
Accounts receivable			44,616	(	90,996)
Accounts receivable due from related parties			48,221	(	6,315)
Other receivables			20,793		34,867
Inventories		(	168,166)	(	178,613)
Prepayments		(	6,039)	(	332,209)
Other current assets		(	11,806)	(	10,178)
Other non-current assets		(	16,563)	(	10,204)
Changes in operating liabilities					
Current contract liabilities			7,820	(	4,429)
Notes payable			151	(	238)
Accounts payable		(	61,727)		139,131
Accounts payable due from related parties		(	3,245)	(	7,796)
Other payables		(	276,237)		110,841
Other current liabilities			2,514	(	2,216)
Other non-current liabilities		(	48,975)	(	77,386)
Cash inflow generated from operations			1,070,199		1,383,578
Interest received			21,024		25,653
Dividends received			2,057		-
Interest paid		(	114,224)	(	115,798)
Income taxes paid		(	130,376)	(	153,043)
Net cash flows from operating activities			848,680		1,140,390

(Continued)

CASH FLOWS FROM INVESTING ACTIVITIES

Acquisition of financial assets at fair value through profit or loss		(\$	175,384)	\$	-
Proceeds from financial assets at fair value through profit or loss	6(30)		173,663		-
Acquisition of property, plant and equipment	6(30)	(	609,349)	(	595,986)
Proceeds from disposal of property, plant and equipment			2,595		12,501
Acquisition of right-of-use assets		(	42,027)		-
Acquisition of intangible assets	6(9)	(	47,064)	(	17,243)
Acquisition of biological assets	6(30)	(	64,609)	(	57,163)
Proceeds from disposal of biological assets	6(30)		15,838		9,475
Increase in prepayments for business facilities		(	98,054)	(	191,807)
Decrease (increase) in guarantee deposits paid	6(11)		5,083	(	6,446)
Decrease (increase) in restricted bank deposits		(	60)		-
Land value increment tax refunded			-		7,172
Net cash flows used in investing activities		(	839,368)	(	839,497)

CASH FLOWS FROM FINANCING ACTIVITIES

(Decrease) increase in short-term borrowings	6(31)		594,852	(	323,603)
Decrease in short-term notes and bills payable	6(31)	(	14,769)	(	180,000)
Payments of lease liabilities	6(31)	(	166,470)	(	152,631)
Repayments of long-term borrowings	6(31)	(	4,902,996)	(	628,357)
Proceeds from long-term borrowings	6(31)		4,410,486		643,611
(Decrease) increase in guarantee deposits received	6(17)	(	15,116)		9,951
Dividends paid	6(21)	(	253,538)	(	268,213)
Changes in non-controlling interests		(	767)	(	874)
Proceeds from dividends unclaimed by shareholders			-		2
Net cash flows used in financing activities		(	348,318)	(	900,114)
Effect of exchange rate changes			11,434	(	14,139)
Net decrease in cash and cash equivalents		(	327,572)	(	613,360)
Cash and cash equivalents at beginning of year	6(1)		1,292,071		1,905,431
Cash and cash equivalents at end of year	6(1)	\$	964,499	\$	1,292,071

WEI CHUAN FOODS CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organisation

- (1) Wei Chuan Foods Corporation (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) and other related regulations in September 1953. The Company is primarily engaged in manufacturing, processing and sale of dairy products, beverages and instant foods. The information regarding the main business activities that the Company and its subsidiaries (the “Group”) are engaged in is provided in Note 4(3).
- (2) The Company’s shares have been listed on Taiwan Stock Exchange since February 1962.

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These consolidated financial statements were authorised for issuance by the Board of Directors on March 15, 2023.

3. Application of New Standards, Amendments and Interpretations

- (1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC and became effective from 2022 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, ‘Reference to the conceptual framework’	January 1, 2022
Amendments to IAS 16, ‘Property, plant and equipment: proceeds before intended use’	January 1, 2022
Amendments to IAS 37, ‘Onerous contracts—cost of fulfilling a contract’	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment:

Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'

The amendments require an entity to recognise deferred tax on particular transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

Upon adoption, the Group expects to recognise a deferred tax asset and liability for all deductible and taxable temporary differences associated with right-of-use assets and lease liabilities as of January 1, 2022. The potential impacts of these amendments are an increase in deferred tax assets by \$53,416 and \$51,181 and deferred tax liabilities by \$53,416 and \$51,181, as of December 31, 2022 and January 1, 2022, respectively

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
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

The Group continually evaluates the impact of the above standards and interpretations to the Group's consolidated financial condition and financial performance. The quantitative impact will be disclosed when the assessment is complete.

4. Summary of Significant Accounting Policies

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

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
 - (a) Financial assets at fair value through profit or loss.
 - (b) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of consolidated financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements
 - (a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
 - (b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

- (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
- (d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.
- (e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership(%)		Description
			December 31, 2022	December 31, 2021	
Wei Chuan Foods Corporation	KING CAN INDUSTRY CORPORATION	Process, manufacture and trade of tinplate products such as tin cans, tin boxes and bottle caps	98.68	98.68	Note 1
Wei Chuan Foods Corporation	CONCOURSE INTERNATIONAL INC.	General import and export trade business	99.99	99.99	Note 2
Wei Chuan Foods Corporation	CHINA YOUTH CO., LTD.	Trade of vegetables and fruits as well as agricultural and fishery products	99.79	99.79	Note 3
Wei Chuan Foods Corporation	KANG CHUAN ENGINEERING CO., LTD.	Planning, design and implementation of construction projects	99.85	99.85	Note 4
Wei Chuan Foods Corporation	Cheng Shuen Nung Ranch Dairy Co., Ltd.	Livestock farm management	100	100	-
Wei Chuan Foods Corporation	WEI CHUAN BUSINESS DEVELOPMENT CORPORATION	General investment	100	-	Note 5

Name of investor	Name of subsidiary	Main business activities	Ownership(%)		Description
			December 31, 2022	December 31, 2021	
Wei Chuan Foods Corporation	WEI-CHUAN INTERNATIONAL LIMITED	General investment	100	100	-
Wei Chuan Foods Corporation	WEI-CHUAN (BVI) CO., LTD.	General investment	100	100	-
Wei Chuan Foods Corporation	WEI-CHUAN ASIAN INVESTMENT LIMITED	General investment	1	1	-
Wei Chuan Foods Corporation	THAI WEI-CHUAN CO., LTD.	Food processing	60	60	-
KING CAN INDUSTRY CORPORATION	KingCan (BVI) Corporation	General investment	100	100	-
KingCan (BVI) Corporation	KUNSHAN KING CAN MOLD INDUSTRIAL CO.,	Manufacture of food molds and injection molds	100	100	-
CONCOURSE INTERNATIONAL INC.	CONCOURSE INTERNATIONAL LIMITED	General investment	100	100	-
CONCOURSE INTERNATIONAL LIMITED	HANGZHOU CONCOURSE TRADING CO., LTD.	General import and export trade business	100	100	-
WEI-CHUAN INTERNATIONAL LIMITED	WEI-CHUAN ASIAN INVESTMENT LIMITED	General investment	99	99	-
WEI-CHUAN (BVI) CO., LTD.	WEI CHUAN FOODS INVESTMENT CO., LTD.	General investment	100	100	-
WEI-CHUAN (BVI) CO., LTD.	Hangzhou Weichuan Biotechnology Foods Co., Ltd.	Manufacture and sale of food products such as solid drinks	100	100	-
WEI-CHUAN (BVI) CO., LTD.	HANGZHOU WEI-CHUAN FOOD CO., LTD.	Manufacture and brand marketing of refrigerated dairy beverages	100	100	-
WEI CHUAN FOODS INVESTMENT CO., LTD.	LANGFANG WEI-CHUAN FOODS CO., LTD.	Manufacture and brand marketing of refrigerated dairy beverages	100	100	-
WEI CHUAN FOODS INVESTMENT CO., LTD.	SUZHOU WEI-CHUAN FOODS CO., LTD.	Manufacture and brand marketing of refrigerated dairy beverages	100	100	Note 6

Note 1: On June 24, 2022, the shareholders of the investee resolved to distribute earnings of \$58,243 as cash dividends. The ex-dividend effective date was set on July 15, 2022. The change in non-controlling interests was (\$766).

On August 24, 2021, the shareholders of the investee resolved to distribute earnings of \$66,313 as cash dividends. The ex-dividend effective date was set on September 15, 2021. The change in non-controlling interests was (\$873).

Note 2: On June 21, 2022, the shareholders of the investee resolved to distribute earnings of \$57,220 as cash dividends. The ex-dividend effective date was set on July 15, 2022. The change in non-controlling interests was (\$1).

On June 15, 2021, the shareholders of the investee resolved to distribute earnings of \$50,715 as cash dividends. The ex-dividend effective date was set on August 15, 2021. The change in non-controlling interests was (\$1).

Note 3: In November 2016, the shareholders of the investee approved to dissolve the investee, which was approved by the competent authority in January 2017. As of March 15, 2023, the investee is in the process of liquidation.

Note 4: In December 2016, the Board of Directors of the investee resolved to dissolve the investee. As of March 15, 2023, the liquidation has not been registered.

Note 5: To execute the strategic investment, the company invested \$100,000 to establish a wholly-owned subsidiary, WEI CHUAN BUSINESS DEVELOPMENT CORPORATION, in January 2022

Note 6: To expand the development of the food segment in China, the Company implemented a Group reorganization restructuring, using the Group's subsidiary, Wei Chuan Foods Investment Co., Ltd. conducting a layout of the refrigerated food products in China market.

Wei Chuan Foods Investment Co., Ltd. acquired a 100% equity interest in SUZHOU WEI-CHUAN FOODS CO., LTD. through its indirect wholly-owned investee company, HANGZHOU WEI-CHUAN FOOD CO., LTD. The aforementioned transaction was completed on November 24, 2021.

C. Subsidiaries not included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership(%)		Description
			December 31, 2022	December 31, 2021	
WEI-CHUAN ASIAN INVESTMENT	HEALTH CAN DEVELOPMENT LIMITED	General investment	75	75	Note 1
WEI-CHUAN INTERNATIONAL LIMITED	HEILONGJIANG WEI CHUAN DAIRY CO.	Dairy and other products	70	70	Note 2
WEI-CHUAN INTERNATIONAL LIMITED	HEILONGJIANG WEI CHUAN FOOD CO.	Condiments and other products	67	67	Note 2

Note 1: The subsidiary was not included as a consolidated entity in the consolidated financial statements as its assets did not reach 0.05% of total assets of the parent company and it did not have operating revenue.

Note 2: The subsidiary was not included as a consolidated entity in the consolidated financial statements as it is in the process of liquidation.

D. Adjustments for subsidiaries with different balance sheet dates:None.

E. Significant restrictions:None.

F. Subsidiaries that have non-controlling interests that are material to the Group:None.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Group's presentation currency. Subsidiaries's functional currencies are presented in New Taiwan dollars, Chinese Yuan and United States dollars.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

- (a) The operating results and financial position of all the group entities, associates and jointly controlled entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

- ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - iii. All resulting exchange differences are recognised in other comprehensive income.
- (b) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

(5) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
- (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to be realised within twelve months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
- (a) Liabilities that are expected to be settled within the normal operating cycle;
 - (b) Liabilities arising mainly from trading activities;
 - (c) Liabilities that are to be settled within twelve months from the balance sheet date;
 - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

- C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
 - (a) The objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets.
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.
- D. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(9) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) Impairment of financial assets

For financial assets at amortised cost, at each reporting date, the Group recognises the impairment provision for twelve months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(12) Leasing arrangements (lessor) - operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(13) Inventories

The Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(14) Investments accounted for using the equity method / associates

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.
- D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(15) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	5 ~ 60 years
Machinery and equipment	2 ~ 30 years
Office equipment	2 ~ 20 years
Transportation equipment	2 ~ 10 years
Others	2 ~ 40 years

(16) Leasing arrangements (lessee) - right-of-use assets/ lease liabilities

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable.
The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

- C. At the commencement date, the right-of-use asset is stated at cost comprising the amount of the initial measurement of lease liability and any initial direct costs incurred by the lessee.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

- D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognise the difference between remeasured lease liability in profit or loss.

(17) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 38 ~ 60 years.

(18) Intangible assets

- A. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 1 to 10 years.

- B. Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method.

(19) Biological assets

Biological assets are measured at fair value. However, biological assets may be measured at cost less accumulated depreciation if the fair value cannot be obtained from the active market, and the alternative estimation of the fair value is clearly not reliable. They are depreciated over the expected useful life using the straight-line method, which is primarily 5 years. In addition to acquisition cost, feeding costs are capitalised when incurred and are tested annually for impairment. Where there is objective evidence of impairment, an impairment loss is recognised.

(20) Impairment of non-financial assets

- A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal

should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

- B. The recoverable amounts of goodwill, intangible assets with an indefinite useful life and intangible assets that have not yet been available for use are evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.
- C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination.

(21) Borrowings

- A. Borrowings comprise long-term and short-term bank borrowings and other long-term and short-term loans. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.
- B. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(22) Notes and accounts payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(23) Derecognition of financial liabilities

Financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(24) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(25) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are not recognised for future operating losses.

(26) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.
- ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognised immediately in profit or loss.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Group's 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 recognises expense as it can no longer withdraw an offer of termination benefits or it recognises relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

D. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(27) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the balance sheet. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred 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 realise the asset and settle the liability simultaneously.

(28) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(29) Dividends

Cash dividends are recorded as liabilities in the Company's financial statements in the period in which they are resolved by the Company's Board of Directors.

(30) Revenue recognition

- A. The Group manufactures and sells food and packaging products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer. Delivery occurs when the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.
- B. The products are often sold with volume discounts based on aggregate sales over a 12-month period. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated sales discounts and allowances. Accumulated experience is used to estimate and provide for the sales discounts and allowances, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. A refund liability is recognised for expected sales discounts and allowances payable to customers in relation to sales made until the end of the reporting period. No significant financing component is deemed present as the sales are made with a credit term of 15 to 90 days, which is consistent with market practice.
- C. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(31) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate. Government grants related to property, plant and equipment are recognised as non-current liabilities and are amortised to profit or loss over the estimated useful lives of the related assets using the straight-line method.

(32) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision - Maker. The Group's Chief Operating Decision - Maker is responsible for allocating resources and assessing performance of the operating segments.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year ; and the related information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

Based on the Group's assessment, there is no significant uncertainty in the adoption of the accounting policies.

(2) Critical accounting estimates and assumptions

A. Revenue recognition

The Group estimates the incentives relating to the sales revenue based on the agreements. Provisions for such liabilities are recorded as a deduction item to sales revenues when the sales are recognised. The Group reassesses the reasonableness of estimates of incentives periodically.

B. Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. The Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

C. Realisability of deferred tax assets

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilised. Assessment of the realisability of deferred tax assets involves critical accounting judgements and estimates of the management, including the assumptions of expected future sales revenue growth rate and profit rate, available tax credits, tax planning, etc. Any variations in global economic environment, industrial environment, and laws and regulations might cause material adjustments to deferred tax assets.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand and revolving funds	\$ 2,350	\$ 2,963
Checking accounts and demand deposits	761,481	935,809
Time deposits	200,668	353,299
	<u>\$ 964,499</u>	<u>\$ 1,292,071</u>

- A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
- B. As of December 31, 2022 and 2021, the Group's cash and cash equivalents amounting to \$8,060 and \$8,000, were restricted due to the guarantee deposit paid for the operational use and were reclassified as non-current financial assets at amortised cost. Refer to Note 8 for more details.

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Financial assets		
Current items:		
Listed stocks	\$ 1,668	\$ -
Valuation adjustment	602	-
	<u>\$ 2,270</u>	<u>\$ -</u>
Non-current items:		
Unlisted stocks	\$ 461,413	\$ 463,377
Valuation adjustment	(437,961)	(429,925)
	<u>\$ 23,452</u>	<u>\$ 33,452</u>

- A. Amounts recognised in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

<u>Items</u>	<u>Years ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Financial assets and liabilities mandatorily measured at fair value through profit or loss		
Listed stocks	(\$ 3,209)	\$ -
Exchange Traded Fund	(12,052)	-
Unlisted stocks	10,459	-
	<u>(\$ 4,802)</u>	<u>\$ -</u>

- B. Information relating to credit risk is provided in Note 12(3).

(3) Notes and accounts receivable (including related parties)

	December 31, 2022	December 31, 2021
Notes receivable	\$ 31,965	\$ 42,996
Accounts receivable	\$ 2,324,286	\$ 2,376,650
Accounts receivable due from related parties	172,040	220,261
	2,496,326	2,596,911
Less: Allowance for uncollectible accounts	(3,140)	(10,908)
	\$ 2,493,186	\$ 2,586,003

- A. Information relating to ageing analysis and credit risk of accounts receivable and notes receivable (including related parties) is provided in Note 12(2).
- B. As of December 31, 2022 and 2021, accounts receivable and notes receivable were all from contracts with customers. Also, as of January 1, 2021, the balance of receivables from contracts with customers amounted to \$ \$2,560,187.
- C. The Group has no accounts receivable and notes receivable pledged to others.

(4) Inventories

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 802,192	(\$ 11,614)	\$ 790,578
Work in progress	143,125	(2,309)	140,816
Finished goods	521,404	(14,294)	507,110
Merchandise inventory	87,510	(111)	87,399
Inventory in transit	25,872	-	25,872
	<u>\$ 1,580,103</u>	<u>(\$ 28,328)</u>	<u>\$ 1,551,775</u>

	December 31, 2021		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 724,974	(\$ 13,472)	\$ 711,502
Work in progress	152,814	(2,588)	150,226
Finished goods	452,753	(14,359)	438,394
Merchandise inventory	54,956	(51)	54,905
Inventory in transit	28,582	-	28,582
	<u>\$ 1,414,079</u>	<u>(\$ 30,470)</u>	<u>\$ 1,383,609</u>

- A. The above inventories were not pledged as collateral.
- B. The cost of inventories recognised as expense for the year:

	Years ended December 31	
	2022	2021
Cost of goods sold	\$ 14,155,357	\$ 13,729,248
(Gain on reversal of) loss on decline in market value(Note)	(2,142)	(8,025)
Loss on scrapping inventory	203,615	203,057
Revenue from sales of scraps	(14,447)	(14,622)
Loss on excess capacity	132,403	125,353
	<u>\$ 14,474,786</u>	<u>\$ 14,035,011</u>

Note: Gain on reversal of decline in market value was caused by the sale of inventories previously written down which was charged to cost of goods sold.

(5) Investments accounted for using equity method

	December 31, 2022		December 31, 2021	
	Book value	Shareholding ratio	Book value	Shareholding ratio
Associates:				
FU TING FOODS CO., LTD.	<u>\$ 16,441</u>	37.50%	<u>\$ 18,060</u>	37.50%

The carrying amount of the Group's interests in all individually immaterial associates and the Group's share of the operating results are summarised below:

As of December 31, 2022 and 2021, the carrying amount of the Group's individually immaterial associates amounted to \$16,441 and \$18,060, respectively.

	Years ended December 31	
	2022	2021
Profit (loss) for the year from continuing operations	(\$ 1,619)	\$ 374
Other comprehensive income, net of tax	-	-
Total comprehensive income (loss)	<u>(\$ 1,619)</u>	<u>\$ 374</u>

(6) Property, plant and equipment

2022

	Land	Buildings and structures	Machinery and equipment	Office equipment	Transportation equipment	Unfinished construction and equipment under acceptance	Others	Total
At January 1								
Cost	\$ 2,786,501	\$ 3,795,959	\$ 6,915,181	\$ 747,288	\$ 406,027	\$ 1,065,926	\$ 4,673,503	\$ 20,390,385
Accumulated depreciation and impairment	-	(1,872,462)	(5,041,407)	(650,112)	(393,228)	-	(3,262,578)	(11,219,787)
	<u>\$ 2,786,501</u>	<u>\$ 1,923,497</u>	<u>\$ 1,873,774</u>	<u>\$ 97,176</u>	<u>\$ 12,799</u>	<u>\$ 1,065,926</u>	<u>\$ 1,410,925</u>	<u>\$ 9,170,598</u>
Opening net book amount as at January 1	\$ 2,786,501	\$ 1,923,497	\$ 1,873,774	\$ 97,176	\$ 12,799	\$ 1,065,926	\$ 1,410,925	\$ 9,170,598
Additions	-	3,452	33,811	9,013	5,463	481,192	59,181	592,112
Disposals	-	-	(584)	(13)	(679)	-	(161)	(1,437)
Reclassifications	-	358,123	342,674	10,466	2,748	(934,228)	380,304	160,087
Depreciation expense	-	(114,599)	(441,722)	(36,044)	(5,298)	-	(291,176)	(888,839)
Reversal of impairment loss	-	-	-	-	-	-	16	16
Net exchange differences	-	13,350	21,579	550	87	18,726	6,951	61,243
Closing net book amount as at December 31	<u>\$ 2,786,501</u>	<u>\$ 2,183,823</u>	<u>\$ 1,829,532</u>	<u>\$ 81,148</u>	<u>\$ 15,120</u>	<u>\$ 631,616</u>	<u>\$ 1,566,040</u>	<u>\$ 9,093,780</u>
At December 31								
Cost	\$ 2,786,501	\$ 4,177,626	\$ 7,302,984	\$ 717,594	\$ 408,653	\$ 631,616	\$ 5,136,665	\$ 21,161,639
Accumulated depreciation and impairment	-	(1,993,803)	(5,473,452)	(636,446)	(393,533)	-	(3,570,625)	(12,067,859)
	<u>\$ 2,786,501</u>	<u>\$ 2,183,823</u>	<u>\$ 1,829,532</u>	<u>\$ 81,148</u>	<u>\$ 15,120</u>	<u>\$ 631,616</u>	<u>\$ 1,566,040</u>	<u>\$ 9,093,780</u>

	Land	Buildings and structures	Machinery and equipment	Office equipment	Transportation equipment	Unfinished construction and equipment under acceptance	Others	Total
At January 1								
Cost	\$ 2,800,985	\$ 3,877,962	\$ 6,874,140	\$ 787,201	\$ 404,395	\$ 743,636	\$ 4,625,546	\$ 20,113,865
Accumulated depreciation and impairment	(6,910)	(1,810,192)	(4,707,910)	(681,829)	(390,342)	-	(3,089,794)	(10,686,977)
	<u>\$ 2,794,075</u>	<u>\$ 2,067,770</u>	<u>\$ 2,166,230</u>	<u>\$ 105,372</u>	<u>\$ 14,053</u>	<u>\$ 743,636</u>	<u>\$ 1,535,752</u>	<u>\$ 9,426,888</u>
Opening net book amount as at January 1	\$ 2,794,075	\$ 2,067,770	\$ 2,166,230	\$ 105,372	\$ 14,053	\$ 743,636	\$ 1,535,752	\$ 9,426,888
Additions	23,960	2,494	43,907	23,826	2,975	458,206	35,715	591,083
Disposals	- (113)	(113)	(7,134)	(572)	(30)	-	(5,025)	(12,874)
Reclassifications	(38,444)	(31,572)	125,290	8,920	1,131	(133,071)	132,433	64,687
Depreciation expense	- (114,069)	(114,069)	(448,174)	(40,181)	(5,294)	-	(286,355)	(894,073)
Reversal of impairment loss	6,910	4,072	2,014	-	-	-	1,375	14,371
Net exchange differences	- (5,085)	(5,085)	(8,359)	(189)	(36)	(2,845)	(2,970)	(19,484)
Closing net book amount as at December 31	<u>\$ 2,786,501</u>	<u>\$ 1,923,497</u>	<u>\$ 1,873,774</u>	<u>\$ 97,176</u>	<u>\$ 12,799</u>	<u>\$ 1,065,926</u>	<u>\$ 1,410,925</u>	<u>\$ 9,170,598</u>
At December 31								
Cost	\$ 2,786,501	\$ 3,795,959	\$ 6,915,181	\$ 747,288	\$ 406,027	\$ 1,065,926	\$ 4,673,503	\$ 20,390,385
Accumulated depreciation and impairment	- (1,872,462)	(1,872,462)	(5,041,407)	(650,112)	(393,228)	-	(3,262,578)	(11,219,787)
	<u>\$ 2,786,501</u>	<u>\$ 1,923,497</u>	<u>\$ 1,873,774</u>	<u>\$ 97,176</u>	<u>\$ 12,799</u>	<u>\$ 1,065,926</u>	<u>\$ 1,410,925</u>	<u>\$ 9,170,598</u>

- A. The Group's property, plant and equipment are for its own use.
- B. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.
- C. The above land items include \$24,800 and \$63,860 of farmland held by the natural person as of December 31, 2022 and 2021, respectively. The title to the farmland will be transferred to the Company following the change of land category. However, the land was pledged as collateral in the amounts of \$45,000 and \$86,300 to the Company in order to safeguard the interests of the Company.
- D. The amounts of interest capitalised, which were calculated based on monthly average interest rates, for the years ended December 31, 2022 and 2021 were \$19,120 and \$17,320, respectively.
- E. Information about the (gain on reversal of) impairment loss on property, plant and equipment is provided in Note 6(12).

(7) Leasing arrangements - lessee

A. The Group leases various assets including land, offices, warehouses, machinery and equipment and business vehicles. Rental contracts are typically made for periods of 1 to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets cannot be subleased, lent, sold or granted in any different form to third parties without the consent of the lessor.

B. The carrying amount of right-of-use assets and the depreciation expense are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 403,585	\$ 366,398
Buildings and structures	323,025	339,903
Machinery and equipment	56,195	67,850
Transportation equipment	5,154	1,290
	<u>\$ 787,959</u>	<u>\$ 775,441</u>
	<u>Years ended December 31</u>	
	<u>2022</u>	<u>2021</u>
	<u>Depreciation expense</u>	<u>Depreciation expense</u>
Land	\$ 10,021	\$ 9,644
Buildings and structures	158,741	140,464
Machinery and equipment	11,704	13,782
Transportation equipment	1,478	1,874
	<u>\$ 181,944</u>	<u>\$ 165,764</u>

C. For the years ended December 31, 2022 and 2021, the additions to right-of-use assets were \$185,876 and \$314,695, respectively.

D. Information on profit or loss in relation to lease contracts is as follows:

	<u>Years ended December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 13,553	\$ 13,173
Expense on short-term lease contracts	\$ 21,343	\$ 24,122

E. Apart from the cash outflow for the interest expense on lease liabilities and expenses on short-term lease contracts as aforementioned in Note 6(7)D, the cash outflow resulting from payments of the principal portion of the lease liability is provided in Note 6(31).

(8) Investment property, net

	2022		
	Land	Buildings and structures	Total
<u>At January 1</u>			
Cost	\$ 144,336	\$ 169,970	\$ 314,306
Accumulated depreciation	-	(91,853)	(91,853)
	<u>\$ 144,336</u>	<u>\$ 78,117</u>	<u>\$ 222,453</u>
Opening net book amount as at January 1	\$ 144,336	\$ 78,117	\$ 222,453
Depreciation expense	-	(5,587)	(5,587)
Closing net book amount as at December 31	<u>\$ 144,336</u>	<u>\$ 72,530</u>	<u>\$ 216,866</u>
<u>At December 31</u>			
Cost	\$ 144,336	\$ 169,970	\$ 314,306
Accumulated depreciation	-	(97,440)	(97,440)
	<u>\$ 144,336</u>	<u>\$ 72,530</u>	<u>\$ 216,866</u>
	2021		
	Land	Buildings and structures	Total
<u>At January 1</u>			
Cost	\$ 105,892	\$ 95,733	\$ 201,625
Accumulated depreciation	-	(51,924)	(51,924)
Accumulated impairment	(8,013)	(9,887)	(17,900)
	<u>\$ 97,879</u>	<u>\$ 33,922</u>	<u>\$ 131,801</u>
Opening net book amount as at January 1	\$ 97,879	\$ 33,922	\$ 131,801
Reclassifications	38,444	39,652	78,096
Depreciation expense	-	(5,344)	(5,344)
Reversal of impairment loss	8,013	9,887	17,900
Closing net book amount as at December 31	<u>\$ 144,336</u>	<u>\$ 78,117</u>	<u>\$ 222,453</u>
<u>At December 31</u>			
Cost	\$ 144,336	\$ 169,970	\$ 314,306
Accumulated depreciation	-	(91,853)	(91,853)
	<u>\$ 144,336</u>	<u>\$ 78,117</u>	<u>\$ 222,453</u>

- A. Rental income from investment property and direct operating expenses arising from investment property are shown below:

	Years ended December 31	
	2022	2021
Rental income from investment property	\$ 26,562	\$ 19,947
Direct operating expenses arising from the investment property that generated rental income during the year	\$ 5,587	\$ 5,344

- B. The fair value of the investment property held by the Group as at December 31, 2022 and 2021 was \$1,064,502 and \$1,074,594, respectively, which was valued based on the transaction prices of similar property in the neighbouring areas.
- C. Information about the investment property that was pledged to others as collateral is provided in Note 8.
- D. Gain on reversal of impairment information about the investment property is provided in Note 6(12).

(9) Intangible assets

	2022		
	Computer software	Goodwill	Total
<u>At January 1</u>			
Cost	\$ 210,600	\$ 49,655	\$ 260,255
Accumulated amortisation and impairment	(95,799)	-	(95,799)
	<u>\$ 114,801</u>	<u>\$ 49,655</u>	<u>\$ 164,456</u>
Opening net book amount as at January 1	\$ 114,801	\$ 49,655	\$ 164,456
Additions—acquired separately	47,064	-	47,064
Amortisation expense	(28,365)	-	(28,365)
Net exchange differences	1,575	5,436	7,011
Closing net book amount as at December 31	<u>\$ 135,075</u>	<u>\$ 55,091</u>	<u>\$ 190,166</u>
<u>At December 31</u>			
Cost	\$ 250,628	\$ 55,091	\$ 305,719
Accumulated amortisation and impairment	(115,553)	-	(115,553)
	<u>\$ 135,075</u>	<u>\$ 55,091</u>	<u>\$ 190,166</u>

	2021		
	Computer software	Goodwill	Total
<u>At January 1</u>			
Cost	\$ 194,237	\$ 51,090	\$ 245,327
Accumulated amortisation and impairment	(70,416)	-	(70,416)
	<u>\$ 123,821</u>	<u>\$ 51,090</u>	<u>\$ 174,911</u>
Opening net book amount as at January 1	\$ 123,821	\$ 51,090	\$ 174,911
Additions — acquired separately	17,243	-	17,243
Amortisation expense	(25,682)	-	(25,682)
Net exchange differences	(581)	(1,435)	(2,016)
Closing net book amount as at December 31	<u>\$ 114,801</u>	<u>\$ 49,655</u>	<u>\$ 164,456</u>
<u>At December 31</u>			
Cost	\$ 210,600	\$ 49,655	\$ 260,255
Accumulated amortisation and impairment	(95,799)	-	(95,799)
	<u>\$ 114,801</u>	<u>\$ 49,655</u>	<u>\$ 164,456</u>

A. Details of amortisation on intangible assets are as follows:

	Years ended December 31	
	2022	2021
General and administrative expenses	<u>\$ 28,365</u>	<u>\$ 25,682</u>

B. Goodwill is allocated as follows to the food segment and the value in use is used as recoverable amount:

	Years ended December 31	
	2022	2021
Goodwill	\$ 55,091	\$ 49,655
Accumulated impairment	-	-
	<u>\$ 55,091</u>	<u>\$ 49,655</u>

The excess of the consideration transferred over the fair value of the identifiable assets acquired and the liabilities assumed was recorded as goodwill at the acquisition date.

(10) Non-current biological assets

	2022		
	Biological assets	Immature biological assets	Total
<u>At January 1</u>			
Cost	\$ 86,818	\$ 65,403	\$ 152,221
Accumulated depreciation	(16,461)	-	(16,461)
	<u>\$ 70,357</u>	<u>\$ 65,403</u>	<u>\$ 135,760</u>
Opening net book amount as at January 1	\$ 70,357	\$ 65,403	\$ 135,760
Additions	-	64,609	64,609
Disposals	(35,641)	(8,455)	(44,096)
Reclassifications	42,716	(42,716)	-
Depreciation expense	(14,187)	-	(14,187)
Closing net book amount as at December 31	<u>\$ 63,245</u>	<u>\$ 78,841</u>	<u>\$ 142,086</u>
<u>At December 31</u>			
Cost	\$ 83,267	\$ 78,841	\$ 162,108
Accumulated depreciation	(20,022)	-	(20,022)
	<u>\$ 63,245</u>	<u>\$ 78,841</u>	<u>\$ 142,086</u>
	2021		
	Biological assets	Immature biological assets	Total
<u>At January 1</u>			
Cost	\$ 58,517	\$ 73,841	\$ 132,358
Accumulated depreciation	(10,614)	-	(10,614)
	<u>\$ 47,903</u>	<u>\$ 73,841</u>	<u>\$ 121,744</u>
Opening net book amount as at January 1	\$ 47,903	\$ 73,841	\$ 121,744
Additions	-	57,163	57,163
Disposals	(23,634)	(8,143)	(31,777)
Reclassifications	57,458	(57,458)	-
Depreciation expense	(11,370)	-	(11,370)
Closing net book amount as at December 31	<u>\$ 70,357</u>	<u>\$ 65,403</u>	<u>\$ 135,760</u>
<u>At December 31</u>			
Cost	\$ 86,818	\$ 65,403	\$ 152,221
Accumulated depreciation	(16,461)	-	(16,461)
	<u>\$ 70,357</u>	<u>\$ 65,403</u>	<u>\$ 135,760</u>

(11) Other non-current assets

	December 31, 2022	December 31, 2021
Long-term notes and accounts receivable	\$ 179,558	\$ 166,786
Prepayments for business facilities	38,259	99,171
Restricted bank deposits	51,103	56,186
Accrued pension asset	2,322	-
Others	184	199
	<u>\$ 271,426</u>	<u>\$ 322,342</u>

(12) Impairment of non-financial assets

A. The Group assessed the carrying amount of certain real estate based on the market trading prices of similar real estate for the year ended December 31, 2022 and based on the results of appraisal reports issued by certified real estate appraisers for the year ended December 31, 2021, both taking into consideration the utilisation of assets and reversing the impairment loss at the balance sheet date. Details of the gain on reversal of impairment are as follows:

	Years ended December 31			
	2022		2021	
	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in profit or loss	Recognised in other comprehensive income
Impairment (loss)/gain on reversal of impairment loss-lands	\$ -	\$ -	\$ 14,923	\$ -
Impairment (loss)/gain on reversal of impairment loss-buildings and structures	-	-	13,959	-
Impairment (loss)/gain on reversal of impairment loss-machinery and equipment	-	-	2,014	-
Impairment (loss)/gain on reversal of impairment loss-others	16	-	1,375	-
	<u>\$ 16</u>	<u>\$ -</u>	<u>\$ 32,271</u>	<u>\$ -</u>

B. The impairment loss reported by operating segments is as follows:

	Years ended December 31			
	2022		2021	
	Recognised in other		Recognised in other	
	Recognised in profit or loss	comprehensive income	Recognised in profit or loss	comprehensive income
Food segment	\$ 16	\$ -	\$ 12,716	\$ -
Packaging segment	-	-	5,298	-
Others	-	-	14,257	-
	<u>\$ 16</u>	<u>\$ -</u>	<u>\$ 32,271</u>	<u>\$ -</u>

(13) Short-term borrowings

Type of borrowings	December 31, 2022	December 31, 2021	Collateral
Short-term borrowings			
Unsecured borrowings	\$ 1,795,678	\$ 1,191,826	None
Secured borrowings	246,000	255,000	Note 8
	<u>\$ 2,041,678</u>	<u>\$ 1,446,826</u>	
Interest rate range	1.45%~4.35%	1.00%~5.00%	

Information on the interest expense recognised in profit or loss is provided in Note 6(25).

(14) Short-term notes and bills payable

	December 31, 2022	December 31, 2021	Collateral
	Amount	Amount	
Short-term notes and bills payable	\$ 155,500	\$ 170,000	Note 8
Less: Unamortised discount	(269)	-	
	<u>\$ 155,231</u>	<u>\$ 170,000</u>	
Interest rate range	1.803%~2.02%	0.998%~1.00%	

(15) Other payables

	December 31, 2022	December 31, 2021
Sales commission payable	\$ 703,909	\$ 859,249
Salary, wages and bonus payable	321,395	352,714
Freight payable	270,853	281,495
Advertisement expense payable	142,298	132,252
Business tax payable	99,974	155,883
Machinery and equipment payable	58,105	75,342
Accrued interest payable	11,409	5,432
Others	288,091	321,164
	<u>\$ 1,896,034</u>	<u>\$ 2,183,531</u>

(16) Long-term borrowings

	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>Collateral</u>
Unsecured borrowings	\$ 1,233,270	\$ 955,757	None
Secured borrowings	<u>1,962,000</u>	<u>2,726,750</u>	Note 8
	3,195,270	3,682,507	
Less: Current portion			
(shown as Long-term liabilities, current portion)	(220,919)	(175,461)	
	<u>\$ 2,974,351</u>	<u>\$ 3,507,046</u>	
Expiration date range	<u>2024.1~2025.2</u>	<u>2023.1~2025.2</u>	
Interest rate range	1.69%~4.50%	1.04%~4.70%	

A. The above agreements were entered into with United Overseas Bank and Far Eastern International Bank contain default clauses, which are examined on a semi-annual and annual basis. The banks have the right to terminate the facility, cancel the undrawn facility or require the Company to make immediate repayment of the principal amount of loan facility withdrawn and outstanding and the relevant expenses if any events of default occur.

The events of default mainly include: Breach of commitments (including financial covenants) and restrictions or special agreements, etc. As of December 31, 2022, the Company has no event of default.

B. Information on the interest expense recognised in profit or loss is provided in Note 6(25).

(17) Other non-current liabilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accrued pension liabilities	\$ 80,016	\$ 237,619
Long-term deferred revenue	146,069	150,493
Guarantee deposits received	62,509	77,625
Others	<u>4,633</u>	<u>4,632</u>
	<u>\$ 293,227</u>	<u>\$ 470,369</u>

(18) Pensions

A. Defined benefit pension plans

- (a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to 2% ~ 15% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contributions for the deficit by next March.

(b) The amounts recognised in the balance sheet are as follows:

<u>Other non-current assets</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Present value of defined benefit obligations	(\$ 70,729)	\$ -
Fair value of plan assets	73,051	-
Net defined benefit assets	<u>\$ 2,322</u>	<u>\$ -</u>
<u>Other non-current liability</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Present value of defined benefit obligations	(\$ 822,412)	(\$ 1,022,040)
Fair value of plan assets	742,396	784,421
Net defined benefit liability	<u>(\$ 80,016)</u>	<u>(\$ 237,619)</u>

(c) Movements in net defined benefit liabilities are as follows:

	<u>Present value of defined benefit obligations</u>	<u>Fair value of Plan assets</u>	<u>Net defined benefit liability</u>
<u>2022</u>			
Balance at January 1	(\$ 1,022,040)	\$ 784,421	(\$ 237,619)
Current service cost	(4,742)	-	(4,742)
Interest (expense) income	(5,791)	4,547	(1,244)
	<u>(1,032,573)</u>	<u>788,968</u>	<u>(243,605)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	62,436	62,436
Change in demographic assumptions	3,112	-	3,112
Change in financial assumptions	53,741	-	53,741
Experience adjustments	<u>(6,156)</u>	<u>-</u>	<u>(6,156)</u>
	<u>50,697</u>	<u>62,436</u>	<u>113,133</u>
Pension fund contribution	-	52,778	52,778
Paid pension	<u>88,735</u>	<u>(88,735)</u>	<u>-</u>
Balance at December 31	<u>(\$ 893,141)</u>	<u>\$ 815,447</u>	<u>(\$ 77,694)</u>

	Present value of defined benefit obligations	Fair value of Plan assets	Net defined benefit liability
<u>2021</u>			
Balance at January 1	(\$ 1,060,974)	\$ 779,325	(\$ 281,649)
Current service cost	(4,687)	-	(4,687)
Interest (expense) income	(4,041)	3,071	(970)
	<u>(1,069,702)</u>	<u>782,396</u>	<u>(287,306)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	10,939	10,939
Change in demographic assumptions	(14,481)	-	(14,481)
Change in financial assumptions	13,225	-	13,225
Experience adjustments	(19,100)	-	(19,100)
	<u>(20,356)</u>	<u>10,939</u>	<u>(9,417)</u>
Pension fund contribution	-	59,104	59,104
Paid pension	68,018	(68,018)	-
Balance at December 31	<u>(\$ 1,022,040)</u>	<u>\$ 784,421</u>	<u>(\$ 237,619)</u>

- (d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company and domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and domestic subsidiaries are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2022 and 2021 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.
- (e) The principal actuarial assumptions used were as follows:

	Years ended December 31	
	2022	2021
Discount rate	1.25%~1.8%	0.5%~0.6%
Future salary increases	1.0%~2.5%	1.0%~2.5%
Future mortality rate was estimated based on the 6th Taiwan Standard Ordinary Experience Mortality Table and the Annuity Mortality Table.		

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
<u>December 31, 2022</u>				
Effect on present value of defined benefit obligation	(\$ 28,593)	\$ 30,283	\$ 30,317	(\$ 28,901)
<u>December 31, 2021</u>				
Effect on present value of defined benefit obligation	(\$ 31,714)	\$ 33,523	\$ 33,298	(\$ 31,812)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

- (f) Expected contributions to the defined benefit pension plans of the Group for the following year amount to \$51,691.
- (g) As of December 31, 2022, the Group's weighted average duration of the retirement plan is 6.8~9.21 years. The analysis of timing of the future pension payment was as follows:

	Amount
Within 1 year	\$ 111,500
1-2 year(s)	82,801
2-5 years	247,926
5-10 years	285,150
	<u>\$ 727,377</u>

B. Defined contribution pension plans

- (a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount no lower than 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under defined contribution pension plans of the Company and its domestic subsidiaries for the years ended December 31, 2022 and 2021, were \$49,900 and \$46,349, respectively.
- (b) The Group's mainland China subsidiaries, HANGZHOU CONCOURSE TRADING CO., LTD., Hangzhou Weichuan Biotechnology Foods Co., Ltd., HANGZHOU WEI-CHUAN FOOD CO., LTD., KUNSHAN KING CAN MOLD INDUSTRIAL CO., LTD., SUZHOU WEI-CHUAN FOODS CO., LTD. and LANGFANG WEI-CHUAN FOODS CO., LTD., have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations. The pension costs recognised for the years ended December 31, 2022 and 2021 were \$103,210 and \$95,291, respectively.

(19) Share capital

As of December 31, 2022, the Company's authorised capital was \$8,000,000 and the paid-in capital was \$5,060,629 with a par value of \$10 (in dollars) per share. All the shares issued by the company are ordinary shares. The number of shares issued and outstanding was 506,063 thousand shares. All proceeds from shares issued have been collected.

Additionally, the changes in share capital for the years ended December 31, 2022 and 2021 are provided in the consolidated statement of changes in equity.

(20) Capital surplus

A. Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

Additionally, the changes in capital surplus for the years ended December 31, 2022 and 2021 are provided in the consolidated statement of changes in equity.

B. The dividends unclaimed by shareholders for over 5 years shall be recognised as capital surplus in accordance with Order No. Jing-Shang-10602420200 issued in September 2017 by the Ministry of Economic Affairs, R.O.C.

(21) Retained earnings / Events after the balance sheet date

A. Under the Company's Articles of Incorporation, every year's earnings, if any, shall first be used to pay business income tax and offset prior years' deficits and then 10% of the remaining amount shall be set aside as legal reserve, and setting aside or reversal for special reserve in accordance with related laws, if any, the Board of Directors should propose the distribution or to retain the remaining earnings along with prior accumulated undistributed earnings for the approval of the shareholders. The dividends shall be distributed in proportion to the number of shares held by each shareholder accordingly, and the dividends to shareholders every year shall account for at least 50% of net profit of the year. However, dividends are not distributed if the net profit of the year is lower than 5% of paid-in capital. Dividends can be distributed to shareholders in the form of cash or stocks, provided the cash dividends shall not be less than 50% of the total dividends distributed.

The Company may, by 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, have the earnings in whole or in part distributed in the form of cash; and in addition thereto a report of such distribution shall be submitted to the shareholders at the shareholders' meeting.

B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

D. The appropriation of earnings by the Company

- (a) The appropriation of 2020 earnings approved by the shareholders of the Company on August 31, 2021 is as follows:

	Year ended December 31, 2020	
	Amount	Earnings per share (in dollars)
Legal reserve	\$ 53,666	
Reversal of special reserve	(\$ 50,205)	
Cash dividends	\$ 268,213	0.53

- (b) The appropriation of 2021 earnings approved by the shareholders of the Company on June 29, 2022 is as follows:

	Year ended December 31, 2021	
	Amount	Earnings per share (in dollars)
Legal reserve	\$ 49,754	
Special reserve	\$ 33,046	
Cash dividends	\$ 253,538	0.501

- (c) The appropriation of 2022 earnings proposed by the Board of Directors on March 15, 2023 but not yet resolved by the shareholders of the Company is as follows:

	Year ended December 31, 2022	
	Amount	Earnings per share (in dollars)
Legal reserve	\$ 35,333	
Reversal of special reserve	(\$ 80,649)	
Cash dividends	\$ 120,443	0.238

(22) Operating revenue

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods at a point in time in the following major segments:

	Years ended December 31	
	2022	2021
	Revenue from contracts with customers	Revenue from contracts with customers
Food segment	\$ 18,990,627	\$ 18,973,581
Packaging segment	517,834	500,447
Others	464,371	343,834
	<u>\$ 19,972,832</u>	<u>\$ 19,817,862</u>

B. Contract liabilities

- (a) The Group has recognised the revenue-related contract liabilities as a result of advance sales receipts for the sale of goods, which were recorded as current contract liabilities in the amounts of \$94,300, \$86,480 and \$90,909 as of December 31, 2022 and 2021, and January 1, 2021, respectively.

- (b) Revenue recognised for the years ended December 31, 2022 and 2021 that was included in the contract liability balance at the beginning of the period amounted to \$84,288 and \$87,825, respectively.

(23) Other income

	Years ended December 31	
	2022	2021
Rent income	\$ 50,761	\$ 41,812
Royalty income	18,381	20,110
Government grant income (Note)	78,880	90,807
Dividend income	2,081	-
Compensation revenue from litigation	123,800	-
Others	39,311	50,384
	<u>\$ 313,214</u>	<u>\$ 203,113</u>

Note: This pertains to the recognition of government subsidies during the year related to enterprise development and investments of property, plant and equipment.

(24) Other gains and losses

	Years ended December 31	
	2022	2021
Net loss on financial assets or liabilities at fair value through profit or loss	(\$ 4,802)	\$ -
Losses on disposal of property, plant and equipment and biological assets	(26,231)	(22,675)
Losses on sales of non-finished goods	(183,899)	(78,413)
Reversal of impairment loss on non-financial assets	16	32,271
Net foreign exchange (losses) gains	9,974	9,447
Depreciation expense of Investment property	(5,587)	(5,344)
Others	(56,903)	(37,543)
	<u>(\$ 267,432)</u>	<u>(\$ 102,257)</u>

(25) Finance costs

	Years ended December 31	
	2022	2021
Interest expense on bank borrowings	\$ 106,844	\$ 102,764
Interest expense on lease liabilities	13,553	13,173
	<u>\$ 120,397</u>	<u>\$ 115,937</u>

(26) Expenses by nature

	Years ended December 31	
	2022	2021
Employee benefit expense	\$ 2,689,289	\$ 2,730,944
Property, plant and equipment, right-of-use assets, investment property and depreciation expense of biological assets	\$ 1,090,557	\$ 1,076,551
Amortisation expense on intangible assets	\$ 28,365	\$ 25,682

(27) Employee benefit expense

	Years ended December 31	
	2022	2021
Wages and salaries	\$ 2,136,028	\$ 2,113,512
Labour and health insurance fees	190,800	182,432
Pension costs	159,096	147,297
Directors' remuneration	20,680	22,490
Other personnel expenses (Note)	182,685	265,213
	\$ 2,689,289	\$ 2,730,944

Note: It included meal expenses, employee benefits/welfare, education training, severance pay, housing fund and work uniforms, etc.

- A. In accordance with the Articles of Incorporation of the Company, distributable profit of the current year, shall be distributed as employees' compensation and directors' remuneration in the form of cash. The ratio shall not be lower than 1% for employees' compensation and shall not be higher than 5% for directors' remuneration. The employees include the employees of the Company's subsidiaries who meet certain specific requirements. If the Company incurs accumulated deficit, earnings should be reserved to cover losses prior to the appropriation of profit as employees' compensation and directors' remuneration according to the aforementioned ratios.
- B. The employees' compensation and directors' remuneration are accrued based on the ratio of pre-tax profit of the year before deducting any employees' compensation and directors' remuneration. The accrued amounts are as follows:

	Years ended December 31	
	2022	2021
Employees' compensation	\$ 2,720	\$ 5,558
Directors' remuneration	\$ 2,665	\$ 5,447

The aforementioned employees' compensation and directors' remuneration were recorded under wages and salaries and directors' remuneration.

Employees' compensation and directors' remuneration for 2021 as resolved by the Board of Directors of the Company amounting to \$5,558 and \$5,447, were in agreement with those amounts recognised in the 2021 parent company only financial statements. As of December 31, 2022, the aforementioned employees' compensation and directors' remuneration for the year ended December 31, 2021 are fully and actually distributed.

- C. Information about employees' compensation and directors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(28) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31	
	2022	2021
Current tax on profits for the year	\$ 42,374	\$ 127,603
Prior year income tax overestimation	(17,745)	(9,249)
Offshore income tax expense	29,211	45,750
Total current tax	53,840	164,104
Deferred tax:		
Origination and reversal of temporary differences	4,877	46,366
Total deferred tax	4,877	46,366
Income tax expense	\$ 58,717	\$ 210,470

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Years ended December 31	
	2022	2021
Currency translation differences	\$ 828	(\$ 255)

(c) For the years ended December 31, 2022 and 2021, the Company had no income tax charged/(credited) relating to equity during the year.

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31	
	2022	2021
Tax calculated based on profit before tax and statutory tax rate (Note)	\$ 97,055	\$ 215,258
Effects from items disallowed by tax regulation	(33,180)	(13,964)
Change in assessment of realisation of deferred tax assets and liabilities	(16,624)	(27,325)
Prior year income tax under (over) estimation	(17,745)	(9,249)
Offshore income tax expense	29,211	45,750
Income tax expense	\$ 58,717	\$ 210,470

Note: The basis for computing the applicable tax rate are the rates applicable in the respective countries where the Group entities operate.

C. Amounts of deferred tax assets or liabilities as a result of temporary differences and tax losses are as follows:

2022					
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Translation differences	December 31
Deferred tax assets:					
- Temporary differences:					
Unrealised losses on overseas investments	\$ 89,048	\$ 42	\$ -	\$ -	\$ 89,090
Unrealised accrued expenses	109,108	6,114	-	1,417	116,639
Unrealised loss for market value decline and obsolete and slow-moving inventories	5,539	(187)	-	-	5,352
Impairment loss on fixed assets	15,678	2,337	-	(13)	18,002
Accrued unused compensated absences	7,220	(273)	-	-	6,947
Unrealised loss on doubtful debts	2,087	(413)	-	10	1,684
Pensions	152	-	-	-	152
Unrealised foreign exchange loss	3,571	(3,476)	-	-	95
Others	37,668	(2,356)	-	571	35,883
- Tax losses	911,890	(50,799)	-	26	861,117
	<u>\$ 1,181,961</u>	<u>(\$ 49,011)</u>	<u>\$ -</u>	<u>\$ 2,011</u>	<u>\$ 1,134,961</u>
Deferred tax liabilities:					
- Temporary differences:					
Reserve for land value increment tax	(\$ 561,900)	\$ -	\$ -	\$ -	(\$ 561,900)
Unrealised gains on overseas investments	(144,720)	44,134	-	-	(100,586)
Currency translation differences	(4,261)	-	-	-	(4,261)
Unrealised exchange gain	(97)	-	(828)	-	(925)
	<u>(\$ 710,978)</u>	<u>\$ 44,134</u>	<u>(\$ 828)</u>	<u>\$ -</u>	<u>(\$ 667,672)</u>
	<u>\$ 470,983</u>	<u>(\$ 4,877)</u>	<u>(\$ 828)</u>	<u>\$ 2,011</u>	<u>\$ 467,289</u>
2021					
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Translation differences	December 31
Deferred tax assets:					
- Temporary differences:					
Unrealised losses on overseas investments	\$ 88,972	\$ 76	\$ -	\$ -	\$ 89,048
Unrealised accrued expenses	106,529	3,017	-	(438)	109,108
Unrealised loss for market value decline and obsolete and slow-moving inventories	7,700	(2,161)	-	-	5,539
Impairment loss on fixed assets	16,938	(1,260)	-	-	15,678
Accrued unused compensated absences	7,220	-	-	-	7,220
Unrealised loss on doubtful debts	6,659	(4,543)	-	(29)	2,087
Pensions	152	-	-	-	152
Unrealised foreign exchange loss	3,541	30	-	-	3,571
Others	42,042	(4,175)	-	(199)	37,668
- Tax losses	1,069,241	(157,341)	-	(10)	911,890
	<u>\$ 1,348,994</u>	<u>(\$ 166,357)</u>	<u>\$ -</u>	<u>(\$ 676)</u>	<u>\$ 1,181,961</u>
Deferred tax liabilities:					
- Temporary differences:					
Reserve for land value increment tax	(\$ 561,900)	\$ -	\$ -	\$ -	(\$ 561,900)
Unrealised gains on overseas investments	(264,711)	119,991	-	-	(144,720)
Currency translation differences	(4,516)	-	255	-	(4,261)
Unrealised exchange gain	(97)	-	-	-	(97)
	<u>(\$ 831,224)</u>	<u>\$ 119,991</u>	<u>\$ 255</u>	<u>\$ -</u>	<u>(\$ 710,978)</u>
	<u>\$ 517,770</u>	<u>(\$ 46,366)</u>	<u>\$ 255</u>	<u>(\$ 676)</u>	<u>\$ 470,983</u>

- D. Expiration dates of the Company's and its domestic subsidiaries' unused tax losses and amounts of unrecognised deferred tax assets are as follows:

December 31, 2022				
<u>Year incurred</u>	<u>Amount filed/ assessed</u>	<u>Unused amount</u>	<u>Deferred tax assets</u>	<u>Expiry year</u>
2012 ~ 2019	<u>\$ 7,572,495</u>	<u>\$ 6,162,531</u>	<u>\$ 1,931,084</u>	2022 ~ 2029
December 31, 2021				
<u>Year incurred</u>	<u>Amount filed/ assessed</u>	<u>Unused amount</u>	<u>Deferred tax assets</u>	<u>Expiry year</u>
2011 ~ 2019	<u>\$ 7,638,003</u>	<u>\$ 6,518,131</u>	<u>\$ 1,986,215</u>	2021 ~ 2029

- E. The amounts of deductible temporary difference that are not recognised as deferred tax assets are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Deductible temporary differences	<u>\$ 22,176</u>	<u>\$ 22,176</u>

- F. The status of the Company's and its domestic subsidiaries' income tax returns assessed and approved by the Tax Authority are as follows:

	<u>Status</u>
CHINA YOUTH CO., LTD. (Note)	Assessed and approved to 2016
The Company	Assessed and approved to 2019
CONCOURSE INTERNATIONAL INC. ,KING CAN INDUSTRY CORPORATION and CHENG SHUEN NUNG RANCH DAIRY CO.,LTD	Assessed and approved to 2020
KANG CHUAN ENGINEERING CO., LTD.	Assessed and approved to 2021

Note: The subsidiary was dissolved as approved by its shareholders of the investee in November 2016, and the dissolution was approved by the regulatory authority in January 2017. It is currently in the process of liquidation. As of March 15, 2023, the investee is in the process of liquidation.

(29) Earnings per share

<u>Year ended December 31, 2022</u>	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic/Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 240,283</u>	<u>506,063</u>	<u>0.47</u>

	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Year ended December 31, 2021</u>			
<u>Basic/Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 507,002</u>	<u>506,063</u>	<u>\$ 1.00</u>

(30) Supplemental cash flow information

Investing activities with partial cash payments:

	<u>Years ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Purchase of property, plant and equipment and biological assts	\$ 656,721	\$ 648,246
Add: Opening balance of payable on equipment	75,342	80,245
Less: Ending balance of payable on equipment	(58,105)	(75,342)
Cash paid during the year	<u>\$ 673,958</u>	<u>\$ 653,149</u>
	<u>Years ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Disposal of property, plant and equipment and biological assts	\$ 45,533	\$ 44,651
Loss on disposal of property, plant and equipment and biological assts	(26,231)	(22,675)
Add: Opening balance of receivable on sale of equipment	-	-
Less: Ending balance of receivable on sale of equipment	(869)	-
Cash received during the year	<u>\$ 18,433</u>	<u>\$ 21,976</u>

(31) Changes in liabilities from financing activities

	<u>2022</u>			
	<u>Short-term borrowings</u>	<u>Short-term notes and bills payable</u>	<u>Lease liability</u>	<u>Long-term borrowings (including current portion)</u>
At January 1	\$ 1,446,826	\$ 170,000	\$ 391,412	\$ 3,682,507
Changes in cash flow from financing activities	594,852	(14,769)	(166,470)	(492,510)
Impact of changes in foreign exchange rate	-	-	673	5,077
Changes in other non-cash items	-	-	143,849	196
At December 31	<u>\$ 2,041,678</u>	<u>\$ 155,231</u>	<u>\$ 369,464</u>	<u>\$ 3,195,270</u>

	2021			
	Short-term borrowings	Short-term notes and bills payable	Lease liability	Long-term borrowings (including current portion)
At January 1	\$ 1,770,429	\$ 349,939	\$ 239,371	\$ 3,668,754
Changes in cash flow from financing activities	(323,603)	(180,000)	(152,631)	15,254
Impact of changes in foreign exchange rate	-	-	(1,911)	(1,330)
Changes in other non-cash items	-	61	306,583	(171)
At December 31	<u>\$ 1,446,826</u>	<u>\$ 170,000</u>	<u>\$ 391,412</u>	<u>\$ 3,682,507</u>

7. Related Party Transactions

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
THE BREAD CO., LTD.	An entity controlled by the investor with significant influence over the Company
SHANGHAI DINGSHI WAREHOUSE CO.,LTD (SHANGHAI DINGSHI)	An entity controlled by the investor with significant influence over the Company
HANGZHOU TINGZHENG PACKING MATERIAL CO.,LTD.	An entity controlled by the investor with significant influence over the Company
TAIWAN TING QIAO RESTAURANT MANAGEMENT CO. LTD.	An entity controlled by the investor with significant influence over the Company
Hangzhou Kenko&Ting Foods Co., Ltd.	An entity controlled by the investor with significant influence over the Company
Hangzhou Bingxin Green Packaging Co., Ltd.	An entity controlled by the investor with significant influence over the Company
Tianjin Bingxin Packaging Co., Ltd.	An entity controlled by the investor with significant influence over the Company
Shanghai Epurus Information Technologies Co., Ltd.	An entity controlled by the investor with significant influence over the Company
FU TING FOODS CO., LTD.	An investee accounted for using the equity method by the Company

<u>Names of related parties</u>	<u>Relationship with the Company</u>
RIKKEI TRADING CORP.	A director of the Company is also the chairman of the entity
CHAMPION LINKER CORP.	A director of the Company is also the chairman of the entity
TAIWAN STAR TELECOM CORPORATION LIMITED	A director of the Company is also the chairman of the entity
HEALTH CAN DEVELOPMENT LIMITED	A subsidiary of the Company not included as a consolidated entity
All directors, general managers and main management personnel	Key management personnel and governing bodies of the Company

(2) Significant related party transaction

A. Sales transactions

(a) Operating revenue

Details of operating revenue arising from goods sold by the Group to related parties are as follows:

	<u>Years ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Other related parties	<u>\$ 909,621</u>	<u>\$ 1,064,907</u>

The Group's sales price, conditions and credit terms to related parties were approximately the same as those for third party customers. The credit terms for third party customers approximately ranged from 10 to 90 days after monthly billings.

(b) Accounts receivable

Details of accounts receivable arising from the aforementioned sales to related parties are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
SHANGHAI DINGSHI	<u>\$ 165,325</u>	<u>\$ 214,137</u>
Others	<u>6,715</u>	<u>6,124</u>
	<u>\$ 172,040</u>	<u>\$ 220,261</u>

B. Purchase transactions

(a) Costs of goods purchased

Details of goods purchased by the Group from related parties are as follows:

	Years ended December 31	
	2022	2021
Associates	\$ -	\$ 33,254
Other related parties	456,450	454,171
	<u>\$ 456,450</u>	<u>\$ 487,425</u>

Goods purchased from related parties are based on the price lists in force and terms agreed upon by both parties. Payment terms have no major difference between related parties and third parties, which are 30 ~ 90 days end of month for general suppliers.

(b) Accounts payable

Details of accounts payable arising from the aforementioned goods purchased from related parties are as follows:

	December 31, 2022	December 31, 2021
Associates	\$ -	\$ 3,280
Hangzhou Bingxin Green Packaging Co., Ltd.	32,105	34,047
Other related parties	22,570	20,593
	<u>\$ 54,675</u>	<u>\$ 57,920</u>

(c) Prepayments

Prepayments arising from goods purchased by the Group from related parties are as follows:

	December 31, 2022	December 31, 2021
CHAMPION LINKER CORP.	<u>\$ 85,562</u>	<u>\$ 28,449</u>

C. Lease transactions

(a) Rent income

The Group leased some offices and plants (shown as 'investment property') to related parties, the details of rental revenue were as follows:

Lessee	Leased object	Rent calculation and payment	Years ended December 31	
			2022	2021
- Other related parties	Offices, plant and others	Quarterly prepayment/ Monthly payment	<u>\$ 5,830</u>	<u>\$ 5,422</u>

Other receivables arising from the aforementioned transactions as of December 31, 2022 and 2021 amounted to \$0, respectively.

D. Other transactions

The Group's receivables due from subsidiaries (shown as other receivables), the details of transactions were as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Subsidiaries -		
HEILONGJIANG WEI CHUAN FOOD	\$ 5,110	\$ 4,514
and 2 others		
Less: Allowance for receivables due from subsidiaries	(324)	(292)
	<u>\$ 4,786</u>	<u>\$ 4,222</u>

E. In addition to the above transactions with subsidiaries, the Group's other transactions with related parties for the years ended December 31, 2022 and 2021 were immaterial and the details are not intended to be disclosed.

(3) Key management compensation

	<u>Years ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Salaries and other short-term employee benefits	\$ 72,383	\$ 86,617
Post-employment benefits	201	197
	<u>\$ 72,584</u>	<u>\$ 86,814</u>

8. Pledged Assets

As of December 31, 2022 and 2021, the Group's assets pledged as collateral are as follows:

<u>Pledged asset</u>	<u>Book value</u>		<u>Purpose</u>
	<u>December 31, 2022</u>	<u>December 31, 2021</u>	
Restricted bank deposits (shown as non-current financial assets at amortised cost)	\$ 8,060	\$ 8,000	Collateral for business use
Land (shown as property, plant and equipment and investment property)	2,665,013	2,665,013	Collateral for short-term notes and bills as well as long-term and short-term borrowings
Buildings and structures (shown as property, plant and equipment and investment property)	840,680	899,919	Collateral for short-term notes and bills as well as long-term and short-term borrowings
	<u>\$ 3,513,753</u>	<u>\$ 3,572,932</u>	

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Significant Contingencies

None.

(2) Significant Unrecognised Commitments

A. As of December 31, 2022 and 2021, the Group's total unused letters of credit issued for the import of material and merchandise were \$324,757 and \$376,942, respectively.

B. As of December 31, 2022 and 2021, the total contract consideration, excluding the settled payment, arising from the contracts that the Group entered into for commissioning each construction project or purchasing of equipment, that it shall pay for the construction and equipment in future years amounted to \$287,148 and \$265,416, respectively.

- C. As of December 31, 2022 and 2021, the Group has drawn from the endorsements and guarantees for the entities in the Group in the amounts of \$ 2,798,805 and \$2,390,962, respectively, and the amount used is \$963,585 and \$1,080,554, respectively.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

Information on the appropriation of 2022 earnings proposed by the Board of Directors on March 15, 2023 but not yet resolved by the shareholders of the Company is provided in Note 6(21).

12. Other

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust to the optimal capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, or issue new shares. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total liabilities divided by total capital. Total liabilities are the total amount of liabilities as shown in the consolidated balance sheet. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus total liabilities.

During the year ended December 31, 2022, the Group's strategy was unchanged from 2021. As of December 31, 2022 and 2021, the Group's gearing ratios were provided in consolidated balance sheet.

(2) Financial instruments

A. Financial instruments by category

The information of the Group's financial assets (including cash and cash equivalents, Financial assets at fair value through profit or loss (current and non-current), notes receivable, accounts receivable (including related parties), other receivables, non-current financial assets at amortised cost, other non-current assets – long-term notes and accounts receivable, other non-current assets - guarantee deposits paid) and financial liabilities (including short-term borrowings, short-term notes and bills payable, notes payable, accounts payable (including related parties), other payables, lease liabilities (current and non-current), long-term borrowings (including current portion) and other non-current liabilities - guarantee deposits received) are provided in consolidated balance sheet and Note 6.

B. Financial risk management policies

- (a) The Group adopts a comprehensive risk management and control system to identify, evaluate and control all risks, including market risk (including exchange rate risk, interest rate risk and price risk), credit risk, liquidity risk, in order for the management to control these risks effectively.
- (b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the managements. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The management provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

i. Foreign exchange risk

- (i) Some of the Group's sales and purchases are denominated in USD. The fair value changes according to the fluctuations in market exchange rates. As the Company offsets these market risks by matching the foreign currency assets and liabilities positions and their payment periods, it does not expect significant market risk.
- (ii) The Group's businesses involve some non-functional currency operations. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2022			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 11,270	30.71	\$ 346,111
USD:RMB	86	6.96	2,645
RMB:NTD	30,781	4.41	135,745
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	4,171	30.71	\$ 128,083
USD:RMB	4,642	6.96	142,542
RMB:NTD	2,883	4.41	12,715
December 31, 2021			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 6,223	27.68	\$ 172,253
USD:RMB	86	6.37	2,380
RMB:NTD	49,143	4.35	213,772
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	577	27.68	\$ 15,971
USD:RMB	4,000	6.37	110,720
RMB:NTD	1,451	4.35	6,312

The total exchange gain (loss), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the years is provided in Note 6(24).

Analysis of foreign currency market risk arising from significant foreign exchange variation:

Year ended December 31, 2022			
Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income or loss
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 3,461	\$ -
USD:RMB	1%	26	-
RMB:NTD	1%	1,357	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	(\$ 1,281)	\$ -
USD:RMB	1%	(1,425)	-
RMB:NTD	1%	(127)	-
Year ended December 31, 2021			
Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income or loss
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 1,723	\$ -
USD:RMB	1%	24	-
RMB:NTD	1%	2,138	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	(\$ 160)	\$ -
USD:RMB	1%	(1,107)	-
RMB:NTD	1%	(63)	-

ii. Price risk

- (i) The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss.
- (ii) The Group has investments in equity securities. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, pre-tax profit for the years ended December 31, 2022 and 2021 would have increased/decreased by \$257 and \$335, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss.

iii. Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from long-term and short-term borrowings as well as short-term notes and bills payable. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group's long-term and short-term borrowings as well as short-term notes and bills payable are with floating rates. During the years ended December 31, 2022 and 2021, the Group's borrowings at variable rates were denominated in NTD, USD and RMB.

As of December 31, 2022 and 2021, if the borrowing interest rate had increased/decreased by 0.1% with all other variables held constant, pre-tax profit for the years ended December 31, 2022 and 2021 would have decreased/increased by \$5,392 and \$5,299, respectively. The main factor is that floating-rate borrowings result in increase/decrease in interest expense.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the note and accounts receivable based on the agreed terms.
- ii. The Group manages their credit risk taking into consideration the entire group's concern. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the managements. The utilisation of credit limits is regularly monitored.
- iii. The Group adopts assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition. If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- iv. The Group adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.
- v. The Group classifies customers' notes and accounts receivable in accordance with credit rating of customer, credit on trade and customer types. The Group applies the modified approach using a provision matrix based on the loss rate methodology to estimate the expected credit loss.
- vi. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.

vii. After the Group identifies customer risks on an individual basis, and it classifies them into groups according to different credit risk characteristics, assesses the historical default rates, and uses the forecastability to adjust historical and timely information to assess the default possibility. The Group considers that in the financial industry, the default rate should not be lower than 0.03% for numerous and unidentifiable individual investors. However, in accordance with the policy, the Group traces the credit risk of customers at any time, the Group refers to the reference rate set by the financial industry as a basis of forecast adjustment, and adjusts the expected loss rate referring to monitoring indicator and the nature of risk. The loss rate methodology is as follows:

		1~30 days	31~90 days	Over 90 days	
<u>December 31, 2022</u>	<u>Not past due</u>	<u>past due</u>	<u>past due</u>	<u>past due</u>	<u>Total</u>
Expected loss rate	0.015%~0.28%	0.017%~0.34%	0.019%~0.46%	100.00%	
Total book value	\$ 2,443,032	\$ 76,520	\$ 1,313	\$ 7,426	\$ 2,528,291
Loss allowance	(\$ 308)	\$ -	\$ -	(\$ 2,832)	(\$ 3,140)

		1~30 days	31~90 days	Over 90 days	
<u>December 31, 2021</u>	<u>Not past due</u>	<u>past due</u>	<u>past due</u>	<u>past due</u>	<u>Total</u>
Expected loss rate	0.025%~0.62%	0.03%~0.76%	0.035%~1.03%	100.00%	
Total book value	\$ 2,559,551	\$ 63,509	\$ 6,849	\$ 9,998	\$ 2,639,907
Loss allowance	(\$ 6,924)	\$ -	(\$ 320)	(\$ 3,664)	(\$ 10,908)

The above ageing analysis was based on past due date.

viii. Movements in relation to the Group's loss allowance for accounts receivable, other receivables and other non-current assets - long-term notes and accounts receivable are as follows:

	2022			
	Accounts receivable	Other receivables	Overdue receivables	Total
At January 1	\$ 10,908	\$ 13,184	\$ 36,823	\$ 60,915
Expected credit loss (gain)	(62)	56	(20,833)	(20,839)
Write-offs	(7,748)	(324)	-	(8,072)
Effect of exchange rate changes	42	32	1,485	1,559
At December 31	\$ 3,140	\$ 12,948	\$ 17,475	\$ 33,563

	2021			
	Accounts receivable	Other receivables	Overdue receivables	Total
At January 1	\$ 46,736	\$ 97,271	\$ -	\$ 144,007
Expected credit loss (gain)	2,878	(55,298)	(8,104)	(60,524)
Write-offs	(21,816)	-	-	(21,816)
Reclassifications	(16,775)	(28,382)	45,157	-
Effect of exchange rate changes	(115)	(407)	(230)	(752)
At December 31	\$ 10,908	\$ 13,184	\$ 36,823	\$ 60,915

(c) Liquidity risk

i. The Group chooses the equity instruments with sufficient liquidity when investing in the equity financial instruments. Group management monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs, so it does not expect significant liquidity risk.

- ii. Surplus cash held by the units over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts and time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.
- iii. As of December 31, 2022 and 2021, the amounts of undrawn available borrowing facilities were \$9,749,486 and \$11,143,237, respectively.
- iv. The Group has no derivative financial liabilities. Except for the items disclosed in the following table, the Group's non-derivative financial liabilities, which were classified by its maturity date, were due within one year and approximates the amounts which were shown in the balance sheets. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year	Between 1 and 2 year(s)	Between 2 and 5 years	Over 5 years	Total
<u>December 31, 2022</u>					
<u>Non-derivative</u>					
<u>financial liabilities:</u>					
Lease liability	\$156,104	\$ 111,671	\$ 83,302	\$ 50,763	\$ 401,840
Long-term borrowing (including current portion)	397,775	1,967,465	1,052,149	-	3,417,389

	Less than 1 year	Between 1 and 2 year(s)	Between 2 and 5 years	Over 5 years	Total
<u>December 31, 2021</u>					
<u>Non-derivative</u>					
<u>financial liabilities:</u>					
Lease liability	\$113,260	\$ 97,412	\$ 133,249	\$ 69,301	\$ 413,222
Long-term borrowing (including current portion)	233,711	3,293,094	242,645	-	3,769,450

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market is included in Level 3.

B. Fair value information of investment property at cost is provided in Note 6(8).

C. The carrying amounts of the Group's financial instruments not measured at fair value, including cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables, non-current financial assets at amortised cost, other non-current assets - long-term notes and accounts receivable, other non-current assets - guarantee deposits paid, short-term borrowings, short-term notes and bills payable, notes payable, accounts payable (including related parties), other payables, lease liabilities (current and non-current), long-term borrowings (including current portion) and other non-current liabilities - guarantee deposits received, are approximate to their fair values.

D. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2022 and 2021 are as follows:

(a) The related information of natures of the assets and liabilities is as follows:

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value				
through profit or loss				
Equity securities	\$ 2,270	\$ -	\$ 23,452	\$ 25,722
December 31, 2021	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value				
through profit or loss				
Equity securities	\$ -	\$ -	\$ 33,452	\$ 33,452

(b) The methods and assumptions the Group used to measure fair value are as follows:

- i. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the balance sheet date.
- ii. When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.
- iii. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

- E. For the years ended December 31, 2022 and 2021, there was no transfer between Level 1 and Level 2.
- F. The following chart is the movement of Level 3 for the years ended December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
	Non-derivative equity instrument	Non-derivative equity instrument
At January 1	\$ 33,452	\$ 33,452
Gains and losses recognised in profit or (loss)	10,459	-
Disposed in the period	(20,459)	-
At December 31	<u>\$ 23,452</u>	<u>\$ 33,452</u>

- G. Treasury segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.
- H. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at <u>December 31, 2022</u>	<u>Valuation technique</u>	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares- LI JIA CONSTRUCTION	\$ 5,617	Market approach-price- book ratio	Discount for lack of marketability	25%	The higher the discount for lack of marketability, the lower the fair value
Unlisted shares CONNECTION INVESTMENT,	17,835	Net asset value	N/A	-	N/A

	Fair value at December 31, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares LI JIA CONSTRUCTION	\$ 5,617	Market approach-price-book ratio	Discount for lack of marketability	25%	The higher the discount for lack of marketability, the lower the fair value
Unlisted shares CONNECTION INVESTMENT,	27,835	Net asset value	N/A	-	N/A

- J. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. If net asset value from financial assets and liabilities categorised within Level 3 had increased or decreased by 1%, profit or loss would not have been significantly impacted as of December 31, 2022 and 2021.

(4) Others

- A. The impact of oil incidents caused by the upstream suppliers on the Company since the fourth quarter of 2013 is as follows:
- For the incident of the oil adulterated with copper chlorophyllin caused by Chang Chi Foodstuff Factory Co., Ltd. in the fourth quarter of 2013, the Company was sued for violating the Act Governing Food Safety and Sanitation. On April 27, 2017, the Intellectual Property Court rendered a decision in favour of the Company. However, certain related representatives were still charged with fraud for mislabeling oil, the court confiscated \$32,929 in revenue gained from the sales of these products and the Company accrued related losses for the year in the year of 2017. The Company deemed that the relevant regulation of confiscation recorded in the Criminal Code of the Republic of China are unconstitutional. On September 20, 2017, the Company petitioned to the Council of Grand Justices (transformed into a constitutional court) for a review. On December 2, 2022, the constitutional court denied the preceding motion. The decision was deemed final..
 - Due to more problematic oil was announced by the government organisations between September 2014 and October 2014, resulting in a loss recognition amounting to \$226,017 as of and for the year ended December 31, 2015. To safeguard the interests of the Company, the Company continually filed lawsuits for compensation against a number of suppliers and upstream suppliers. Among them, the lawsuits against Ting Hsin Oil & Fat Industrial Co., Ltd. and its upstream companies, Cheng-I Food Co., Ltd. and its upstream companies, Chang Guann Co., Ltd. and its upstream suppliers, Flavor Full Foods Inc., and Lihao Co., Ltd. were all confirmed won, mediation established or withdrawn the lawsuits without economic benefits. As of December 31, 2022, there are compensations actually received amounting to \$125,250 (shown as other income), compensations pending to be received amounting to \$3,000, and certificate of the obligatory claim received amounting to \$121,361. The lawsuit against Chang Guann Co., Ltd. is pending with the courts as of March 15, 2023.
- B. In January 2016, the Company transferred all its held 51% of the shares in investee company, Wang De Xing Tea Company. Before transferring, the funds that the Company's subsidiary, WEI-CHUN(BVI) loaned to Wang De Xing Tea Company and its subsidiaries ("WANG DE XING Group") amounted to USD 6.35 million. WANG DE XING Group provided collaterals and gradually paid the payments and interest based on the repayment plan. As of December 31,

2022, the principal amounting to USD 1.877 million (shown as other receivables and other non-current assets – long-term notes and accounts receivable) is expected to be subsequently repaid based on the repayment plan before June 30, 2024.

- C. The Company's subsidiary, Kang Chuan Engineering Co., Ltd. ("Kang Chuan") undertook the Kaohsiung plant project of CPC Corporation, Taiwan ("CPC"). Due to unpredictable factors such as public resistance, Kang Chuan and CPC agreed to change the performance location, and signed a supplemental contract and extended the construction period. In June 2013, Kang Chuan filed a lawsuit against CPC for the construction payment of \$254,055 due to the dispute of contract performance. On December 9, 2014, Taiwan Kaohsiung District Court rendered a judgment that CPC should pay \$182,526 and interests to Kang Chuan. Kang Chuan and CPC both filed appeals. As of March 15, 2023, the case is still under review of the Taiwan High Court Kaohsiung Branch Court. Kang Chuan has unreceived construction payment amounting to \$156,516, which was recorded as other non-current assets - long-term notes and accounts receivable.
- D. The Company's subsidiary, King Can Industry Corporation (King Can) caught fire on February 23, 2023, resulting in damage on certain buildings, equipment, inventories and neighboring houses at the Taichung plant. King Can insured property insurance and public liability insurance on the aforementioned buildings, equipment and inventories. As of March 15, 2023, King Can expected that the loss due to the fire can be claimed adequately from the insurance companies and there is no significant loss under the initial estimation.
- E. Due to Covid-19 outbreak and the government's epidemic prevention measures, the Group has implemented staggered work schedules, work from home and digital tools in accordance with preventive measures imposed by the government.
The pandemic had no significant impact on the Group's financial position and financial performance for the year ended December 31, 2022.

13. Supplementary Disclosures

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 4.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 5.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Please refer to table 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 7.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 8.

B. Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas: For the year ended December 31, 2022, significant transactions, either directly or indirectly with investee companies in the Mainland Area and the significant transactions of endorsements and guarantees, sales/purchase and receivables and payables conducted with investees in Mainland China, please refer to table 6.

(4) Major shareholders information

Major shareholders information: Please refer to table 9.

14. Segment Information

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the Chief Operating Decision-Maker that are used to make strategic decisions. Food segment is primarily engaged in the research and development, manufacturing and sales of food and other related products, while packaging segment are primarily engaged in the manufacturing and sales of packaging products, and others are primarily engaged in import and export trade, etc.

There is no material change in the basis for formation of entities and division of segments in the Group or in the measurement basis for segment information during this period. The accounting policies of the operating segments are in agreement with the significant accounting policies summarised in Note 4.

(2) Measurement of segment information

The post-tax net income is used to measure the Group's operating segment profit (loss) and performance of the operating segments.

(3) Segment Information

The segment information provided to the Chief Operating Decision-Maker for the reportable segments is as follows:

Year ended December 31, 2022					
	Food segment	Packaging segment	Others	Adjustments and eliminations	Total
Revenue from external customers	\$ 18,990,627	\$ 517,834	\$ 464,371	\$ -	\$ 19,972,832
Inter-segment revenue	1,314,956	473,892	546,413	(2,335,261)	-
Total segment revenue	<u>\$ 20,305,583</u>	<u>\$ 991,726</u>	<u>\$ 1,010,784</u>	<u>(\$ 2,335,261)</u>	<u>\$ 19,972,832</u>
Segment income (loss)	<u>\$ 263,537</u>	<u>\$ 66,541</u>	<u>\$ 204,905</u>	<u>(\$ 293,900)</u>	<u>\$ 241,083</u>
Segment income (loss), including:					
Depreciation expense	(\$ 1,038,549)	(\$ 50,919)	(\$ 1,089)	\$ -	(\$ 1,090,557)
Interest income	26,547	8,726	3,498	(17,747)	21,024
Interest expense	(130,705)	(4,106)	(4,322)	18,736	(120,397)
Share of profit or loss of investments accounted for using the equity method	128,889	5,430	165,347	(301,285)	(1,619)
Segment assets	16,006,964	696,857	904,405	-	17,608,226

Year ended December 31, 2021					
	Food segment	Packaging segment	Others	Adjustments and eliminations	Total
Revenue from external customers	\$ 18,973,581	\$ 500,447	\$ 343,834	\$ -	\$ 19,817,862
Inter-segment revenue	1,373,766	454,740	552,430	(2,380,936)	-
Total segment revenue	<u>\$ 20,347,347</u>	<u>\$ 955,187</u>	<u>\$ 896,264</u>	<u>(\$ 2,380,936)</u>	<u>\$ 19,817,862</u>
Segment income (loss)	<u>\$ 653,998</u>	<u>\$ 68,166</u>	<u>\$ 373,312</u>	<u>(\$ 587,650)</u>	<u>\$ 507,826</u>
Segment income (loss), including:					
Depreciation expense	(\$ 1,022,490)	(\$ 52,969)	(\$ 1,092)	\$ -	(\$ 1,076,551)
Interest income	37,962	9,265	2,910	(24,484)	25,653
Interest expense	(134,364)	(2,942)	(3,115)	24,484	(115,937)
Share of profit or loss of investments accounted for using the equity method	307,294	7,460	275,183	(589,563)	374
Segment assets	16,476,182	687,877	795,035	-	17,959,094

(4) Reconciliation for segment income (loss)

A. Sales between segments are carried out at arm's length. The revenue from external customers reported to the Chief Operating Decision-Maker is measured in a manner consistent with that in the statement of comprehensive income.

The Company's Chief Operating Decision-Maker assesses performance of operating segments and allocates resources based on post-tax net income, thus, reconciliation is not needed.

B. The amounts provided to the Chief Operating Decision - Maker with respect to total assets are measured in a manner consistent with that of the financial statements.

(5) Information on products and services

Details of revenue are as follows:

	Years ended December 31	
	2022	2021
Revenue from food manufacturing sales	\$ 18,990,627	\$ 18,973,581
Revenue from trade of molds and other packaging	517,834	500,447
Others	464,371	343,834
	<u>\$ 19,972,832</u>	<u>\$ 19,817,862</u>

(6) Geographical information

Information of the Group's revenue from external customers distinguished based on the location where the products are produced, and non-current assets classified based on the location of assets are as follows:

	Years ended December 31			
	2022		2021	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	\$ 8,732,221	\$ 5,415,431	\$ 8,755,197	\$ 5,731,931
Mainland China and others	<u>11,240,611</u>	<u>5,053,869</u>	<u>11,062,665</u>	<u>5,002,933</u>
	<u>\$ 19,972,832</u>	<u>\$ 10,469,300</u>	<u>\$ 19,817,862</u>	<u>\$ 10,734,864</u>

Note: Non-current assets excluded financial instruments and deferred income tax assets.

(7) Major customer information

The Group's major customers with which the sales revenues from a single customer accounting for more than 10% of total net operating revenue in the consolidated statement of comprehensive income. Details are as follows:

	Years ended December 31			
	2022		2021	
	Revenue	Segment	Revenue	Segment
Customer A	<u>\$ 3,172,231</u>	Food Segment	<u>\$ 3,178,599</u>	Food Segment

Table 1

Wei Chuan Foods Corporation and subsidiaries																	
Loans to others																	
Year ended December 31, 2022																	
Expressed in thousands of NTD (Except as otherwise indicated)																	
No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2022	Balance at December 31, 2022	Actual amount drawn down	Interest rate	Nature of loan (Note 2)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
													Item	Value			
0	Wei Chuan Foods Corporation	WEI-CHUAN FOODS INVESTMENT CO.	Other receivables	Y	\$ 673,320	\$ 661,410	\$ -	-	2	\$ -	Working capital needs	\$ -	None	\$ -	\$ 1,444,885	\$ 2,889,770	Notes 3
1	WEI-CHUAN(BVI) CO., LTD.	WANG DE XING TEA COMPANY	Other receivables	N	60,457	\$ 57,632	\$ 57,632	2.5%	2	-	Loan repayment and working capital needs	-	Property and tea leaf	57,632	663,285	1,326,570	Notes 4 and 7
2	HANGZHOU WEI-CHUAN FOOD CO., LTD.	LANGFANG WEI-CHUAN FOODS CO., LTD.	Other receivables	Y	676,380	220,472	207,244	3.3%~3.85%	2	-	Working capital needs	-	None	-	2,325,682	2,325,682	Note 5
2	HANGZHOU WEI-CHUAN FOOD CO., LTD.	Hangzhou Weichuan Biotechnology Foods Co., Ltd.	Other receivables	Y	314,214	308,661	264,567	3.3%~3.85%	2	-	Working capital needs	-	None	-	2,325,682	2,325,682	Note 5
2	HANGZHOU WEI-CHUAN FOOD CO., LTD.	SUZHOU WEI-CHUAN FOODS CO., LTD.	Other receivables	Y	359,102	352,755	176,378	3.3%	2	-	Working capital needs	-	None	-	2,325,682	2,325,682	Note 5
2	HANGZHOU WEI-CHUAN FOOD CO., LTD.	WEI-CHUAN FOODS INVESTMENT CO.	Other receivables	Y	721,472	705,511	-	3.3%~3.8%	2	-	Working capital needs	-	None	-	2,325,682	2,325,682	Note 5
3	KUNSHAN KING CAN MOLD INDUSTRIAL CO., LTD.	LANGFANG WEI-CHUAN FOODS CO., LTD.	Other receivables	Y	130,174	127,874	127,874	3.3%~3.85%	2	-	Loan repayment and working capital needs	-	None	-	290,947	290,947	Note 6
3	KUNSHAN KING CAN MOLD INDUSTRIAL CO., LTD.	HANGZHOU WEI-CHUAN FOOD CO., LTD.	Other receivables	Y	110,603	-	-	3.85%	2	-	Loan repayment and working capital needs	-	None	-	290,947	290,947	Note 6
3	KUNSHAN KING CAN MOLD INDUSTRIAL CO., LTD.	Hangzhou Weichuan Biotechnology Foods Co., Ltd.	Other receivables	Y	45,092	44,094	44,094	3.3%~3.85%	2	-	Loan repayment and working capital needs	-	None	-	290,947	290,947	Note 6
3	KUNSHAN KING CAN MOLD INDUSTRIAL CO., LTD.	SUZHOU WEI-CHUAN FOODS CO., LTD.	Other receivables	Y	112,219	110,236	110,236	3.3%~3.7%	2	-	Working capital needs	-	None	-	290,947	290,947	Note 6

Note1: The Company is ‘0’; the subsidiaries are numbered in order starting from ‘1’. The same company shall have the same number.

Note 2: The numbers filled in for the nature of loans are as follows:

- (1) Business transaction: 1.
- (2) Short-term financing: 2.

Note 3: Ceiling on total loans granted and limit on loans granted to a single party as prescribed in Wei Chuan Foods Corporation’ s “Procedures for Provision of Loans” are as follows:

- (1) Ceiling on total loans granted by Wei Chuan Foods Corporation is 40% of net asset value based on the latest consolidated financial statements audited (reviewed) by independent auditors.
- (2) For short-term financing, limit on loans granted to a single party by Wei Chuan Foods Corporation is 20% of net asset value based on the latest consolidated financial statements audited (reviewed) by independent auditors.

Note 4: Ceiling on total loans granted and limit on loans granted to a single party as prescribed in WEI-CHUAN(BVI) CO., LTD.’s “Procedures for Provision of Loans” are as follows:

- (1) Ceiling on total loans granted by WEI-CHUAN(BVI) CO., LTD. is 40% of net asset value based on the latest consolidated financial statements audited (reviewed) by independent auditors.
- (2) For short-term financing, limit on loans granted to a single party by WEI-CHUAN(BVI) CO., LTD. is 20% of net asset value based on the latest consolidated financial statements audited (reviewed) by independent auditors.
- (3) For loans granted between overseas companies in which WEI-CHUAN(BVI) CO., LTD. or Wei Chuan Foods Corporation holds100% of the voting shares directly or indirectly, WEI-CHUAN(BVI) CO., LTD.’s ceiling on total loans granted is100% of WEI-CHUAN(BVI) CO., LTD.’s net asset value based on the latest consolidated financial statements audited (reviewed) by independent auditors.
Limit on loans granted to a single party is 100% of WEI-CHUAN(BVI) CO., LTD.’s net asset value based on the latest consolidated financial statements audited (reviewed) by independent auditors.

Note5: Ceiling on total loans granted and limit on loans granted to a single party as prescribed in HANGZHOU WEI-CHUAN FOOD CO., LTD.’s “Procedures for Provision of Loans” are as follows:

- (1) Ceiling on total loans granted by HANGZHOU WEI-CHUAN FOOD CO., LTD. is 40% of net asset value based on the latest consolidated financial statements audited (reviewed) by independent auditors.
- (2) For short-term financing, limit on loans granted to a single party by HANGZHOU WEI-CHUAN FOOD CO., LTD. is 20% of net asset value based on the latest consolidated financial statements audited (reviewed) by independent auditors.
- (3) For loans granted between overseas companies in which HANGZHOU WEI-CHUAN FOOD CO., LTD. or Wei Chuan Foods Corporation holds100% of the voting shares directly or indirectly, HANGZHOU WEI-CHUAN FOOD CO., LTD.’s ceiling on total loans granted is 100% of HANGZHOU WEI-CHUAN FOOD CO., LTD.’s net asset value based on the latest consolidated financial statements audited (reviewed) by independent auditors.
Limit on loans granted to a single party is 100% of HANGZHOU WEI-CHUAN FOOD CO., LTD.’s net asset value based on the latest consolidated financial statements audited (reviewed) by independent auditors.

Note 6: Ceiling on total loans granted and limit on loans granted to a single party as prescribed in KUNSHAN KING CAN MOLD INDUSTRIAL CO., LTD.’s“Procedures for Provision of Loans” are as follows:

- (1) Ceiling on total loans granted by KUNSHAN KING CAN MOLD INDUSTRIAL CO., LTD. is 40% of net asset value based on its latest financial statements.
- (2) For short-term financing, limit on loans granted to a single party by KUNSHAN KING CAN MOLD INDUSTRIAL CO., LTD. is 20% of net asset value based on its latest financial statements.
- (3) For loans granted between overseas companies in which KUNSHAN KING CAN MOLD INDUSTRIAL CO., LTD. or Wei Chuan Foods Corporation holds100% of the voting shares directly or indirectly, ceiling on total loans granted is 100% of KUNSHAN KING CAN MOLD INDUSTRIAL CO., LTD.’s net asset value based on its latest financial statements.
Limit on loans granted to a single party is 100% of KUNSHAN KING CAN MOLD INDUSTRIAL CO., LTD.’s net asset value based on the latest consolidated financial statements audited (reviewed) by independent auditors.

Note 7: The Group transferred its entire equity interest of 51% in WANG DE XING TEA COMPANY in January 2016.

Table 2

Wei Chuan Foods Corporation and subsidiaries
Provision of endorsements and guarantees to others
Year ended December 31, 2022

Expressed in thousands of NTD
(Except as otherwise indicated)

Number	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 2)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2022 (Note 3)	Outstanding endorsement/ guarantee amount at December 31, 2022 (Note 4)	Actual amount drawn down (Note 5)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company (Note 6)	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
		Company name	Relationship with the endorser/ guarantor (Note 1)											
0	Wei Chuan Foods Corporation	Cheng Shuen Nung Ranch Dairy Co., Ltd.	(2)	\$ 2,408,142	\$ 515,000	\$ 515,000	\$ 465,500	\$ -	7.13	\$ 7,224,426	Y	N	N	
0	Wei Chuan Foods Corporation	Hangzhou Weichuan Biotechnology Foods Co., Ltd.	(2)	2,408,142	225,460	220,470	-	-	3.05	7,224,426	Y	N	Y	
0	Wei Chuan Foods Corporation	CONCOURSE INTERNATIONAL INC.	(2)	2,408,142	966,450	921,300	145,024	-	12.75	7,224,426	Y	N	N	
1	HANGZHOU WEI-CHUAN FOOD CO., LTD.	Hangzhou Weichuan Biotechnology Foods Co., Ltd.	(4)	2,325,682	260,155	260,155	39,685	-	11.19	2,325,682	N	N	Y	
1	HANGZHOU WEI-CHUAN FOOD CO., LTD.	SUZHOU WEI-CHUAN FOODS CO., LTD.	(4)	2,325,682	901,840	881,880	313,376	-	37.92	2,325,682	N	N	Y	

Note 1: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; fill in the number of category each case belongs to:

- (1) Having business relationship.
- (2) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.
- (3) The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.
- (4) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.
- (5) Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.
- (6) Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
- (7) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 2: 1. Provision of endorsements and guarantees by Wei Chuan Foods Corporation:

- (1) Ceiling on total amount of endorsements/guarantees provided is Wei Chuan Foods Corporation’s net asset value.
- (2) Limit on endorsements/guarantees provided for a single party is a third of total amount of endorsements/guarantees provided by Wei Chuan Foods Corporation.
- (3) Ceiling on total amount of endorsements/guarantees provided by Wei Chuan Foods Corporation and its subsidiaries is 1.2 times of Wei Chuan Foods Corporation’s net asset value.
Limit on endorsements/guarantees provided by Wei Chuan Foods Corporation and its subsidiaries for a single party is a third of total amount of endorsements/guarantees provided.

2. Provision of endorsements and guarantees by HANGZHOU WEI-CHUAN FOOD CO., LTD.:

- (1) Ceiling on total amount of endorsements/guarantees provided is the net asset value based on its latest consolidated financial statements audited (reviewed) by independent auditors.
- (2) Limit on endorsements/guarantees provided for a single party is the total amount of endorsements/guarantees provided by HANGZHOU WEI-CHUAN FOOD CO., LTD.
- (3) Ceiling on total amount of endorsements/guarantees provided by HANGZHOU WEI-CHUAN FOOD CO., LTD. and its subsidiaries is 1.2 times of HANGZHOU WEI-CHUAN FOOD CO., LTD.’s net asset value based on its latest consolidated financial statements audited (reviewed) by independent auditors. Limit on endorsements/guarantees provided by HANGZHOU WEI-CHUAN FOOD CO., LTD. and its subsidiaries for a single party is the total amount of endorsements/guarantees provided.

Note 3: Fill in the year-to-date maximum outstanding balance of endorsements/guarantees provided as of the reporting period.

Note 4: Fill in the amount approved by the Board of Directors or the chariman if the chairman has been authorised by the Board of Directors based on subparagraph 8, Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.

Note 5: The actual amount of endorsements/guarantees used by the endorsed/guaranteed company.

Note 6: For endorsements/guarantees provided by the Company, the net asset value is based on the Company’s latest financial statements.

For endorsements/guarantees provided by HANGZHOU WEI-CHUAN FOOD CO., LTD., the net asset value is based on the entity’s consolidated financial statements audited (reviewed) by independent auditors.

Wei Chuan Foods Corporation and subsidiaries
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
Year ended December 31, 2022

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

				As of December 31, 2022				
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership (%)	Fair value	Footnote
Wei Chuan Foods Corporation	BAFANG YUNJI INTERNATIONAL CO., LTD	None	Current financial assets at fair value through profit or loss	10,000	<u>\$ 2,270</u> <u>\$ 2,270</u>	0.00	<u>\$ 2,270</u> <u>\$ 2,270</u>	
Wei Chuan Foods Corporation	Stock of CONNECTION INVESTMENT CO., LTD.	None	Non-current financial assets at fair value through profit or loss	1,380,000	17,500	16.67	17,500	
Wei Chuan Foods Corporation	Stock of COCORD BUILDERS ENTERPRISE CO., LTD.	None	Non-current financial assets at fair value through profit or loss	22,340,197	-	10.75	-	
Wei Chuan Foods Corporation	Stock of AN LI INVESTMENT CO., LTD.	None	Non-current financial assets at fair value through profit or loss	3,329,500	-	18.50	-	
Wei Chuan Foods Corporation	Stock of RAINIER INVESTMENT CO., LTD.	None	Non-current financial assets at fair value through profit or loss	3,329,500	-	18.50	-	
Wei Chuan Foods Corporation	Stock certificate of LI JIA CONSTRUCTION LTD.	None	Non-current financial assets at fair value through profit or loss	Note	<u>5,617</u> <u>\$ 23,117</u>	18.36	<u>5,617</u> <u>\$ 23,117</u>	
KANG CHUAN ENGINEERING CO., LTD.	Stock of COCORD BUILDERS ENTERPRISE CO., LTD.	None	Non-current financial assets at fair value through profit or loss	545,431	\$ -	0.26	\$ -	
KANG CHUAN ENGINEERING CO., LTD.	Stock of CONNECTION INVESTMENT CO., LTD.	None	Non-current financial assets at fair value through profit or loss	41,400	335	0.50	335	
KANG CHUAN ENGINEERING CO., LTD.	Stock of RAINIER INVESTMENT CO., LTD.	None	Non-current financial assets at fair value through profit or loss	82,650	-	0.46	-	
KANG CHUAN ENGINEERING CO., LTD.	Stock of AN LI INVESTMENT CO., LTD.	None	Non-current financial assets at fair value through profit or loss	82,650	-	0.46	-	
WEI-CHUAN INTERNATIONAL LIMITED	Stock certificate of Shanghai Wei Chuan Foods Industrial Co., Ltd.	None	Non-current financial assets at fair value through profit or loss	Note	-	19.00	-	
WEI-CHUAN INTERNATIONAL LIMITED	Stock certificate of Kuiling Wei-Chuan Food Ltd.	None	Non-current financial assets at fair value through profit or loss	Note	-	10.77	-	
WEI-CHUAN ASIAN INVESTMENT LIMITED	Stock certificate of Kuiling Wei-Chuan Food Ltd.	None	Non-current financial assets at fair value through profit or loss	Note	<u>-</u> <u>\$ 335</u>	5.10	<u>-</u> <u>\$ 335</u>	

Note: The investee is a limited company without shares.

Wei Chuan Foods Corporation and subsidiaries
Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more
Year ended December 31, 2022

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Wei Chuan Foods Corporation	KING CAN INDUSTRY CORPORATION	Parent company to subsidiary	Purchases	\$ 471,337	0.09	60-90 days	In accordance with agreement	No significant difference from general transactions	(\$ 91,399)	0.14	
KING CAN INDUSTRY CORPORATION	Wei Chuan Foods Corporation	Subsidiary to parent company	Sales	(471,337)	0.47	60-90 days	In accordance with agreement	No significant difference from general transactions	91,399	0.42	
Wei Chuan Foods Corporation	CONCOURSE INTERNATIONAL INC.	Parent company to subsidiary	Purchases	305,004	0.06	60-90 days	No significant difference from general transactions	No significant difference from general transactions	(49,730)	0.08	
CONCOURSE INTERNATIONAL INC.	Wei Chuan Foods Corporation	Subsidiary to parent company	Sales	(305,004)	0.51	60-90 days	No significant difference from general transactions	No significant difference from general transactions	49,730	0.24	
Wei Chuan Foods Corporation	Cheng Shuen Nung Ranch Dairy Co., Ltd.	Parent company to subsidiary	Purchases	147,263	0.03	30 days	No significant difference from general transactions	No significant difference from general transactions	(10,868)	0.02	
Cheng Shuen Nung Ranch Dairy Co., Ltd.	Wei Chuan Foods Corporation	Subsidiary to parent company	Sales	(147,263)	1.00	30 days	No significant difference from general transactions	No significant difference from general transactions	10,868	1.00	
KING CAN INDUSTRY CORPORATION	CONCOURSE INTERNATIONAL INC.	The Company's subsidiary	Purchases	130,562	0.20	120 days	In accordance with agreement	No significant difference from general transactions	(51,738)	0.39	
CONCOURSE INTERNATIONAL INC.	KING CAN INDUSTRY CORPORATION	The Company's subsidiary	Sales	(130,562)	0.22	120 days	In accordance with agreement	No significant difference from general transactions	51,738	0.25	
HANGZHOU WEI-CHUAN FOOD CO., LTD.	LANGFANG WEI-CHUAN FOODS CO., LTD.	Second-tier subsidiary to second-tier subsidiary	Purchases	1,063,228	0.18	30 days	No significant difference from general transactions	No significant difference from general transactions	(70,192)	0.08	
LANGFANG WEI-CHUAN FOODS CO., LTD.	HANGZHOU WEI-CHUAN FOOD CO., LTD.	Second-tier subsidiary to second-tier subsidiary	Sales	(1,063,228)	1.00	30 days	No significant difference from general transactions	No significant difference from general transactions	70,192	1.00	

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
HANGZHOU WEI-CHUAN FOOD CO., LTD.	CONCOURSE INTERNATIONAL INC.	Second-tier subsidiary to subsidiary	Purchases	112,264	0.02	30 days	In accordance with agreement	No significant difference from general transactions	(22,544)	0.03	
HANGZHOU WEI-CHUAN FOOD CO., LTD.	CHAMPION LINKER CORP.	Second-tier subsidiary to other related party	Purchases	209,607	0.04	30 days	No significant difference from general transactions	No significant difference from general transactions	(4,969)	0.01	
HANGZHOU WEI-CHUAN FOOD CO., LTD.	SHANGHAI DINGSHI WAREHOUSE CO.,LTD	Second-tier subsidiary to other related party	Sales	(868,383)	0.08	30-45 days	No significant difference from general transactions	No significant difference from general transactions	165,325	0.13	
HANGZHOU CONCOURSE TRADING CO., LTD.	CONCOURSE INTERNATIONAL INC.	Second-tier subsidiary to subsidiary	Purchases	253,390	0.70	60 days	No significant difference from general transactions	No significant difference from general transactions	(63,201)	0.88	

Wei Chuan Foods Corporation and subsidiaries
Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
Year ended December 31, 2022

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2022	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for uncollectible
					Amount	Action taken		
HANGZHOU WEI-CHUAN FOOD CO., LTD.	SHANGHAI DINGSHI WAREHOUSE CO.,LTD	Second-tier subsidiary to other related party	\$ 165,325	4.58	\$ -	None	\$ 117,903	\$ -
HANGZHOU WEI-CHUAN FOOD CO., LTD.	WEI-CHUAN FOODs INVESTMENT CO.	Second-tier subsidiary to second-tier subsidiary	462,991	N/A	-	None	-	-
HANGZHOU WEI-CHUAN FOOD CO., LTD.	Hangzhou Weichuan Biotechnology Foods Co., Ltd.	Second-tier subsidiary to second-tier subsidiary	264,567	N/A	-	None	-	-
HANGZHOU WEI-CHUAN FOOD CO., LTD.	LANGFANG WEI-CHUAN FOODS CO., LTD.	Second-tier subsidiary to second-tier subsidiary	207,244	N/A	-	None	-	-
HANGZHOU WEI-CHUAN FOOD CO., LTD.	SUZHOU WEI-CHUAN FOODS CO., LTD.	Second-tier subsidiary to second-tier subsidiary	176,378	N/A	-	None	-	-
KUNSHAN KING CAN MOLD INDUSTRIAL CO., LTD.	LANGFANG WEI-CHUAN FOODS CO., LTD.	Second-tier subsidiary to second-tier subsidiary	127,874	N/A	-	None	-	-
KUNSHAN KING CAN MOLD INDUSTRIAL CO., LTD.	SUZHOU WEI-CHUAN FOODS CO., LTD.	Second-tier subsidiary to second-tier subsidiary	110,236	N/A	-	None	-	-

Wei Chuan Foods Corporation and subsidiaries
Significant inter-company transactions during the reporting periods
Year ended December 31, 2022

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

				Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
Number	Company name	Counterparty	Relationship	General ledger account	Amount	Transaction terms	
0	Wei Chuan Foods Corporation	Hangzhou Weichuan Biotechnology Foods Co., Ltd.	Parent company to second-tier subsidiary	Provision of endorsements and guarantees	\$ 220,470	Note 1	N/A
0	Wei Chuan Foods Corporation	Cheng Shuen Nung Ranch Dairy Co., Ltd.	Parent company to subsidiary	Provision of endorsements and guarantees	515,000	Note 1	N/A
0	Wei Chuan Foods Corporation	CONCOURSE INTERNATIONAL INC.	Parent company to subsidiary	Provision of endorsements and guarantees	921,300	Note 1	N/A
1	HANGZHOU WEI-CHUAN FOOD CO., LTD.	SUZHOU WEI-CHUAN FOODS CO., LTD.	Second-tier subsidiary to second-tier subsidiary	Provision of endorsements and guarantees	881,880	Note 1	N/A
1	HANGZHOU WEI-CHUAN FOOD CO., LTD.	Hangzhou Weichuan Biotechnology Foods Co., Ltd.	Second-tier subsidiary to second-tier subsidiary	Provision of endorsements and guarantees	260,155	Note 1	N/A
0	Wei Chuan Foods Corporation	KING CAN INDUSTRY CORPORATION	Parent company to subsidiary	Purchases	471,337	In accordance with agreement	2.36%
0	Wei Chuan Foods Corporation	CONCOURSE INTERNATIONAL INC.	Parent company to subsidiary	Purchases	305,004	Same as third parties	1.53%
0	Wei Chuan Foods Corporation	Cheng Shuen Nung Ranch Dairy Co., Ltd.	Parent company to subsidiary	Purchases	147,263	Same as third parties	0.74%
4	KING CAN INDUSTRY CORPORATION	CONCOURSE INTERNATIONAL INC.	subsidiary to subsidiary	Purchases	130,562	Same as third parties	0.65%
1	HANGZHOU WEI-CHUAN FOOD CO., LTD.	LANGFANG WEI-CHUAN FOODS CO., LTD.	Second-tier subsidiary to second-tier subsidiary	Purchases	1,063,228	Same as third parties	5.32%
1	HANGZHOU WEI-CHUAN FOOD CO., LTD.	CONCOURSE INTERNATIONAL INC.	Second-tier subsidiary to second-tier subsidiary	Purchases	112,264	Same as third parties	0.56%
3	HANGZHOU CONCOURSE TRADING CO., LTD.	CONCOURSE INTERNATIONAL INC.	Second-tier subsidiary to subsidiary	Purchases	253,390	Same as third parties	1.27%
1	HANGZHOU WEI-CHUAN FOOD CO., LTD.	WEI CHUAN FOODS INVESTMENT CO., LTD.	Second-tier subsidiary to second-tier subsidiary	Other receivables	462,991	Note 5	2.64%
1	HANGZHOU WEI-CHUAN FOOD CO., LTD.	LANGFANG WEI-CHUAN FOODS CO., LTD.	Second-tier subsidiary to second-tier subsidiary	Other receivables	207,244	Note 3	1.18%
1	HANGZHOU WEI-CHUAN FOOD CO., LTD.	Hangzhou Weichuan Biotechnology Foods Co., Ltd.	Second-tier subsidiary to second-tier subsidiary	Other receivables	264,567	Note 3	1.51%
1	HANGZHOU WEI-CHUAN FOOD CO., LTD.	SUZHOU WEI-CHUAN FOODS CO., LTD.	Second-tier subsidiary to second-tier subsidiary	Other receivables	176,378	Note 3	1.00%
2	KUNSHAN KING CAN MOLD INDUSTRIAL CO., LTD.	LANGFANG WEI-CHUAN FOODS CO., LTD.	Second-tier subsidiary to second-tier subsidiary	Other receivables	127,874	Note 3	0.73%
2	KUNSHAN KING CAN MOLD INDUSTRIAL CO., LTD.	SUZHOU WEI-CHUAN FOODS CO., LTD.	Second-tier subsidiary to second-tier subsidiary	Other receivables	110,236	Note 3	0.63%

Note 1: The endorsements and guarantees were provided in accordance with Procedures for Provision of Endorsements and Guarantees to Others, and the transaction amount was the outstanding endorsement/guarantee

Note 2: Individual transaction amounts less than \$100 million are not disclosed. In addition, the same transactions are not disclosed twice.

Note 3: The loans were granted in accordance with Procedures for Provision of Loans, and the transaction amount was the actual amount drawn down.

Note 4: The other receivables were arising from second-tier subsidiary distributing dividends to the subsidiary.

Note 5: The other receivables were arising from sales of equity between the second-tier subsidiaries.

Wei Chuan Foods Corporation and subsidiaries

Information on investees

Year ended December 31, 2022

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2022			Net profit (loss) of the investee for the year ended Dcember 31, 2022	Investment income(loss) recognised by the Company for the year ended December 31, 2022	Footnote
				Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value			
Wei Chuan Foods Corporation	KING CAN INDUSTRY CORPORATION	Taiwan	Process, manufacture and trade of tinplate products such as tin cans, tin boxes and bottle caps	\$ -	\$ -	34,539,451	98.68	\$ 588,172	\$ 61,108	\$ 59,680	-
Wei Chuan Foods Corporation	CONCOURSE INTERNATIONAL INC.	Taiwan	General import and export trade business	1,959,112	1,959,112	14,034,753	99.99	227,839	41,391	49,402	-
Wei Chuan Foods Corporation	CHINA YOUTH CO., LTD.	Taiwan	Trade of vegetables and fruits as well as agricultural and fishery products	212,041	212,041	8,481,905	99.79	7,995	(8)	(8)	Note 1
Wei Chuan Foods Corporation	KANG CHUAN ENGINEERING CO., LTD.	Taiwan	Planning, design and implementation of construction projects	377,499	377,499	35,113,408	99.85	209,319	439	439	Note 2
Wei Chuan Foods Corporation	Cheng Shuen Nung Ranch Dairy Co., Ltd.	Taiwan	Livestock farm management	753,035	753,035	57,929,989	100.00	594,128	(88,503)	(88,503)	-
Wei Chuan Foods Corporation	WEI CHUAN BUSINESS DEVELOPMENT CORPORATION	Taiwan	General investment	100,000	-	10,000,000	100.00	102,688	2,688	2,688	Note 3
Wei Chuan Foods Corporation	WEI-CHUAN INTERNATIONAL LIMITED	British Virgin Islands	General investment	787,549	787,549	-	100.00	60,107	(201)	(201)	Note 4
Wei Chuan Foods Corporation	WEI-CHUAN (BVI) CO., LTD.	British Virgin Islands	General investment	2,967,203	2,967,203	-	100.00	3,304,206	107,012	107,012	Note 4、5
Wei Chuan Foods Corporation	WEI-CHUAN ASIAN INVESTMENT LIMITED	Hong Kong	General investment	-	-	-	1.00	(4)	(141)	(1)	Note 4
Wei Chuan Foods Corporation	THAI WEI-CHUAN CO., LTD.	Thailand	Food processing	37,919	37,919	390,000	60.00	(7,326)	-	-	-
Wei Chuan Foods Corporation	FU TING FOODS CO., LTD.	Taiwan	Livestock farm management	75,000	75,000	7,500,000	37.50	16,441	(4,458)	(1,619)	-
KING CAN INDUSTRY CORPORATION	KingCan (BVI) Corporation	British Virgin Islands	General investment	123,213	123,213	-	100.00	291,361	5,430	5,430	Note 4、5
CONCOURSE INTERNATIONAL INC.	CONCOURSE INTERNATIONAL LIMITED	Samoa	General investment	25,673	25,673	-	100.00	40,820	3,913	3,913	Note 4、5
WEI-CHUAN INTERNATIONAL LIMITED	WEI-CHUAN ASIAN INVESTMENT LIMITED	Hong Kong	General investment	255	255	-	99.00	(479)	(141)	(140)	Note 4
WEI-CHUAN ASIAN INVESTMENT LIMITED	HEALTH CAN DEVELOPMENT LIMITED	Hong Kong	General investment	4	4	-	75.00	-	-	-	Note 4

Note 1: The Company's 99.79% owned investee, CHINA YOUTH CO., LTD., was dissolved as approved by its shareholders in November 2016 and the dissolution was approved by the competent authority in January 2017.

As of March 15, 2023, the investee is in the process of liquidation.

Note 2: The Company's 99.85% owned investee, KANG CHUAN ENGINEERING CO., LTD., was dissolved as resolved by its Board of Directors in December 2016.

As of March 15, 2023, the investee is in the process of liquidation.

Note 3: To execute the strategic investment, the company invested \$100,000 to establish a wholly-owned subsidiary, WeiChuan (BVI), in January 2022.

Note 4: The investee is a limited company without shares.

Note 5: Information relating to the Company's investment in the investees in Mainland China through investee companies, WEI-CHUAN(BVI) CO., LTD., KingCan (BVI) Corporation and CONCOURSE INTERNATIONAL LIMITED is provided in table 8.

Wei Chuan Foods Corporation and subsidiaries

Information on investments in Mainland China

Year ended December 31, 2022

Expressed in thousands of NTD

(Except as otherwise indicated)

Table 8

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2022		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Net income of investee as of December 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Group for the year ended December 31, 2022	Book value of investments in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of	Footnote
				January 1, 2022	Remitted to Mainland China	Remitted back to Taiwan	December 31, 2022					December 31, 2022	
Fuzhou Kefu Convenient Food Co., Ltd.	Instant noodles	\$ 48,440	3	\$ 15,602	\$ -	\$ -	\$ 15,602	\$ -	37.50	\$ -	\$ -	\$ -	-
Kuiling Wei-Chuan Food Ltd.	Monosodium glutamate (MSG)	284,325	3	44,349	-	-	44,349	-	15.87	-	-	-	-
HEILONGJIANG WEI CHUAN FOOD CO.	Condiments and other products	72,633	2	19,896	-	-	19,896	-	67.00	-	-	-	Note 5
HEILONGJIANG WEI CHUAN DAIRY CO.	Dairy and other products	249,163	2	121,501	-	-	121,501	-	70.00	-	-	-	Note 5
Shanghai Wei Chuan Foods Industrial Co., Ltd.	Instant noodles and other products	136,238	2	22,278	-	-	22,278	-	19.00	-	-	-	Note 5
Hangzhou Weichuan Biotechnology Foods Co., Ltd.	Manufacture and sale of food products such as solid drinks	326,435	2	326,435	-	-	326,435	(46,797)	100.00	(46,797)	(194,118)	-	Note 2 、 Note 6
HANGZHOU WEI-CHUAN FOOD CO., LTD.	Manufacture and brand marketing of refrigerated dairy beverages	1,268,366	2	1,268,366	-	-	1,268,366	118,278	100.00	118,278	2,380,772	1,321,136	Note 2 、 Note 6
WEI CHUAN FOODS INVESTMENT CO., LTD.	General investment	867,844	2	450,319	-	-	450,319	40,469	100.00	40,469	1,062,689	-	Note 2 、 Note 6
KUNSHAN KING CAN MOLD INDUSTRIAL CO., LTD.	Manufacture of food molds and injection molds	224,813	2	98,716	-	-	98,716	5,434	98.68	5,362	290,947	278,426	Note 2 、 Note 7
HANGZHOU CONCOURSE TRADING CO., LTD.	General import and export trade business	25,165	2	25,165	-	-	25,165	3,912	99.99	3,912	40,320	-	Note 2 、 Note 8
LANGFANG WEI-CHUAN FOODS CO., LTD.	Manufacture and brand marketing of refrigerated dairy beverages	449,250	2	-	-	-	-	68,599	100.00	68,599	680,846	-	Note 2 、 Note 9
SUZHOU WEI-CHUAN FOODS CO., LTD.	Manufacture and brand marketing of refrigerated dairy beverages	882,349	2	-	-	-	-	(28,321)	100.00	(28,321)	836,969	-	Note 2 、 Note 9

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 4)
Wei Chuan Foods Corporation	\$ 3,194,141	\$ 2,860,203	\$ 4,339,594

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

- (1) Directly invest in a company in Mainland China..
- (2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
- (3) Others

Note 2: Investment income (loss) recognised by the Group for the current year was valued based on each investee's self-prepared financial statements of the same reporting period that were not audited or reviewed by independent auditors.

Note 3: The amounts shown in the table are expressed in New Taiwan dollars. Additionally, paid-in capital is translated using the exchange rates at the time of initial investment.

Note 4: In accordance with the regulations, the ceiling of investment is the net assets of the parent company or 60% of consolidated net assets, whichever is higher. However, the parent company has obtained the operating headquarters certificate issued by the Industrial Development Bureau of the Ministry of Economic Affairs (MOEA) for the period from June 1, 2021 to June 1, 2024, therefore, according to the regulations of the Investment Commission of the Ministry of Economic Affairs (MOEA), there is no ceiling of the investment amount.

Note 5: The Company acquired 67%, 70% and 19% equity interest in HEILONGJIANG WEI CHUAN FOOD CO., HEILONGJIANG WEI CHUAN DAIRY CO. and Shanghai Wei Chuan Foods Industrial Co., Ltd., respectively, through its direct wholly- owned investee company, WEI-CHUAN INTERNATIONAL LIMITED.

Note 6: The Company acquired 100% equity interest in Hangzhou Weichuan Biotechnology Foods Co., Ltd., HANGZHOU WEI-CHUAN FOOD CO., LTD. and WEI CHUAN FOODS INVESTMENT CO., LTD. direct wholly-owned investee company, WEI-CHUAN(BVI) CO., LTD.

Note 7: The Company acquired 98.68% equity interest in KUNSHAN KING CAN MOLD INDUSTRIAL CO., LTD. through its indirect 98.68% owned investee company, KingCan (BVI) Corporation.

Note 8: The Company acquired 99.99% equity interest in HANGZHOU CONCOURSE TRADING CO., LTD. through its indirect 99.99% owned investee company, CONCOURSE INTERNATIONAL LIMITED.

Note 9: The Company acquired 100% equity interest in LANGFANG WEI-CHUAN FOODS CO., LTD. through its indirect wholly-owned investee company, WEI CHUAN FOODS INVESTMENT CO.

Wei Chuan Foods Corporation and subsidiaries

Major shareholders information

Year ended December 31, 2022

Table 9

Name of major shareholders	Shares		
	Number of shares held (common shares)	Number of shares held (preference shares)	Ownership (%)
KANG CHENG CO., LTD.	50,523,000	-	9.98%
KANG CHAU COMPANY LTD.	50,407,000	-	9.96%
KONG SHENG INVESTMENT CORP.	36,688,000	-	7.24%
KONG CHING CORP. LTD.	35,880,000	-	7.09%
KONG FA INVESTMENT CORP.	29,828,000	-	5.89%

Note 1: The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded in the financial statements may differ from the actual number of shares issued in dematerialised form because of a different calculation basis.

Note 2: If the aforementioned data contains shares which were held in trust by the shareholders, the data disclosed is the settlor's separate account for the fund set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10% in accordance with Securities and Exchange Act, the shares include the self-owned shares and shares held in trust, and at the same time, the shareholder has the power to decide how to allocate the trust assets. The information on the reported share equity of insider is provided in the "Market Observation Post System".

V. Parent Company Only Financial Reports and Auditor's Report (Excluding Statements of Major Accounting Items) of the Recent Years

INDEPENDENT AUDITORS' REPORT

PWCR22000541

To the Board of Directors and Shareholders of WEI CHUAN FOODS CORPORATION

Opinion

We have audited the accompanying parent company only balance sheets of Wei Chuan Foods Corporation (the "Company") as at December 31, 2022 and 2021, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as at December 31, 2022 and 2021, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's 2022 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2022 parent company only financial statements are stated as follows:

Estimation of sales incentives

Description

Refer to Note 4(27) for accounting policy on revenue, Note 5(2) for the uncertainty of accounting judgments, assumptions and estimates in relation to revenue recognition and Note 6(19) for details of revenue.

The Company enters into different sales incentive agreements with different sales customers due to the nature of the industry. The Company pays incentives to sales customers if they meet the sales targets at various reward and promotion activities that the Company launches over a number of periods for cooperating with customers and distributors to promote products. International Financial Reporting Standards require that if sales incentives are substantively linked to operating revenue, the Company shall combine the two transactions and record the sales incentives as a deduction item to operating revenue.

The Company calculates and estimates the sales incentive amounts based on the actual sales amounts and the contract terms negotiated with sales customers. Given that the aforementioned process to recognise sales incentives usually involves management judgment and the calculations are relatively complicated, we consider the estimation of sales incentives a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Obtained an understanding of the Company's internal control designed for sales incentives and tested the effectiveness of the control, such as ascertained whether the calculations and estimates of each main sales incentive were reviewed by an authorised supervisor.

2. Obtained the reports derived from the Company's system and the relevant proofs of delivery, and then sampled and verified the actual sales volumes and unit prices.
3. Obtained the sales agreements of the Company's main sales customers. Used the actual sales amounts to recalculate the incentives based on the terms specified in the agreement.
4. Performed tests of invoices after the balance sheet date and write-offs for the balances of incentives payable that are material on the balance sheet date.

Evaluation of inventories

Description

Refer to Note 4(12) for accounting policy on inventory evaluation, Note 5(2) for critical judgement in relation to inventory evaluation, and Note 6(4) for details of inventories.

The Company is primarily engaged in the manufacture and sale of dairy products, beverages and soy sauce. Due to the high competitiveness of similar products in the food market, the growing consumer awareness of food safety in recent years and the short shelf-life of most dairy products, there is a higher risk of inventories losing value or becoming obsolete if the products are not selling as expected.

The Company applies judgments and estimates in determining the net realisable value of inventories on balance sheet date and then writes down the inventory costs to the net realisable value. Given that the inventories are the main operating assets for the Company, the evaluation of inventories involves management judgments and evaluation amounts are material to the financial statements, we consider the evaluation of inventories a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Obtained the policies for inventory valuation and determined whether the policies applied in provision of allowance for inventory valuation losses in the different periods are consistent.
2. Observed physical inventory count at the end of period to identify whether there are obsolete, damaged or unsalable inventories.
3. Obtained aging statements of each kind of inventory and tested the changes in ages of inventory. Selected samples with inventory number and verified the date of manufacture, checked the accuracy of classification range of inventory ages.

4. Obtained net realisable value statement of each kind of inventory and checked the applied calculation logic. Tested relevant parameters, including: sales or purchases data, reasonableness of marketing to sales ratio calculation, and relevant estimate document. Checked and compared allowance for valuation losses that the Group should provision at the lower of cost and net realisable value.

Responsibilities of management and those charged with governance for the parent company only financial statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Huang, Shih-Chun

Wu, Yu-Lung

For and on behalf of PricewaterhouseCoopers, Taiwan

March 15, 2023

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

Assets		Notes	December 31, 2022		December 31, 2021			
			AMOUNT	%	AMOUNT	%		
Current assets								
1100	Cash and cash equivalents	6(1)	\$	365,877	3	\$	354,386	3
1110	Current financial assets at fair value through profit or loss	6(2)		2,270	-		-	
1150	Notes receivable, net	6(3)		22,078	-		34,294	-
1170	Accounts receivable, net	6(3)		1,019,015	9		971,623	8
1180	Accounts receivable - related parties	6(3) and 7(2)		4,381	-		9,168	-
1200	Other receivables	7(2)		112,394	1		110,218	1
1220	Current income tax assets			206	-		2,912	-
130X	Inventories	6(4)		772,966	6		673,975	5
1410	Prepayments	7(2)		14,897	-		20,300	-
1470	Other current assets			27,934	-		16,064	-
11XX	Current Assets			2,342,018	19		2,192,940	17
Non-current assets								
1510	Non-current financial assets at fair value through profit or loss	6(2)		23,117	-		33,117	-
1535	Non-current financial assets at amortised cost	6(1) and 8		8,060	-		8,000	
1550	Investments accounted for under equity method	6(5)		5,110,895	42		5,323,366	42
1600	Property, plant and equipment	6(6) and 8		3,491,875	28		3,594,341	29
1755	Right-of-use assets	6(7)		177,533	1		195,746	2
1760	Investment property - net	6(8) and 8		188,258	2		193,573	2
1840	Deferred tax assets	6(25)		961,910	8		1,029,613	8
1900	Other non-current assets	6(9)		10,590	-		10,353	-
15XX	Non-current assets			9,972,238	81		10,388,109	83
1XXX	Total assets		\$	12,314,256	100	\$	12,581,049	100

(Continued)

Liabilities and Equity		Notes	December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(11)	\$ 446,000	4	\$ 150,000	1
2150	Notes payable		151	-	22	-
2170	Accounts payable		502,149	4	514,834	4
2180	Accounts payable - related parties	7(2)	157,746	1	196,758	2
2200	Other payables	6(12)	594,745	5	623,988	5
2280	Current lease liabilities		34,234	-	31,404	-
2320	Long-term liabilities, current portion	6(13)	-	-	33,000	-
2399	Other current liabilities, others		11,088	-	10,418	-
21XX	Current Liabilities		1,746,113	14	1,560,424	12
Non-current liabilities						
2540	Long-term borrowings	6(13)	2,469,892	20	2,889,446	23
2570	Deferred tax liabilities	6(25)	629,241	5	674,461	6
2580	Non-current lease liabilities		139,447	1	158,943	1
2600	Other non-current liabilities	6(5)(14)	105,137	1	253,794	2
25XX	Non-current liabilities		3,343,717	27	3,976,644	32
2XXX	Total Liabilities		5,089,830	41	5,537,068	44
Equity						
	Share capital	6(16)				
3110	Ordinary share		5,060,629	41	5,060,629	40
	Capital surplus	6(17)				
3200	Capital surplus		36,115	-	36,115	-
	Retained earnings	6(18)				
3310	Legal reserve		786,135	7	736,381	6
3320	Special reserve		285,547	2	252,501	2
3350	Unappropriated retained earnings		1,260,898	10	1,243,902	10
	Other equity interest					
3400	Other equity interest		(204,898)	(1)	(285,547)	(2)
3XXX	Total equity		7,224,426	59	7,043,981	56
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	Total liabilities and equity		\$ 12,314,256	100	\$ 12,581,049	100

		Year ended December 31			
Items	Notes	2022		2021	
		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(19) and 7(2)	\$ 8,095,812	100	\$ 8,157,093	100
5000 Operating costs	6(4) and 7(2)	(6,376,387)	(79)	(6,226,716)	(76)
5950 Gross profit from operations		<u>1,719,425</u>	<u>21</u>	<u>1,930,377</u>	<u>24</u>
Operating expenses	6(23) and 7(2)				
6100 Selling expenses		(1,327,799)	(16)	(1,369,685)	(17)
6200 General and administrative expenses		(280,418)	(4)	(265,528)	(3)
6300 Research and development expenses		(106,838)	(1)	(100,802)	(1)
6450 Expected credit losses		(56)	-	(52)	-
6000 Total operating expenses		(1,715,111)	(21)	(1,736,067)	(21)
6900 Operating profit		<u>4,314</u>	<u>-</u>	<u>194,310</u>	<u>3</u>
Non-operating income and expenses					
7100 Interest income		2,253	-	8,225	-
7010 Other income	6(20) and 7(2)	197,859	2	86,085	1
7020 Other gains and losses	6(21) and 7(2)	(21,540)	-	(3,263)	-
7050 Finance costs	6(22) and 7(2)	(45,193)	(1)	(47,890)	(1)
7070 Share of profit of subsidiaries, associates and joint ventures accounted for using equity method, net	6(5)	<u>128,889</u>	<u>2</u>	<u>307,295</u>	<u>4</u>
7000 Total non-operating income and expense		<u>262,268</u>	<u>3</u>	<u>350,452</u>	<u>4</u>
7900 Profit before income tax		266,582	3	544,762	7
7950 Income tax expense	6(25)	(26,299)	-	(37,760)	(1)
8200 Profit for the year		<u>\$ 240,283</u>	<u>3</u>	<u>\$ 507,002</u>	<u>6</u>
Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8311 Gains (losses) on remeasurements of defined benefit plans	6(15)	\$ 105,725	1	(\$ 13,424)	-
8330 Share of other comprehensive income of associates and joint ventures accounted for using equity method	6(5)	<u>7,326</u>	<u>-</u>	<u>3,955</u>	<u>-</u>
8310 Components of other comprehensive income that will not be reclassified to profit or loss		<u>113,051</u>	<u>1</u>	(<u>9,469</u>)	<u>-</u>
8361 Exchange differences on translation		<u>80,649</u>	<u>1</u>	(<u>33,046</u>)	<u>-</u>
8360 Components of other comprehensive income (loss) that will be reclassified to profit or loss		<u>80,649</u>	<u>1</u>	(<u>33,046</u>)	<u>-</u>
8300 Other comprehensive income (loss)		<u>\$ 193,700</u>	<u>2</u>	(<u>\$ 42,515</u>)	<u>-</u>
8500 Total comprehensive income		<u><u>\$ 433,983</u></u>	<u><u>5</u></u>	<u><u>\$ 464,487</u></u>	<u><u>6</u></u>
Basic earnings per share	6(26)				
9750 Profit for the year		<u>\$</u>	<u>0.47</u>	<u>\$</u>	<u>1.00</u>
Diluted earnings per share	6(26)				
9850 Profit for the year		<u>\$</u>	<u>0.47</u>	<u>\$</u>	<u>1.00</u>

Year ended December 31, 2021

Balance at January 1, 2021		\$ 5,060,629	\$ 36,113	\$ 682,715	\$ 302,706	\$ 1,018,043	(\$ 252,501)	\$ 6,847,705
Profit for the year		-	-	-	-	507,002	-	507,002
Other comprehensive loss for the year		-	-	-	-	(9,469)	(33,046)	(42,515)
Total comprehensive income (loss)		-	-	-	-	497,533	(33,046)	464,487

Appropriation and distribution of 2020 retained earnings

Legal reserve appropriated	6(18)	-	-	53,666	-	(53,666)	-	-
Special reserve reversed	6(18)	-	-	-	(50,205)	50,205	-	-
Cash dividends	6(18)	-	-	-	-	(268,213)	-	(268,213)
Capital surplus - dividends unclaimed by shareholders	6(17)	-	2	-	-	-	-	2

Balance at December 31, 2021		\$ 5,060,629	\$ 36,115	\$ 736,381	\$ 252,501	\$ 1,243,902	(\$ 285,547)	\$ 7,043,981

Year ended December 31, 2022

Balance at January 1, 2022		\$ 5,060,629	\$ 36,115	\$ 736,381	\$ 252,501	\$ 1,243,902	(\$ 285,547)	\$ 7,043,981
Profit for the year		-	-	-	-	240,283	-	240,283
Other comprehensive income for the year		-	-	-	-	113,051	80,649	193,700
Total comprehensive income		-	-	-	-	353,334	80,649	433,983

Appropriation and distribution of 2021 retained earnings

Legal reserve appropriated	6(18)	-	-	49,754	-	(49,754)	-	-
Special reserve appropriated	6(18)	-	-	-	33,046	(33,046)	-	-
Cash dividends	6(18)	-	-	-	-	(253,538)	-	(253,538)
Balance at December 31, 2022		\$ 5,060,629	\$ 36,115	\$ 786,135	\$ 285,547	\$ 1,260,898	(\$ 204,898)	\$ 7,224,426

CASH FLOWS FROM OPERATING ACTIVITIES

Profit before tax		\$	266,582	\$	544,762
Adjustments					
Adjustments to reconcile profit (loss)					
Depreciation expense	6(23)		259,163		265,673
Expected credit loss	12(4)		56		52
Interest expense	6(22)		45,193		47,890
Interest income		(	2,253)	(	8,225)
Dividends revenue	6(2)(20)	(	2,081)		-
Net loss on financial assets at fair value through profit or loss	6(21)		4,802		-
Share of profit of subsidiaries, associates and joint ventures accounted for using the equity method	6(5)				
(Gain) loss on disposal of property, plant and equipment	6(21)	(	128,889)	(	307,295)
Gain on reversal of impairment loss on non-financial assets	6(21)	(	91)		2,173
		(	16)	(	12,717)
Changes in operating assets and liabilities					
Changes in operating assets					
Notes receivable			12,216	(	21,413)
Accounts receivable		(	47,392)	(	106,057)
Accounts receivable due from related parties			4,787	(	1,646)
Other receivables			2,441	(	2,186)
Inventories		(	98,991)	(	70,665)
Prepayments			5,403	(	9,453)
Other current assets		(	11,870)	(	9,963)
Changes in operating liabilities					
Notes payable			129		1
Accounts payable		(	12,685)		41,203
Accounts payable - related parties		(	39,012)		29,445
Other payables		(	41,440)		18,244
Other current liabilities			670		937
Other non-current liabilities		(	44,420)	(	46,219)
Cash inflow generated from operations			172,302		354,541
Interest received			2,253		8,225
Dividends received			531,880		508,203
Interest paid		(	40,413)	(	47,908)
Income taxes paid		(	1,110)	(	11,951)
Net cash flows from operating activities			<u>664,912</u>		<u>811,110</u>

(Continued)

CASH FLOWS FROM INVESTING ACTIVITIES

Acquisition of financial assets at fair value through profit or loss		(\$	175,384)	\$	-
Proceeds from financial assets at fair value through profit or loss			173,663		-
Acquisition of investments accounted for using the equity method		(	100,000)		-
Acquisition of property, plant and equipment	6(27)	(	101,482)	(	150,050)
Proceeds from disposal of property, plant and equipment			107		1,814
Increase (decrease) in prepayments for business facilities			-	(	150)
Increase (decrease) in guarantee deposits paid	6(9)	(	237)	(	473)
Increase (decrease) in restricted bank deposits		(	60)		-
Land value increment tax refunded			-		7,172
Net cash flows used in investing activities		(	203,393)	(	141,687)

CASH FLOWS FROM FINANCING ACTIVITIES

Increase (decrease) in short-term borrowings	6(28)		296,000	(	450,000)
Decrease in short-term notes and bills payable	6(28)		-	(	250,000)
Payments of lease liabilities	6(28)	(	40,740)	(	36,283)
Repayments of long-term borrowings	6(28)	(	4,722,750)	(	514,250)
Proceeds from long-term borrowings			4,270,000		500,000
Increase (Decrease) in guarantee deposits received	6(14)		1,000	(	1,219)
Dividends paid	6(18)	(	253,538)	(	268,213)
Proceeds from dividends unclaimed by shareholders			-		2
Net cash flows used in financing activities		(	450,028)	(	1,019,963)
Net increase (decrease) in cash and cash equivalents			11,491	(	350,540)
Cash and cash equivalents at beginning of year	6(1)		354,386		704,926
Cash and cash equivalents at end of year	6(1)	\$	365,877	\$	354,386

WEI CHUAN FOODS CORPORATION
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organisation

(1) Wei Chuan Foods Corporation (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) and other related regulations in September 1953. The Company is primarily engaged in manufacturing, processing and sale of dairy products, beverages and instant foods.

(2) The Company’s shares have been listed on Taiwan Stock Exchange since February 1962.

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These parent company only financial statements were authorised for issuance by the Board of Directors on March 15, 2023.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC and became effective from 2022 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 3, ‘Reference to the conceptual framework’	January 1, 2022
Amendments to IAS 16, ‘Property, plant and equipment: proceeds before intended use’	January 1, 2022
Amendments to IAS 37, ‘Onerous contracts —cost of fulfilling a contract’	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

The above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
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

The Company continually evaluates the impact of the above standards and interpretations to the Company's financial condition and financial performance. The quantitative impact will be disclosed when the assessment is complete.

4. Summary of Significant Accounting Policies

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

(1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of preparation

- A. Except for the following items, the parent company only financial statements have been prepared under the historical cost convention:
 - (a) Financial assets and financial liabilities at fair value through profit or loss.
 - (b) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the “functional currency”). The parent company only financial statements are presented in New Taiwan dollars, which is the Company’s functional currency.

- A. Foreign currency transactions and balances
 - (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
 - (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
 - (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income.

However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

- (a) The operating results and financial position of all the Company entities, associates and jointly controlled entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - iii. All resulting exchange differences are recognised in other comprehensive income.
- (b) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

(4) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
 - (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to be realised within twelve months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
 - (a) Liabilities that are expected to be settled within the normal operating cycle;
 - (b) Liabilities arising mainly from trading activities;
 - (c) Liabilities that are to be settled within twelve months from the balance sheet date;
 - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(7) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
 - (a) The objective of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets.
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

(8) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

For financial assets at amortised cost, at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(11) Leasing arrangements (lessor) - operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(12) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads. It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(13) Investments accounted for using the equity method / subsidiaries and associates

- A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- B. Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise the losses in proportion to the ownership.
- D. Upon loss of significant influence over a subsidiary, the Company remeasures any investment retained in the former subsidiary at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Company loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.
- E. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
- F. The Company's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- G. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.
- H. Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- I. Pursuant to the "Regulations Governing the Preparation of Financial Statements by Securities Issuers," profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the consolidated financial statements.

(14) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	5 ~ 60 years
Machinery and equipment	2 ~ 30 years
Office equipment	5 ~ 20 years
Transportation equipment	3 ~ 10 years
Others	2 ~ 40 years

(15) Leasing arrangements (lessee) - right-of-use assets/ lease liabilities

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable.
The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there

are changes in the lease term or lease payments and such changes do not arise from contract modifications.

- C. At the commencement date, the right-of-use asset is stated at cost comprising the amount of the initial measurement of lease liability.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

- D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognise the difference between remeasured lease liability in profit or loss.

(16) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 38 ~ 60 years.

(17) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(18) Borrowings

- A. Borrowings comprise long-term and short-term bank borrowings and other long-term and short-term loans. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.
- B. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(19) Notes and accounts payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(20) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(21) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(22) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(23) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount

of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

- ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognised immediately in profit or loss.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Company's 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 recognises expense as it can no longer withdraw an offer of termination benefits or it recognises relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

D. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(24) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the balance sheet. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred 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 realise the asset and settle the liability simultaneously.

(25) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(26) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities.

(27) Revenue recognition

- A. The Company manufactures and sells food products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer. Delivery occurs when the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.
- B. The products are often sold with volume discounts based on aggregate sales over a 12-month period. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated sales discounts and allowances. Accumulated experience is used to estimate and provide for the sales discounts and allowances, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. A refund liability is recognised for expected sales discounts and allowances payable to customers in relation to sales made until the end of the reporting period. No significant financing component is deemed present as the sales are made with a credit term of 10 to 90 days after monthly billings, which is consistent with market practice.
- C. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(28) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate. Government grants related to property, plant and equipment are recognised as non-current liabilities and are amortised to profit or loss over the estimated useful lives of the related assets using the straight-line method.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets

and liabilities within the next financial year ; and the related information is addressed below:

(1) Critical judgements in applying the Company's accounting policies

Based on the Company's assessment, there is no significant uncertainty in the adoption of the accounting policies.

(2) Critical accounting estimates and assumptions

A. Revenue recognition

The Company estimates the incentives relating to the sales revenue based on the agreements. Provisions for such liabilities are recorded as a deduction item to sales revenues when the sales are recognised. The Company reassesses the reasonableness of estimates of incentives periodically.

B. Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Company must determine the net realisable value of inventories on balance sheet date using judgements and estimates. The Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

C. Realisability of deferred tax assets

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilised. Assessment of the realisability of deferred tax assets involves critical accounting judgements and estimates of the management, including the assumptions of expected future sales revenue growth rate and profit rate, available tax credits, tax planning, etc. Any variations in global economic environment, industrial environment, and laws and regulations might cause material adjustments to deferred tax assets.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand	\$ 1,784	\$ 2,497
Checking accounts and demand deposits	299,657	198,477
Time deposits	64,436	153,412
	<u>\$ 365,877</u>	<u>\$ 354,386</u>

A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. As of December 31, 2022 and 2021, the Company's cash and cash equivalents amounting to \$8,060 and \$8,000, were restricted due to the guarantee deposit paid for the operational use and were reclassified as non-current financial assets at amortised cost. Refer to Note 8 for more details.

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Financial assets		
Current items:		
Listed stocks	\$ 1,668	\$ -
Valuation adjustment	602	-
	<u>\$ 2,270</u>	<u>\$ -</u>
Non-current items:		
Unlisted stocks	\$ 373,593	\$ 383,592
Valuation adjustment	(350,476)	(350,475)
	<u>\$ 23,117</u>	<u>\$ 33,117</u>

A. Amounts recognised in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	<u>2022</u>	<u>2021</u>
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	(\$ 3,209)	\$ -
Exchange Traded Fund	(12,052)	-
Unlisted stocks	10,459	-
	<u>(\$ 4,802)</u>	<u>\$ -</u>

B. Information relating to fair value is provided in Note 12(3).

(3) Notes and accounts receivable (including related parties)

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Notes receivable	<u>\$ 22,078</u>	<u>\$ 34,294</u>
Accounts receivable	\$ 1,019,787	\$ 972,395
Accounts receivable due from related parties	4,381	9,168
	1,024,168	981,563
Less: Allowance for uncollectible accounts	(772)	(772)
	<u>\$ 1,023,396</u>	<u>\$ 980,791</u>

A. Information relating to ageing analysis and credit risk of accounts receivable and notes receivables (including related parties) is provided in Note 12(2).

B. As of December 31, 2022 and 2021, notes receivable and accounts receivable (including related parties) were all from contracts with customers. Also, as of January 1, 2021, the balance of receivables (including related parties) from contracts with customers amounted to \$886,741.

C. The Company has no notes receivable and accounts receivable pledged to others.

(4) Inventories

December 31, 2022			
	Cost	Allowance for valuation loss	Book value
Raw materials and supplies	\$ 261,195	(\$ 8,132)	\$ 253,063
Work in progress	105,702	(42)	105,660
Finished goods	426,015	(11,772)	414,243
	<u>\$ 792,912</u>	<u>(\$ 19,946)</u>	<u>\$ 772,966</u>

December 31, 2021			
	Cost	Allowance for valuation loss	Book value
Raw materials and supplies	\$ 236,115	(\$ 9,557)	\$ 226,558
Work in progress	117,290	(2)	117,288
Finished goods	340,869	(10,740)	330,129
	<u>\$ 694,274</u>	<u>(\$ 20,299)</u>	<u>\$ 673,975</u>

A. The above inventories were not pledged as collateral.

B. The cost of inventories recognised as expense for the year.

	Years ended December 31	
	2022	2021
Cost of goods sold	\$ 6,176,529	\$ 6,040,431
Gain on reversal of inventory (Note)	(353)	(10,340)
Scrap of inventories and loss on physical inventory	187,190	180,980
Revenue from sales of scraps	(3,818)	(4,514)
Loss on excess capacity	16,839	20,159
	<u>\$ 6,376,387</u>	<u>\$ 6,226,716</u>

Note: Gain on reversal of decline in market value was caused by the sale of inventories previously written down which was charged to cost of goods sold.

(5) Investments accounted for using the equity method / Other non-current liabilities-others

	2022	2021
At January 1	\$ 5,316,524	\$ 5,546,523
Addition of investments accounted for using the equity method (Note)	100,000	-
Share of profit or loss of investments accounted for using the equity method	128,889	307,295
Cash dividends received	(529,823)	(508,203)
Currency translation differences	80,649	(33,046)
Others	7,326	3,955
At December 31	<u>\$ 5,103,565</u>	<u>\$ 5,316,524</u>

Note: In January 2022, for conducting strategic investment business, the Company invested a newly established subsidiary, Wei Chuan Business Development Corporation, which was a wholly-owned subsidiary of the Company, for a cash consideration amounting to \$100,000.

	Years ended December 31	
	2022	2021
Investee companies	Carrying amount	Carrying amount
(a) Presented under assets-		
Investments accounted for using the equity method:		
Subsidiary :		
KING CAN INDUSTRY CORPORATION	\$ 588,172	\$ 576,584
CONCOURSE INTERNATIONAL INC.	227,839	233,897
CHINA YOUTH CO., LTD.	7,995	8,003
KANG CHUAN ENGINEERING CO., LTD.	209,319	208,880
Cheng Shuen Nung Ranch Dairy Co., Ltd.	594,128	682,631
WEI-CHUAN INTERNATIONAL LIMITED	60,107	54,364
WEI-CHUAN(BVI) CO., LTD	3,304,206	3,540,947
WEI-CHUAN BUSINESS DEVELOPMENT CORPORATION	102,688	-
	5,094,454	5,305,306
Associates :		
FU TING FOODS CO., LTD.	16,441	18,060
	<u>\$ 5,110,895</u>	<u>\$ 5,323,366</u>

	Years ended December 31	
	2022	2021
Investee companies	Carrying amount	Carrying amount
(b) Presented under liabilities-		
Other non-current liabilities-others:		
Subsidiary :		
THAI WEI-CHUAN CO., LTD.	\$ 7,326	\$ 6,839
WEI-CHUAN ASIAN INVESTMENT LIMITED	4	3
	<u>\$ 7,330</u>	<u>\$ 6,842</u>

A. Subsidiaries

Refer to Note 4(3) in the consolidated financial statements for the year ended December 31, 2022 for other information about the Company's subsidiaries.

B. Associates

The carrying amount of the Company's interests in all individually immaterial associates and the Company's share of the operating results are summarised below:

As of December 31, 2022 and 2021, the carrying amount of the Company's individually

immaterial associates amounted to \$16,441 and \$18,060, respectively.

	Years ended December 31	
	2022	2021
(Loss) profit for the year from continuing operations	(\$ 1,619)	\$ 374
Other comprehensive income, net of tax	-	-
Total comprehensive (loss) income	<u>(\$ 1,619)</u>	<u>\$ 374</u>

(6) Property, plant and equipment

	2022							
	Land	Buildings and structures	Machinery and equipment	Office equipment	Transportation equipment	Unfinished construction and equipment under acceptance	Others	Total
At January 1								
Cost	\$2,291,314	\$ 1,622,579	\$ 2,105,000	\$ 549,003	\$ 338,721	\$ 9,338	\$ 2,344,317	\$ 9,260,272
Accumulated depreciation and impairment	-	(1,136,280)	(1,870,904)	(498,074)	(334,583)	-	(1,826,090)	(5,665,931)
	<u>\$2,291,314</u>	<u>\$ 486,299</u>	<u>\$ 234,096</u>	<u>\$ 50,929</u>	<u>\$ 4,138</u>	<u>\$ 9,338</u>	<u>\$ 518,227</u>	<u>\$ 3,594,341</u>
Opening net book amount as at January 1	\$2,291,314	\$ 486,299	\$ 234,096	\$ 50,929	\$ 4,138	\$ 9,338	\$ 518,227	\$ 3,594,341
Additions	-	-	8,036	4,461	2,965	73,190	20,443	109,095
Disposals	-	-	-	-	-	-	(16)	(16)
Reclassifications	-	915	17,268	2,067	-	(61,691)	41,441	-
Depreciation expense	-	(35,813)	(62,209)	(19,888)	(1,574)	-	(92,077)	(211,561)
Reversal of impairment loss	-	-	-	-	-	-	16	16
Closing net book amount as at December 31	<u>\$2,291,314</u>	<u>\$ 451,401</u>	<u>\$ 197,191</u>	<u>\$ 37,569</u>	<u>\$ 5,529</u>	<u>\$ 20,837</u>	<u>\$ 488,034</u>	<u>\$ 3,491,875</u>
At December 31								
Cost	\$2,291,314	\$ 1,623,494	\$ 2,127,630	\$ 540,378	\$ 341,382	\$ 20,837	\$ 2,387,199	\$ 9,332,234
Accumulated depreciation and impairment	-	(1,172,093)	(1,930,439)	(502,809)	(335,853)	-	(1,899,165)	(5,840,359)
	<u>\$2,291,314</u>	<u>\$ 451,401</u>	<u>\$ 197,191</u>	<u>\$ 37,569</u>	<u>\$ 5,529</u>	<u>\$ 20,837</u>	<u>\$ 488,034</u>	<u>\$ 3,491,875</u>

2021

	Land	Buildings and structures	Machinery and equipment	Office equipment	Transportation equipment	Unfinished construction and equipment under acceptance	Others	Total
At January 1								
Cost	\$2,291,314	\$ 1,642,262	\$ 2,083,046	\$ 593,471	\$ 338,504	\$ 40,233	\$ 2,358,723	\$ 9,347,553
Accumulated depreciation and impairment	(2,131)	(1,118,047)	(1,841,161)	(538,580)	(334,867)	-	(1,825,122)	(5,659,908)
	<u>\$2,289,183</u>	<u>\$ 524,215</u>	<u>\$ 241,885</u>	<u>\$ 54,891</u>	<u>\$ 3,637</u>	<u>\$ 40,233</u>	<u>\$ 533,601</u>	<u>\$ 3,687,645</u>
Opening net book amount as at January 1	\$2,289,183	\$ 524,215	\$ 241,885	\$ 54,891	\$ 3,637	\$ 40,233	\$ 533,601	\$ 3,687,645
Additions	-	-	13,854	13,381	1,542	87,707	19,936	136,420
Disposals	-	-	(2,014)	(536)	-	-	(1,437)	(3,987)
Reclassifications	-	(2,521)	47,902	5,871	-	(118,602)	56,336	(11,014)
Depreciation expense	-	(36,629)	(69,545)	(22,678)	(1,041)	-	(91,585)	(221,478)
Reversal of impairment loss	2,131	1,234	2,014	-	-	-	1,376	6,755
Closing net book amount as at December 31	<u>\$2,291,314</u>	<u>\$ 486,299</u>	<u>\$ 234,096</u>	<u>\$ 50,929</u>	<u>\$ 4,138</u>	<u>\$ 9,338</u>	<u>\$ 518,227</u>	<u>\$ 3,594,341</u>
At December 31								
Cost	\$2,291,314	\$ 1,622,579	\$ 2,105,000	\$ 549,003	\$ 338,721	\$ 9,338	\$ 2,344,317	\$ 9,260,272
Accumulated depreciation and impairment	-	(1,136,280)	(1,870,904)	(498,074)	(334,583)	-	(1,826,090)	(5,665,931)
	<u>\$2,291,314</u>	<u>\$ 486,299</u>	<u>\$ 234,096</u>	<u>\$ 50,929</u>	<u>\$ 4,138</u>	<u>\$ 9,338</u>	<u>\$ 518,227</u>	<u>\$ 3,594,341</u>

- A. The Company's property, plant and equipment are for its own use.
- B. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.
- C. The above land items both include \$382 of farmland held by natural person as of December 31, 2022 and 2021. The title to the farmland will be transferred to the Company following the change of land category. However, the land was pledged as collateral both in the amount of \$20,000 to the Company in order to safeguard the interests of the Company.
- D. The amounts of interest capitalised, which were calculated based on monthly average interest rates, for the years ended December 31, 2022 and 2021 were \$109 and \$145, respectively.
- E. Information about the reversal of impairment loss on property, plant and equipment is provided in Note 6(10).

(7) Leasing arrangements - lessee

A. The Company leases various assets including offices, warehouses and business vehicles. Rental contracts are typically made for periods of 1 to 17 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets cannot be subleased, lent, sold or granted in any different form to third parties without the consent of the lessor.

B. The carrying amount of right-of-use assets and the depreciation expense are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Buildings and structures	\$ 116,460	\$ 129,080
Transportation equipment	4,878	1,233
Machinery and equipment	56,195	65,433
	<u>\$ 177,533</u>	<u>\$ 195,746</u>

	<u>Years ended December 31</u>	
	<u>2022</u>	<u>2021</u>
	<u>Depreciation expense</u>	<u>Depreciation expense</u>
Buildings and structures	\$ 31,815	\$ 28,841
Transportation equipment	1,233	1,645
Machinery and equipment	9,239	8,467
	<u>\$ 42,287</u>	<u>\$ 38,953</u>

C. For the years ended December 31, 2022 and 2021, the additions to right-of-use assets were \$24,074 and \$104,239, respectively.

D. Information on profit or loss in relation to lease contracts is as follows:

	<u>Years ended December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Items affecting (profit) or loss</u>		
Interest expense on lease liabilities	<u>\$ 3,072</u>	<u>\$ 3,181</u>
Expense on short-term lease contracts	<u>\$ 863</u>	<u>\$ 1,534</u>

E. Apart from the cash outflow for the interest expense on lease liabilities and expenses on short-term lease contracts as aforementioned in Note 6(7)D, the cash outflow resulting from payments of the principal portion of the lease liability is provided in Note 6(28).

(8) Investment property, net

	2022		
	Land	Buildings and structures	Total
<u>At January 1</u>			
Cost	\$ 49,998	\$ 223,699	\$ 273,697
Accumulated depreciation	-	(80,124)	(80,124)
	<u>\$ 49,998</u>	<u>\$ 143,575</u>	<u>\$ 193,573</u>
Opening net book amount as at January 1	\$ 49,998	\$ 143,575	\$ 193,573
Depreciation expense	-	(5,315)	(5,315)
Closing net book amount as at December 31	<u>\$ 49,998</u>	<u>\$ 138,260</u>	<u>\$ 188,258</u>
<u>At December 31</u>			
Cost	\$ 49,998	\$ 223,699	\$ 273,697
Accumulated depreciation	-	(85,439)	(85,439)
	<u>\$ 49,998</u>	<u>\$ 138,260</u>	<u>\$ 188,258</u>
	2021		
	Land	Buildings and structures	Total
<u>At January 1</u>			
Cost	\$ 49,998	\$ 211,637	\$ 261,635
Accumulated depreciation	-	(67,022)	(67,022)
Accumulated impairment	(4,433)	(1,529)	(5,962)
	<u>\$ 45,565</u>	<u>\$ 143,086</u>	<u>\$ 188,651</u>
Opening net book amount as at January 1	\$ 45,565	\$ 143,086	\$ 188,651
Reclassifications	-	4,202	4,202
Depreciation expense	-	(5,242)	(5,242)
Reversal of impairment loss	4,433	1,529	5,962
Closing net book amount as at December 31	<u>\$ 49,998</u>	<u>\$ 143,575</u>	<u>\$ 193,573</u>
<u>At December 31</u>			
Cost	\$ 49,998	\$ 223,699	\$ 273,697
Accumulated depreciation	-	(80,124)	(80,124)
	<u>\$ 49,998</u>	<u>\$ 143,575</u>	<u>\$ 193,573</u>

- A. Rental income from investment property and direct operating expenses arising from investment property are shown below:

	Years ended December 31	
	2022	2021
Rental income from investment property	\$ 36,646	\$ 31,657
Direct operating expenses arising from the investment property that generated rental income	\$ 5,315	\$ 5,242

- B. The fair value of the investment property held by the Company as at December 31, 2022 and 2021 was \$1,193,390 and \$1,203,482, respectively, which was valued based on the transaction prices of similar property in the neighbouring areas.
- C. Information about the investment property that was pledged to others as collateral is provided in Note 8.
- D. Gain on reversal of impairment information about the investment property is provided in Note 6(10).

(9) Other non-current assets

	December 31, 2022	December 31, 2021
Guarantee deposits paid	\$ 9,720	\$ 9,483
Prepayments for business facilities	870	870
	<u>\$ 10,590</u>	<u>\$ 10,353</u>

(10) Impairment of non-financial assets

The Company assessed the carrying amount of certain real estate based on the market trading prices of similar real estate for the year ended December 31, 2022 and based on the results of appraisal reports issued by certified real estate appraisers for the year ended December 31, 2021, both taking into consideration the utilisation of assets and reversing the impairment loss at the balance sheet date. Details of the gain on reversal of impairment are as follows:

	Years ended December 31			
	2022		2021	
	Recognised in profit or (loss)	Recognised in other comprehensive income	Recognised in profit or (loss)	Recognised in other comprehensive income
Impairment (loss)/gain on reversal of impairment loss-land	\$ -	\$ -	\$ 6,564	\$ -
Impairment (loss)/gain on reversal of impairment loss-buildings and structures	-	-	2,763	-
Impairment (loss)/gain on reversal of impairment loss-machinery and equipment	-	-	2,014	-
Impairment (loss)/gain on reversal of impairment loss-other equipment	16	-	1,376	-
	<u>\$ 16</u>	<u>\$ -</u>	<u>\$ 12,717</u>	<u>\$ -</u>

(11) Short-term borrowings

Type of borrowings	December 31, 2022	December 31, 2021	Collateral
Bank mortgage			
Secured borrowings	\$ 246,000	\$ 150,000	Note 8
Unsecured borrowings	200,000	-	None
	<u>\$ 446,000</u>	<u>\$ 150,000</u>	
Interest rate range	<u>1.45%-1.80%</u>	<u>1.30%</u>	

Information on the interest expense recognised in profit or loss is provided in Note 6(22).

(12) Other payables

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Wages and salaries and bonus payable	\$ 174,265	\$ 184,359
Sales commission payable	164,038	174,514
Freight payable	75,272	74,592
Advertisement expense payable	32,805	33,963
Machinery and equipment payable	25,748	18,135
Interest payable	5,463	879
Others	117,154	137,546
	<u>\$ 594,745</u>	<u>\$ 623,988</u>

(13) Long-term borrowings

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Secured borrowings	\$ 1,550,000	\$ 2,302,750
Unsecured borrowings	919,892	619,696
	2,469,892	2,922,446
Less: Long-term liabilities, current portion	-	(33,000)
	<u>\$ 2,469,892</u>	<u>\$ 2,889,446</u>
Expiration date range	<u>2024.04~2025.02</u>	<u>2023.01~2025.02</u>
Interest rate range	<u>1.77%~2.32%</u>	<u>1.04%~1.27%</u>

A. The company agreements entered into with United Overseas Bank and Far Eastern International Bank contain default clauses, which are examined on a semi-annual and annual basis. The banks have the right to terminate the facility, cancel the undrawn facility or require the Company to make immediate repayment of the principal amount of loan facility withdrawn and outstanding and the relevant expenses if any events of default occur.

The events of default mainly include: Breach of commitments (including financial covenants) and restrictions or special agreements, etc. As of December 31, 2022, the Company had no event of default.

B. Information on the pledged assets is provided in Note 8.

C. Information on the interest expense recognised in profit or loss is provided in Note 6(22).

(14) Other non-current liabilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accrued pension liabilities	\$ 79,664	\$ 229,812
Guarantee deposits received	18,143	17,143
Other	7,330	6,839
	<u>\$ 105,137</u>	<u>\$ 253,794</u>

(15) Pensions

A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 15% of the employees' monthly salaries and wages to the retirement fund deposited with Department of Trusts, Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

(b) The amounts recognised in the balance sheet are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Present value of defined benefit obligations (\$	815,838)	(\$ 932,505)
Fair value of plan assets	<u>736,174</u>	<u>702,693</u>
Net defined benefit liability	(\$ 79,664)	(\$ 229,812)
(listed in other non-current liabilities)		

(c) Movements in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of Plan assets	Net defined benefit liability
<u>2022</u>			
Balance at January 1	(\$ 932,505)	\$ 702,693	(\$ 229,812)
Current service cost	(4,404)	-	(4,404)
Interest (expense) income	(5,344)	4,121	(1,223)
	<u>(942,253)</u>	<u>706,814</u>	<u>(235,439)</u>
Remeasurements:			
Return on plan assets (excluding net interest from net defined benefit liabilities (assets))	-	56,106	56,106
Change in financial assumptions	51,997	-	51,997
Demographic assumptions adjustments	3,112	-	3,112
Experience adjustments	(5,490)	-	(5,490)
	<u>49,619</u>	<u>56,106</u>	<u>105,725</u>
Pension fund contribution	-	50,050	50,050
Paid pension	<u>76,796</u>	<u>(76,796)</u>	<u>-</u>
Balance at December 31	<u>(\$ 815,838)</u>	<u>\$ 736,174</u>	<u>(\$ 79,664)</u>
	Present value of defined benefit obligations	Fair value of Plan assets	Net defined benefit liability
<u>2021</u>			
Balance at January 1	(\$ 965,377)	\$ 702,773	(\$ 262,604)
Current service cost	(4,357)	-	(4,357)
Interest (expense) income	(3,755)	2,829	(926)
	<u>(973,489)</u>	<u>705,602</u>	<u>(267,887)</u>
Remeasurements:			
Return on plan assets (excluding net interest from net defined benefit liabilities (assets))	-	9,767	9,767
Change in financial assumptions	12,215	-	12,215
Demographic assumptions adjustments	(14,365)	-	(14,365)
Experience adjustments	(21,041)	-	(21,041)
	<u>(23,191)</u>	<u>9,767</u>	<u>(13,424)</u>
Pension fund contribution	-	51,499	51,499
Paid pension	<u>64,175</u>	<u>(64,175)</u>	<u>-</u>
Balance at December 31	<u>(\$ 932,505)</u>	<u>\$ 702,693</u>	<u>(\$ 229,812)</u>

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate

securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2022 and 2021 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	Years ended December 31	
	2022	2021
Discount rate	1.50%	0.60%
Future salary increases	1.00%	1.00%

Future mortality rate was estimated based on the 6th Taiwan Standard Ordinary Experience Mortality Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
<u>December 31, 2022</u>				
Effect on present value of				
defined benefit obligation	(\$ 26,672)	\$ 28,223	\$ 28,229	(\$ 26,933)
<u>December 31, 2021</u>				
Effect on present value of				
defined benefit obligation	(\$ 29,385)	\$ 31,059	\$ 30,786	(\$ 29,419)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

(f) Expected contributions to the defined benefit pension plans of the Company for the following year amount to \$50,551.

(g) As of December 31, 2022, the Company's weighted average duration of the retirement plan is 6.8 years. The analysis of timing of the future pension payment was as follows:

	Amount
Within 1 year	\$ 56,154
1-2 year(s)	77,352
2-5 years	241,852
5-10 years	279,944
	<u>\$ 655,302</u>

B. Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contribute monthly an amount 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under defined contribution pension plans of the Company for the years ended December 31, 2022 and 2021, were \$43,703 and \$40,318, respectively.

(16) Share capital

As of December 31, 2022, the Company's authorised capital was \$8,000,000 and the share capital was \$5,060,629 with a par value of \$10 (in dollars) per share. All the shares issued by the company are ordinary shares. The number of shares issued and outstanding was 506,063 thousand shares. All proceeds from shares issued have been collected. Additionally, the details of changes in share capital of the Company during the 2022 and 2021 are provided in the parent company only statement of changes in equity.

(17) Capital surplus

A. Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient. Additionally, the details of changes in capital surplus of the Company during the 2022 and 2021 are provided in the parent company only statement of changes in equity.

- B. The dividends unclaimed by shareholders for over 5 years shall be recognised as capital surplus in accordance with Order No. Jing-Shang-10602420200 issued in September 2017 by the Ministry of Economic Affairs, R.O.C.

(18) Retained earnings/Events after the balance sheet date

- A. Under the Company's Articles of Incorporation, every year's earnings, if any, shall first be used to pay business income tax and offset prior years' deficits and then 10% of the remaining amount shall be set aside as legal reserve, and setting aside or reversal for special reserve in accordance with related laws, if any, the Board of Directors should propose the distribution or to retain the remaining earnings along with prior accumulated undistributed earnings for the approval of the shareholders. The dividends shall be distributed in proportion to the number of shares held by each shareholder accordingly, and the dividends to shareholders every year shall account for at least 50% of net profit of the year. However, dividends are not distributed if the net profit of the year is lower than 5% of paid-in capital. Dividends can be distributed to shareholders in the forms of cash or stocks, provided the cash dividends shall not be less than 50% of the total dividends distributed.

The Company may, by 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, have the earnings in whole or in part distributed in the form of cash; and in addition thereto a report of such distribution shall be submitted to the shareholders at the shareholders' meeting.

- B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- D. The appropriation of earnings by the Company
- (a) The appropriation of 2020 earnings approved by the shareholders of the Company on August 31, 2021 is as follows:

	Year ended December 31, 2020	
	Amount	Earnings per share (in dollars)
Legal reserve	\$ 53,666	
Reversal of special reserve	(\$ 50,205)	
Cash dividends	\$ 268,213	0.53

- (b) The appropriation of 2021 earnings approved by the shareholders of the Company on June

29, 2022 is as follows:

	Year ended December 31, 2021	
	Amount	Earnings per share (in dollars)
Legal reserve	\$ 49,754	
Special reserve	\$ 33,046	
Cash dividends	\$ 253,538	0.501

(c) The appropriation of 2022 earnings proposed by the Board of Directors on March 15, 2023 but not yet resolved by the shareholders of the Company is as follows:

	Year ended December 31, 2022	
	Amount	Earnings per share (in dollars)
Legal reserve	\$ 35,333	
Reversal of special reserve	(\$ 80,649)	
Cash dividends	\$ 120,443	0.238

(19) Operating revenue

Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods at a point in time in the following major product categories:

	Years ended December 31	
	2022	2021
Dairy products	\$ 4,909,301	\$ 5,141,899
Beverages	1,714,117	1,458,476
Instant foods	818,154	885,840
Others	654,240	670,878
	<u>\$ 8,095,812</u>	<u>\$ 8,157,093</u>

(20) Other income

	Years ended December 31	
	2022	2021
Rent income	\$ 46,119	\$ 40,542
Royalty income	18,381	20,315
Dividend income	2,081	-
Compensation revenue from litigation	123,800	-
Others	7,478	25,228
	<u>\$ 197,859</u>	<u>\$ 86,085</u>

(21) Other gains and losses

	Years ended December 31	
	2022	2021
Gain (loss) on disposal of property, plant and equipment	\$ 91	(\$ 2,173)
Net loss on financial assets or liabilities at fair value through profit or loss	(4,802)	-
Gain on reversal of impairment loss on non-financial assets	16	12,717
Net foreign exchange gains (losses)	14,678	(5,303)
Losses on sales of non-finished goods	(22,930)	(104)
Depreciation expense of investment property	(5,315)	(5,242)
Others	(3,278)	(3,158)
	<u>(\$ 21,540)</u>	<u>(\$ 3,263)</u>

(22) Finance costs

	Years ended December 31	
	2022	2021
Interest expense on bank borrowings	\$ 42,121	\$ 44,709
Interest expense on lease liabilities	3,072	3,181
	<u>\$ 45,193</u>	<u>\$ 47,890</u>

(23) Expenses by nature

	Years ended December 31	
	2022	2021
Employee benefit expense	<u>\$ 1,245,432</u>	<u>\$ 1,251,022</u>
Depreciation charges on property, plant and equipment, right-of-use assets and investment property	<u>\$ 259,163</u>	<u>\$ 265,673</u>

(24) Employee benefit expense

	Years ended December 31	
	2022	2021
Wages and salaries	\$ 1,028,014	\$ 1,033,170
Labour and health insurance fees	103,975	100,936
Pension costs	49,330	45,601
Directors' remuneration	20,260	22,070
Other personnel expenses (Note)	43,853	49,245
	<u>\$ 1,245,432</u>	<u>\$ 1,251,022</u>

Note :It included meal expenses, employee benefits/welfare, education training, severance pay and work uniforms, etc.

- A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, shall be distributed as employees' compensation and directors' remuneration in the form of cash. The ratio shall not be lower than 1% for employees' compensation and shall not be higher than 5% for directors' remuneration. The employees include the employees of the Company's subsidiaries who meet certain specific requirements. If the Company incurs accumulated deficit, earnings should be reserved to cover losses prior to the appropriation of profit as employees' compensation and directors' remuneration according to the aforementioned ratios.
- B. The employees' compensation and directors' remuneration for the years ended December 31, 2022 and 2021 are accrued based on the ratio of pre-tax profit of the year before deducting any employees' compensation and directors' remuneration. The accrued amounts are as follows:

	Years ended December 31	
	2022	2021
Employees' compensation	\$ 2,720	\$ 5,558
Directors' remuneration	\$ 2,665	\$ 5,447

The aforementioned employees' compensation and directors' remuneration were recorded under wages and salaries and directors' remuneration. Employees' compensation and directors' remuneration for the year ended December 31, 2021 as resolved by the Board of Directors of the Company amounting to \$5,558 and \$5,447, were in agreement with those amounts recognised in the parent company only financial statements for the year ended December 31, 2021. As of December 31, 2022, the aforementioned employees' compensation and directors' remuneration for the year ended December 31, 2021 were fully and actually distributed.

- C. Information about employees' compensation and directors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(25) Income tax

A. Income tax expense

(a) Components of income tax expense :

	Years ended December 31	
	2022	2021
Current tax:		
Prior year income tax (overestimation) underestimation	\$ 2,269	(\$ 8,468)
Offshore income tax expense	1,547	1,868
Total current tax	3,816	(6,600)
Deferred tax:		
Origination and reversal of temporary differences	22,483	44,360
Income tax expense	<u>\$ 26,299</u>	<u>\$ 37,760</u>

(b) For the years ended December 31, 2022 and 2021, the Company had no income tax charged/(credited) to other comprehensive income and equity during the year.

B. Reconciliation between income tax expense and accounting profit :

	Years ended December 31	
	2022	2021
Tax calculated based on profit before tax and statutory tax rate	\$ 53,316	\$ 108,952
Items disallowed by tax regulation	(12,517)	(20,914)
Change in assessment of realisation of deferred tax assets and liabilities	(18,316)	(43,678)
Prior year income tax (overestimation) underestimation	2,269	(8,468)
Offshore income tax expense	1,547	1,868
Income tax expense	<u>\$ 26,299</u>	<u>\$ 37,760</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary differences and tax losses are as follows:

	2022		
	January 1	Recognised in profit or (loss)	December 31
Deferred tax assets:			
- Temporary differences:			
Unrealised losses on overseas investments	\$ 89,048	\$ 42	\$ 89,090
Unrealised accrued expenses	8,180	(4,030)	4,150
Unrealised impairment loss on assets	15,678	(3)	15,675
Unrealised loss on obsolete and slow-moving inventories	4,060	(71)	3,989
Estimated unused compensated absences	2,929	(273)	2,656
Unrealised foreign exchange loss	3,334	(3,273)	61
-Tax losses	<u>906,384</u>	<u>(60,095)</u>	<u>846,289</u>
	<u>1,029,613</u>	<u>(67,703)</u>	<u>961,910</u>
Deferred tax liabilities:			
- Temporary differences:			
Reserve for land value increment tax	(549,443)	-	(549,443)
Unrealised gains on overseas investments	<u>(125,018)</u>	<u>45,220</u>	<u>(79,798)</u>
	<u>(674,461)</u>	<u>45,220</u>	<u>(629,241)</u>
	<u>\$ 355,152</u>	<u>(\$ 22,483)</u>	<u>\$ 332,669</u>
	2021		
	January 1	Recognised in profit or (loss)	December 31
Deferred tax assets:			
- Temporary differences:			
Unrealised losses on overseas investments	\$ 88,972	\$ 76	\$ 89,048
Unrealised accrued expenses	10,554	(2,374)	8,180
Unrealised impairment loss on assets	16,938	(1,260)	15,678
Unrealised loss on obsolete and slow-moving inventories	6,128	(2,068)	4,060
Estimated unused compensated absences	2,929	-	2,929
Unrealised foreign exchange loss	3,514	(180)	3,334
-Tax losses	<u>1,066,419</u>	<u>(160,035)</u>	<u>906,384</u>
	<u>1,195,454</u>	<u>(165,841)</u>	<u>1,029,613</u>
Deferred tax liabilities:			
- Temporary differences:			
Reserve for land value increment tax	(549,443)	-	(549,443)
Unrealised gains on overseas investments	<u>(246,499)</u>	<u>121,481</u>	<u>(125,018)</u>
	<u>(795,942)</u>	<u>121,481</u>	<u>(674,461)</u>
	<u>\$ 399,512</u>	<u>(\$ 44,360)</u>	<u>\$ 355,152</u>

D. Expiration dates of the Company's unused tax losses and amounts of unrecognised deferred tax assets are as follows:

December 31, 2022				
<u>Year incurred</u>	<u>Amount filed/ assessed</u>	<u>Unused amount</u>	<u>Deferred tax assets</u>	<u>Expiry year</u>
2014 ~ 2019	<u>\$ 6,983,012</u>	<u>\$ 5,615,527</u>	<u>\$ 1,384,080</u>	2024 ~ 2029

December 31, 2021				
<u>Year incurred</u>	<u>Amount filed/ assessed</u>	<u>Unused amount</u>	<u>Deferred tax assets</u>	<u>Expiry year</u>
2014 ~ 2019	<u>\$ 6,985,370</u>	<u>\$ 5,915,996</u>	<u>\$ 1,384,080</u>	2024 ~ 2029

E. The Company's income tax returns through 2019 have been assessed and approved by the Tax Authority.

(26) Earnings per share

	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Year ended December 31, 2022</u>			
<u>Basic/Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 240,283</u>	<u>506,063</u>	<u>\$ 0.47</u>

	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Year ended December 31, 2021</u>			
<u>Basic/Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 507,002</u>	<u>506,063</u>	<u>\$ 1.00</u>

(27) Supplemental cash flow information

Investing activities with partial cash payments:

	Years ended December 31	
	2022	2021
Purchase of property, plant and equipment	\$ 109,095	\$ 136,420
Add: Opening balance of payable on equipment	18,135	31,765
Less: Ending balance of payable on equipment	(25,748)	(18,135)
Cash paid during the year	<u>\$ 101,482</u>	<u>\$ 150,050</u>

(28) Changes in liabilities from financing activities

	2022			
	Short-term notes and bills payable	Short-term borrowings	Lease liability	Long-term borrowings (including current portion)
At January 1	\$ -	\$ 150,000	\$ 190,347	\$ 2,922,446
Changes in cash flow from financing activities	-	296,000	(40,740)	(452,750)
Changes in other non-cash items	-	-	24,074	196
At December 31	<u>\$ -</u>	<u>\$ 446,000</u>	<u>\$ 173,681</u>	<u>\$ 2,469,892</u>

	2021			
	Short-term notes and bills payable	Short-term borrowings	Lease liability	Long-term borrowings (including current portion)
At January 1	\$ 249,939	\$ 600,000	\$ 130,503	\$ 2,936,867
Changes in cash flow from financing activities	(250,000)	(450,000)	(36,283)	(14,250)
Changes in other non-cash items	61	-	96,127	(171)
At December 31	<u>\$ -</u>	<u>\$ 150,000</u>	<u>\$ 190,347</u>	<u>\$ 2,922,446</u>

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
KING CAN INDUSTRY CORPORATION (KING CAN INDUSTRY)	A subsidiary of the Company
KANG CHUAN ENGINEERING CO., LTD. (KANG CHUAN ENGINEERING)	A subsidiary of the Company
CONCOURSE INTERNATIONAL INC. (CONCOURSE INTERNATIONAL)	A subsidiary of the Company
Cheng Shuen Nung Ranch Dairy Co., Ltd. (Cheng Shuen Nung)	A subsidiary of the Company
WEI-CHUAN (BVI) CO., LTD. (WEI-CHUAN (BVI))	A subsidiary of the Company
LANGFANG WEI-CHUAN FOODS CO., LTD. (LANGFANG WEI-CHUAN)	A second-tier subsidiary of the Company
HANGZHOU WEI-CHUAN FOOD CO., LTD. (HANGZHOU WEI-CHUAN)	A second-tier subsidiary of the Company
HANGZHOU WEI-CHUAN BIOTECHNOLOGY FOODS CO., LTD (HANGZHOU WEICHUAN BIOTECHNOLOGY)	A second-tier subsidiary of the Company
FU TING FOODS CO., LTD.	An investee accounted for using the equity method by the Company
TAIWAN TING QIAO RESTAURANT MANAGEMENT CO. LTD.	An entity controlled by the investor with significant influence over the Company
THE BREAD CO., LTD.	An entity controlled by the investor with significant influence over the Company
KANG CHENG CO., LTD.	An entity controlled by the investor with significant influence over the Company
RIKKEI TRADING CORP.	A director of the Company is also the chairman of the entity
TAIWAN STAR TELECOM CORPORATION LIMITED	A director of the Company is also the chairman of the entity
All directors, general managers and main management personnel	Key management personnel and governing bodies of the Company

(2) Significant related party transactions

A. Sales transactions

(a) Operating revenue

Details of operating revenue arising from goods sold by the Company to related parties are as follows:

	Years ended December 31	
	2022	2021
Subsidiaries	\$ 29,562	\$ 37,890
Other related parties	421	354
	<u>\$ 29,983</u>	<u>\$ 38,244</u>

The Company's sales price, conditions and credit terms to related parties was approximately the same as those for third party customers. The credit terms for third party customers approximately ranged from 10 to 90 days after monthly billings.

(b) Accounts receivable

Details of accounts receivable arising from the aforementioned sales transactions to related parties are as follows:

	Years ended December 31	
	2022	2021
Subsidiaries		
CONCOURSE INTERNATIONAL	\$ 4,294	\$ 9,100
Other related parties	87	68
	<u>\$ 4,381</u>	<u>\$ 9,168</u>

B. Purchase transactions

(a) Costs of goods purchased

Details of goods purchased by the Company from related parties are as follows:

	Years ended December 31	
	2022	2021
Subsidiaries		
KING CAN INDUSTRY	\$ 471,337	\$ 449,684
CONCOURSE INTERNATIONAL	305,004	324,897
Cheng Shuen Nung	147,263	133,676
Associates	-	33,254
Other related parties	22,712	26,988
	<u>\$ 946,316</u>	<u>\$ 968,499</u>

Goods purchased from related parties are based on the price lists in force and terms agreed upon by both parties. Payment terms have no major difference between related parties and third parties, which are 30 ~ 90 days end of month for general supplies.

(b) Prepayments

Details of prepayments arising from the aforementioned goods purchased from related parties are as follows:

	Years ended December 31	
	2022	2021
Subsidiaries		
CONCOURSE INTERNATIONAL	<u>\$ 7,801</u>	<u>\$ -</u>

(c) Accounts payable

Details of accounts payable arising from the aforementioned goods purchased from related parties are as follows:

	Years ended December 31	
	2022	2021
Subsidiaries		
KING CAN INDUSTRY	\$ 91,399	\$ 87,856
CONCOURSE INTERNATIONAL	49,730	93,358
Cheng Shuen Nung	10,868	10,851
Associates	-	3,280
Other related parties	5,749	1,413
	<u>\$ 157,746</u>	<u>\$ 196,758</u>

C. Leasing arrangements

(a) Rent income

The Company leases certain plants and offices (shown as investment property) to related parties, details are as follows:

Lessee	Leased object	Rent calculation and payment	Years ended December 31	
			2022	2021
Subsidiaries				
KING CAN INDUSTRY	Plants and offices	Semi-annually prepayment / Monthly payment	\$ 17,128	\$ 17,128
Other	Offices	Monthly payment	193	193
Other related parties	Plants and offices	Quarterly prepayment / Monthly payment	5,830	5,422
			<u>\$ 23,151</u>	<u>\$ 22,743</u>

As of December 31, 2022 and 2021, the balances of other receivables arising from aforementioned transactions were \$1,381 and \$1,381, respectively.

(b) Lease liabilities / Finance costs

i. Details of lease liabilities arising from leasing offices from related parties by the Company are as follows:

	December 31, 2022	December 31, 2021
Subsidiaries		
KING CAN INDUSTRY	\$ 6,907	\$ 9,127
KANG CHUAN ENGINEERING	4,602	6,514
	<u>\$ 11,509</u>	<u>\$ 15,641</u>

ii. Details of interest expense arising from leasing offices from related parties by the Company are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Subsidiaries		
KING CAN INDUSTRY	\$ 153	\$ 193
KANG CHUAN ENGINEERING	107	141
	<u>\$ 260</u>	<u>\$ 334</u>

D. Other transactions

(a) Manufacturing and operating expense

The amounts of manufacturing and operating expenses as well as related other payables as of and for the years ended December 31, 2022 and 2021 between the Company and related parties were immaterial. Thus, details are not disclosed.

(b) Other income

The amounts of other income and the related other receivables as of and for the years ended December 31, 2022 and 2021 between the Company and related parties were immaterial. Thus, details are not disclosed. In addition, the Company's other receivables from service transactions in previous years are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Subsidiaries		
HANGZHOU WEI-CHUAN	<u>\$ 88,858</u>	<u>\$ 80,350</u>

(c) Cash dividends received by the Company due to the investment in subsidiaries are as follows:

	<u>Years ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Subsidiaries		
WEI-CHUAN (BVI)	\$ 415,128	\$ 392,049
KING CAN INDUSTRY	57,476	65,441
CONCOURSE INTERNATIONAL	57,219	50,713
	<u>\$ 529,823</u>	<u>\$ 508,203</u>

As of December 31, 2022 and 2021, the Company had no other receivables arising from the aforementioned transactions.

E. Guarantees transaction provided to related parties

The aforementioned guarantee amount and utilization amount provided to related party were as follows:

		December 31, 2022	
		<u>Guaranteed line of credit</u>	<u>Actual guarantee amounts used</u>
Subsidiaries			
Cheng Shuen Nung	\$	515,000	\$ 465,550
Hangzhou Weichuan Biotechnology		220,470	-
CONCOURSE INTERNATIONAL		921,300	145,024
	\$	<u>1,656,770</u>	<u>\$ 610,574</u>
		December 31, 2021	
		<u>Guaranteed line of credit</u>	<u>Actual guarantee amounts used</u>
Subsidiaries			
Cheng Shuen Nung	\$	435,000	\$ 424,000
Hangzhou Weichuan Biotechnology		217,290	183,393
CONCOURSE INTERNATIONAL		830,400	97,988
	\$	<u>1,482,690</u>	<u>\$ 705,381</u>

(a) Other income

The detail of other income arising from these transactions were as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Subsidiaries	<u>\$ 4,036</u>	<u>\$ 3,981</u>

(b) Other receivables

As of December 31, 2022 and 2021, the balance of other receivables arising from these transactions were \$1,021 and \$1,041, respectively.

(3) Key management compensation

		Years ended December 31	
		<u>2022</u>	<u>2021</u>
Salaries and other short-term employee benefits	\$	41,884	\$ 41,612
Post-employment benefits		108	108
	\$	<u>41,992</u>	<u>\$ 41,720</u>

8. Pledged Assets

As of December 31, 2022 and 2021, the Company's assets pledged as collateral are as follows:

Pledged asset	Book value		Purpose
	December 31, 2022	December 31, 2021	
Pledged time deposits (shown as non-current financial assets at amortised cost)	\$ 8,060	\$ 8,000	Collateral for long-term material purchase
Land (shown as property, plant and equipment and investment property)	2,211,404	2,211,404	Collateral for long-term and short-term borrowings
Buildings and structures (shown as property, plant and equipment and investment property)	576,633	616,127	Collateral for long-term and short-term borrowings
	<u>\$ 2,796,097</u>	<u>\$ 2,835,531</u>	

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Significant Contingent Liabilities

None.

(2) Significant Unrecognised Contract Commitments

A. As of December 31, 2022 and 2021, the Company has entered into agreements to subcontract construction projects or purchase equipment. The future outstanding commitments for the construction and equipment payments, net of the prepayments, amounted to \$19,219 and \$18,051, respectively.

B. As of December 31, 2022 and 2021, the Company provided endorsements and guarantees for the Group's individual financing as described in Note 7(2).

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

Information on the appropriation of 2022 earnings proposed by the Board of Directors on March 15, 2023 but not yet resolved by the shareholders of the Company is provided in Note 6(18).

12. Other

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust to the optimal capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to

shareholders, or issue new shares. The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as total liabilities divided by total capital. Total liabilities are the total amount of liabilities as shown in the parent company only balance sheet. Total capital is calculated as 'equity' as shown in the parent company only balance sheet plus total liabilities.

During the year ended December 31, 2022, the Company's strategy was unchanged from 2021. As of December 31, 2022 and 2021, the gearing ratios were provided in parent company 's balance sheet.

(2) Financial instruments

A. Financial instruments by category

The information of the Company's financial assets (including cash and cash equivalents, financial assets at fair value through profit or loss (current and non-current), notes receivable, accounts receivable (including related parties), other receivables, non-current financial assets at amortised cost, other non-current assets - guarantee deposits paid) and financial liabilities (including short-term borrowings, notes payable, accounts payable (including related parties), other payables, lease liabilities (current and non-current), long-term borrowings (including current portion) and other non-current liabilities - guarantee deposits received) are provided in parent company only balance sheet and Note 6.

B. Financial risk management policies

- (a) The Company adopts a comprehensive risk management and control system to identify, evaluate and control all risks, including market risk (including exchange rate risk, interest rate risk and price risk), credit risk, liquidity risk, in order for the management to control these risks effectively.
- (b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the managements. Company treasury identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The management provide written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

i. Foreign exchange risk

- (i) Some of the Company's sales and purchases are denominated in USD. The fair value changes according to the fluctuations in market exchange rates. As the Company offsets these market risks by matching the foreign currency assets and liabilities positions and their payment periods, it does not expect significant market risk.
- (ii) The Company's businesses involve some non-functional currency operations. The information on assets and liabilities denominated in foreign currencies whose values

would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2022			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	3,601	30.71	\$ 110,587
RMB:NTD	13,417	4.41	59,169
<u>Long-term equity investments</u> <u>accounted for using the equity</u> <u>method</u>			
USD:NTD	109,551	30.71	3,364,313
<u>Financial liabilities</u>			
<u>Monetary items</u>			
RMB:NTD	187	4.41	\$ 824
December 31, 2021			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	4,307	27.68	\$ 119,218
RMB:NTD	37,552	4.35	163,351
<u>Long-term equity investments</u> <u>accounted for using the equity</u> <u>method</u>			
USD:NTD	129,888	27.68	3,595,311
<u>Financial liabilities</u>			
<u>Monetary items</u>			
RMB:NTD	188	4.35	\$ 818

The total exchange gain (loss), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2022 and 2021, were provided in Note 6 (21).

Analysis of foreign currency market risk arising from significant foreign exchange variation:

December 31, 2022			
Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income or loss
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 1,106	\$ -
RMB:NTD	1%	592	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
RMB:NTD	1%	(\$ 8)	\$ -
December 31, 2021			
Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income or loss
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 1,192	\$ -
RMB:NTD	1%	1,634	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
RMB:NTD	1%	(\$ 8)	\$ -

B. Price risk

- (i) The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss.

- (ii) The Company's investments in equity securities comprise shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, pre-tax profit for the years ended December 31, 2022 and 2021 would have increased/decreased by \$254 and \$331, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss.

C. Cash flow and fair value interest rate risk

The Company's main interest rate risk arises from long-term and short-term borrowings as well as short-term notes and bills payable. Borrowings issued at variable rates expose the Company to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. The Company's long-term and short-term borrowings as well as short-term notes and bills payable are with floating rates. During the years ended December 31, 2022 and 2021, the Company's borrowings at variable rates were denominated in NTD.

As of December 31, 2022 and 2021, if the borrowing interest rate had increased/decreased by 0.1% with all other variables held constant, pre-tax profit for the years ended December 31, 2022 and 2021 would have decreased/increased by \$2,916 and \$3,072, respectively. The main factor is that floating-rate borrowings result in increase/decrease in interest expense.

(b)Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the notes and accounts receivable based on the agreed terms.
- ii. The Company manages their credit risk taking into consideration the entire Company's concern. According to the Company's credit policy, each local entity in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard credit terms and delivery conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the managements. The utilisation of credit limits is regularly monitored.
- iii. The Company adopts assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition. If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- iv. The Company adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.
- v. The Company classifies customers' notes and accounts receivable in accordance with

credit rating of customer, credit on trade and customer types. The Company applies the modified approach using a provision matrix based on the loss rate methodology to estimate the expected credit loss.

- vi. The Company wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Company will continue executing the recourse procedures to secure their rights. As of December 31, 2022 and 2021, the Group had no written-off financial assets that are still under recourse procedures.
- vii. After the Company identifies customer risks on an individual basis, and it classifies them into Companies according to different credit risk characteristics, assesses the historical default rates, and uses the forecastability to adjust historical and timely information to assess the default possibility. The Company considers that in the financial industry, the default rate should not be lower than 0.03% for numerous and unidentifiable individual investors. However, in accordance with the policy, the Company traces the credit risk of customers at any time, the Company refers to the reference rate set by the financial industry as a basis of forecast adjustment, and adjusts the expected loss rate referring to monitoring indicator and the nature of risk. The loss rate methodology is as follows:

		1~30 days	31~90 days	Over 90 days	
<u>December 31, 2022</u>	<u>Not past due</u>	<u>past due</u>	<u>past due</u>	<u>past due</u>	<u>Total</u>
Expected loss rate	0.015%	0.017%	0.019%~0.021%	100.00%	
Total book value	\$ 986,400	\$ 58,679	\$ 1	\$ 1,166	\$ 1,046,246
Loss allowance	(\$ 244)	\$ -	\$ -	(\$ 528)	(\$ 772)

		1~30 days	31~90 days	Over 90 days	
<u>December 31, 2021</u>	<u>Not past due</u>	<u>past due</u>	<u>past due</u>	<u>past due</u>	<u>Total</u>
Expected loss rate	0.025%	0.030%	0.035%-0.040%	100.00%	
Total book value	\$ 967,612	\$ 47,059	\$ -	\$ 1,186	\$ 1,015,857
Loss allowance	(\$ 772)	\$ -	\$ -	\$ -	(\$ 772)

The above ageing analysis was based on past due date.

viii. Movements in relation to the Company's loss allowance for accounts and notes receivable and other receivables are as follows:

	2022		
	Accounts receivable	Other receivables	Total
At January 1	\$ 772	\$ 1,894	\$ 2,666
Expected credit loss (gain)	-	56	56
Write-offs	-	(324)	(324)
At December 31	<u>\$ 772</u>	<u>\$ 1,626</u>	<u>\$ 2,398</u>

	2021		
	Accounts receivable	Other receivables	Total
At January 1	\$ 786	\$ 1,828	\$ 2,614
Expected credit loss (gain)	(14)	66	52
At December 31	<u>\$ 772</u>	<u>\$ 1,894</u>	<u>\$ 2,666</u>

(c) Liquidity risk

- i. The Company chooses the equity instruments with sufficient liquidity when investing in the equity financial instruments. Company management monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs, so it does not expect significant liquidity risk.
- ii. Surplus cash held by the units over and above balance required for working capital management are transferred to the Company treasury. Company treasury invests surplus cash in interest bearing current accounts and time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.
- iii. As of December 31, 2022 and 2021, the amounts of undrawn available borrowing facilities were \$5,440,108 and \$3,980,300, respectively.
- iv. The Company has no derivative financial liabilities. Except for the items disclosed in the following table, the Company's non-derivative financial liabilities, which were classified by its maturity date, were due within one year and approximates the amounts which were shown in the balance sheets. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year	Between 1 and 2 year(s)	Between 2 and 5 years	Over 5 years	Total
<u>December 31, 2022</u>					
<u>Non-derivative financial liabilities</u>					
Lease liability	\$ 39,603	\$ 31,155	\$ 65,548	\$ 50,763	\$ 187,069
Long-term borrowings (including current portion)	50,014	1,457,657	1,052,149	-	2,559,820
	Less than 1 year	Between 1 and 2 year(s)	Between 2 and 5 years	Over 5 years	Total
<u>December 31, 2021</u>					
<u>Non-derivative financial liabilities</u>					
Lease liability	\$ 36,162	\$ 30,844	\$ 69,120	\$ 69,255	\$ 205,381
Long-term borrowings (including current portion)	65,917	2,733,715	172,671	-	2,972,303

(4) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company's investment in equity investment without active market is included in Level 3.

B. Fair value information of investment property at cost is provided in Note 6(8).

C. The carrying amounts of the Company's financial instruments not measured at fair value, including cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables, non-current financial assets at amortised cost, other non-current assets-guarantee deposits paid, short-term borrowings, short-term notes and bills payable, notes payable, accounts payable (including related parties), other payables, lease liability-current/non-current, long-term borrowings (including current portion) and other non-current liabilities-guarantee deposits received, are approximate to their fair values.

D. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2022 and 2021 are as follows:

(a) The related information of natures of the assets and liabilities is as follows:

<u>December 31, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	<u>\$ 2,270</u>	<u>\$ -</u>	<u>\$ 23,117</u>	<u>\$ 25,387</u>
<u>December 31, 2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,117</u>	<u>\$ 33,117</u>

(b) The methods and assumptions the Company used to measure fair value are as follows:

- i. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the balance sheet date.
- ii. When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Company adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.
- iii. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Company's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Company's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the parent company only balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

E. For the years ended December 31, 2022 and 2021, there was no transfer between Level 1 and Level 2.

F. The following chart is the movement of Level 3 for the years ended December 31, 2022 and 2021:

	2022	2021
	Non-derivative equity instrument	Non-derivative equity instrument
At January 1	\$ 33,117	\$ 33,117
Gains and losses recognised in profit or (loss)	10,459	-
Disposed in the period	(20,459)	-
At December 31	<u>\$ 23,117</u>	<u>\$ 33,117</u>

G. For the years ended December 31, 2022 and 2021, there was no transfer into or out from Level 3.

H. Treasury segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value. In addition to Level 3 fair value measurements applicable to the above valuation models, the Company also directly refers to fair value information provided by the financial institutions. Investment property is valued regularly by the Company's treasury segment based on the valuation methods and assumptions announced by the Financial Supervisory Commission, Securities and Futures Bureau or through outsourced appraisal performed by the external valuer.

I. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares- LI JIA CONSTRUCTION	\$ 5,617	Market approach-price-to- book ratio	Discount for lack of marketability	25%	The higher the discount for lack of marketability, the lower the fair value
Unlisted shares- CONNECTION INVESTMENT etc.	17,500	Net asset value	N/A	-	N/A

	Fair value at December 31, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares- LI JIA CONSTRUCTION	\$ 5,617	Market approach-price-to- book ratio	Discount for lack of marketability	25%	The higher the discount for lack of marketability, the lower the fair value
Unlisted shares- CONNECTION INVESTMENT etc.	27,500	Net asset value	N/A	-	N/A

J. The Company has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. If net asset value from financial assets and liabilities categorised within Level 3 had increased or decreased by 1%, profit or loss would not have been significantly impacted as of December 31, 2022 and 2021.

(5) Others

A. The impact of oil incidents caused by the upstream suppliers on the Company since the fourth quarter of 2013 is as follows:

- (a) For the incident of the oil adulterated with copper chlorophyllin caused by Chang Chi Foodstuff Factory Co., Ltd. in the fourth quarter of 2013, the Company was sued for violating the Act Governing Food Safety and Sanitation. On April 27, 2017, the Intellectual Property Court rendered a decision in favour of the Company. However, certain related representatives were still charged with fraud for mislabeling oil, the court confiscated \$32,929 in revenue gained from the sales of these products (the Company accrued related losses in 2017). The Company deemed that the relevant regulation of confiscation recorded in the Criminal Code of the Republic of China are unconstitutional. On September 20, 2017, the Company petitioned to the Council of Grand Justices (transformed into a constitutional court) for a review. On December 2, 2022, the constitutional court denied the preceding motion. The decision was deemed final.
- (b) Due to more problematic oil was announced by the government organisations between September 2014 and October 2014, resulting in a loss recognition amounting to \$226,017 as of and for the year ended December 31, 2015. To safeguard the interests of the Company, the Company continually filed lawsuits for compensation against a number of suppliers and upstream suppliers. Among them, the lawsuits against Ting Hsin Oil & Fat Industrial Co., Ltd. and its upstream companies, Cheng-I Food Co., Ltd. and its upstream companies, Chang Guann Co., Ltd. and its upstream suppliers, Flavor Full Foods Inc., and Lihao Co., Ltd. were all confirmed won, mediation established or withdrawn the lawsuits without economic benefits. As of December 31, 2022, there are compensations actually received amounting to \$125,250 (shown as other income), compensations pending to be received amounting to

\$3,000, and certificate of the obligatory claim received amounting to \$121,361. The lawsuit against Chang Guann Co., Ltd. is pending with the courts as of March 15, 2023.

- B. Due to Covid-19 outbreak and the government's epidemic prevention measures, the Company has implemented staggered work schedules, work from home and digital tools in accordance with preventive measures imposed by the government.

The pandemic had no significant impact on the Company's financial position and financial performance for the year ended December 31, 2022.

13. Supplementary Disclosures

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 4.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 5.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Please refer to table 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 7.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 8.
- B. Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas: For the year ended December 31, 2022, significant transactions directly with investee companies in the Mainland Area and the significant transactions of endorsements and guarantees, sales/purchase and receivables and payables conducted with investees in Mainland China, please refer to table 6.

(4) Major shareholders information

Major shareholders information: Please refer to table 9.

Table 1

Wei Chuan Foods Corporation and subsidiaries																	
Loans to others																	
Year ended December 31, 2022																	
Expressed in thousands of NTD (Except as otherwise indicated)																	
No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2022	Balance at December 31, 2022	Actual amount drawn down	Interest rate	Nature of loan (Note 2)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
													Item	Value			
0	Wei Chuan Foods Corporation	WEI-CHUAN FOODS INVESTMENT CO.	Other receivables	Y	\$ 673,320	\$ 661,410	\$ -	-	2	\$ -	Working capital needs	\$ -	None	\$ -	\$ 1,444,885	\$ 2,889,770	Note 3
1	WEI-CHUAN(BVI) CO., LTD.	WANG DE XING TEA COMPANY	Other receivables	N	60,457	57,632	57,632	2.5%	2	-	Loan repayment and working capital needs	-	Property and tea leaf	57,632	663,285	1,326,570	Note 4 and 7
2	HANGZHOU WEI-CHUAN FOOD CO., LTD.	LANGFANG WEI-CHUAN FOODS CO., LTD.	Other receivables	Y	676,380	220,472	207,244	3.3%~3.85%	2	-	Working capital needs	-	None	-	2,325,682	2,325,682	Note 5
2	HANGZHOU WEI-CHUAN FOOD CO., LTD.	Hangzhou Weichuan Biotechnology Foods Co., Ltd.	Other receivables	Y	314,214	308,661	264,567	3.3%~3.85%	2	-	Working capital needs	-	None	-	2,325,682	2,325,682	Note 5
2	HANGZHOU WEI-CHUAN FOOD CO., LTD.	SUZHOU WEI-CHUAN FOODS CO., LTD.	Other receivables	Y	359,102	352,755	176,378	3.3%	2	-	Working capital needs	-	None	-	2,325,682	2,325,682	Note 5
2	HANGZHOU WEI-CHUAN FOOD CO., LTD.	WEI-CHUAN FOODS INVESTMENT CO.	Other receivables	Y	721,472	705,511	-	3.3%~3.8%	2	-	Working capital needs	-	None	-	2,325,682	2,325,682	Note 5
3	KUNSHAN KING CAN MOLD INDUSTRIAL CO., LTD.	LANGFANG WEI-CHUAN FOODS CO., LTD.	Other receivables	Y	130,174	127,874	127,874	3.3%~3.85%	2	-	Loan repayment and working capital needs	-	None	-	290,947	290,947	Note 6
3	KUNSHAN KING CAN MOLD INDUSTRIAL CO., LTD.	HANGZHOU WEI-CHUAN FOOD CO., LTD.	Other receivables	Y	110,603	-	-	3.85%	2	-	Loan repayment and working capital needs	-	None	-	290,947	290,947	Note 6
3	KUNSHAN KING CAN MOLD INDUSTRIAL CO., LTD.	Hangzhou Weichuan Biotechnology Foods Co., Ltd.	Other receivables	Y	45,092	44,094	44,094	3.3%~3.85%	2	-	Loan repayment and working capital needs	-	None	-	290,947	290,947	Note 6
3	KUNSHAN KING CAN MOLD INDUSTRIAL CO., LTD.	SUZHOU WEI-CHUAN FOODS CO., LTD.	Other receivables	Y	112,219	110,236	110,236	3.3%~3.7%	2	-	Working capital needs	-	None	-	290,947	290,947	Note 6

Note1: The Company is ‘0’; the subsidiaries are numbered in order starting from ‘1’. The same company shall have the same number.

Note 2: The numbers filled in for the nature of loans are as follows:

- (1) Business transaction: 1.
- (2) Short-term financing: 2.

Note 3: Ceiling on total loans granted and limit on loans granted to a single party as prescribed in Wei Chuan Foods Corporation’s “Procedures for Provision of Loans” are as follows:

- (1) Ceiling on total loans granted by Wei Chuan Foods Corporation is 40% of net asset value based on the latest consolidated financial statements audited (reviewed) by independent auditors.
- (2) For short-term financing, limit on loans granted to a single party by Wei Chuan Foods Corporation is 20% of net asset value based on the latest consolidated financial statements audited (reviewed) by independent auditors.

Note 4: Ceiling on total loans granted and limit on loans granted to a single party as prescribed in WEI-CHUAN(BVI) CO., LTD.’s “Procedures for Provision of Loans” are as follows:

- (1) Ceiling on total loans granted by WEI-CHUAN(BVI) CO., LTD. is 40% of net asset value based on the latest consolidated financial statements audited (reviewed) by independent auditors.
- (2) For short-term financing, limit on loans granted to a single party by WEI-CHUAN(BVI) CO., LTD. is 20% of net asset value based on the latest consolidated financial statements audited (reviewed) by independent auditors.
- (3) For loans granted between overseas companies in which WEI-CHUAN(BVI) CO., LTD. or Wei Chuan Foods Corporation holds 100% of the voting shares directly or indirectly, WEI-CHUAN(BVI) CO., LTD.’s ceiling on total loans granted is 100% of WEI-CHUAN(BVI) CO., LTD.’s net asset value based on the latest consolidated financial statements audited (reviewed) by independent auditors.

Limit on loans granted to a single party is 100% of WEI-CHUAN(BVI) CO., LTD.’s net asset value based on the latest consolidated financial statements audited (reviewed) by independent auditors.

Note5: Ceiling on total loans granted and limit on loans granted to a single party as prescribed in HANGZHOU WEI-CHUAN FOOD CO., LTD.’s “Procedures for Provision of Loans” are as follows:

- (1) Ceiling on total loans granted by HANGZHOU WEI-CHUAN FOOD CO., LTD. is 40% of net asset value based on the latest consolidated financial statements audited (reviewed) by independent auditors.
- (2) For short-term financing, limit on loans granted to a single party by HANGZHOU WEI-CHUAN FOOD CO., LTD. is 20% of net asset value based on the latest consolidated financial statements audited (reviewed) by independent auditors.
- (3) For loans granted between overseas companies in which HANGZHOU WEI-CHUAN FOOD CO., LTD. or Wei Chuan Foods Corporation holds 100% of the voting shares directly or indirectly, HANGZHOU WEI-CHUAN FOOD CO., LTD.’s ceiling on total loans granted is 100% of HANGZHOU WEI-CHUAN FOOD CO., LTD.’s net asset value based on the latest consolidated financial statements audited (reviewed) by independent auditors.

Limit on loans granted to a single party is 100% of HANGZHOU WEI-CHUAN FOOD CO., LTD.’s net asset value based on the latest consolidated financial statements audited (reviewed) by independent auditors.

Note 6: Ceiling on total loans granted and limit on loans granted to a single party as prescribed in KUNSHAN KING CAN MOLD INDUSTRIAL CO., LTD.’s “Procedures for Provision of Loans” are as follows:

- (1) Ceiling on total loans granted by KUNSHAN KING CAN MOLD INDUSTRIAL CO., LTD. is 40% of net asset value based on its latest financial statements.
- (2) For short-term financing, limit on loans granted to a single party by KUNSHAN KING CAN MOLD INDUSTRIAL CO., LTD. is 20% of net asset value based on its latest financial statements.
- (3) For loans granted between overseas companies in which KUNSHAN KING CAN MOLD INDUSTRIAL CO., LTD. or Wei Chuan Foods Corporation holds 100% of the voting shares directly or indirectly, ceiling on total loans granted is 100% of KUNSHAN KING CAN MOLD INDUSTRIAL CO., LTD.’s net asset value based on its latest financial statements.

Limit on loans granted to a single party is 100% of KUNSHAN KING CAN MOLD INDUSTRIAL CO., LTD.’s net asset value based on the latest consolidated financial statements audited (reviewed) by independent auditors.

Note 7: The Group transferred its entire equity interest of 51% in WANG DE XING TEA COMPANY in January 2016.

Wei Chuan Foods Corporation and subsidiaries
Provision of endorsements and guarantees to others
Year ended December 31, 2022

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 2)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2022 (Note 3)	Outstanding endorsement/ guarantee amount at December 31, 2022 (Note 4)	Actual amount drawn down (Note 5)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company (Note 6)	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
		Company name	Relationship with the endorser/ guarantor (Note 1)											
0	Wei Chuan Foods Corporation	Cheng Shuen Nung Ranch Dairy Co., Ltd.	(2)	\$ 2,408,142	\$ 515,000	\$ 515,000	\$ 465,500	\$ -	7.13	\$ 7,224,426	Y	N	N	
0	Wei Chuan Foods Corporation	Hangzhou Weichuan Biotechnology Foods Co., Ltd.	(2)	2,408,142	225,460	220,470	-	-	3.05	7,224,426	Y	N	Y	
0	Wei Chuan Foods Corporation	CONCOURSE INTERNATIONAL INC.	(2)	2,408,142	966,450	921,300	145,024	-	12.75	7,224,426	Y	N	N	
1	HANGZHOU WEI-CHUAN FOOD CO., LTD.	Hangzhou Weichuan Biotechnology Foods Co., Ltd.	(4)	2,325,682	260,155	260,155	39,685	-	11.19	2,325,682	N	N	Y	
1	HANGZHOU WEI-CHUAN FOOD CO., LTD.	SUZHOU WEI-CHUAN FOODS CO., LTD.	(4)	2,325,682	901,840	881,880	313,376	-	37.92	2,325,682	N	N	Y	

Note 1: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; fill in the number of category each case belongs to:

- (1) Having business relationship.
- (2) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.
- (3) The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.
- (4) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.
- (5) Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.
- (6) Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
- (7) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 2: 1. Provision of endorsements and guarantees by Wei Chuan Foods Corporation:

- (1) Ceiling on total amount of endorsements/guarantees provided is Wei Chuan Foods Corporation’s net asset value.
- (2) Limit on endorsements/guarantees provided for a single party is a third of total amount of endorsements/guarantees provided by Wei Chuan Foods Corporation.
- (3) Ceiling on total amount of endorsements/guarantees provided by Wei Chuan Foods Corporation and its subsidiaries is 1.2 times of Wei Chuan Foods Corporation’s net asset value.
Limit on endorsements/guarantees provided by Wei Chuan Foods Corporation and its subsidiaries for a single party is a third of total amount of endorsements/guarantees provided.

2. Provision of endorsements and guarantees by HANGZHOU WEI-CHUAN FOOD CO., LTD.:

- (1) Ceiling on total amount of endorsements/guarantees provided is the net asset value based on its latest consolidated financial statements audited (reviewed) by independent auditors.
- (2) Limit on endorsements/guarantees provided for a single party is the total amount of endorsements/guarantees provided by HANGZHOU WEI-CHUAN FOOD CO., LTD.
- (3) Ceiling on total amount of endorsements/guarantees provided by HANGZHOU WEI-CHUAN FOOD CO., LTD. and its subsidiaries is 1.2 times of HANGZHOU WEI-CHUAN FOOD CO., LTD.’s net asset value based on its latest consolidated financial statements audited (reviewed) by independent auditors. Limit on endorsements/guarantees provided by HANGZHOU WEI-CHUAN FOOD CO., LTD. and its subsidiaries for a single party is the total amount of endorsements/guarantees provided.

Note 3: Fill in the year-to-date maximum outstanding balance of endorsements/guarantees provided as of the reporting period.

Note 4: Fill in the amount approved by the Board of Directors or the chariman if the chairman has been authorised by the Board of Directors based on subparagraph 8, Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.

Note 5: The actual amount of endorsements/guarantees used by the endorsed/guaranteed company.

Note 6: For endorsements/guarantees provided by the Company, the net asset value is based on the Company’s latest financial statements.

For endorsements/guarantees provided by HANGZHOU WEI-CHUAN FOOD CO., LTD., the net asset value is based on the entity’s consolidated financial statements audited (reviewed) by independent auditors.

Wei Chuan Foods Corporation and subsidiaries
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
Year ended December 31, 2022

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

				As of December 31, 2022				
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership (%)	Fair value	Footnote
Wei Chuan Foods Corporation	BAFANG YUNJI INTERNATIONAL CO., LTD	None	Current financial assets at fair value through profit or loss	10,000	<u>\$ 2,270</u> <u>\$ 2,270</u>	0.00	<u>\$ 2,270</u> <u>\$ 2,270</u>	
Wei Chuan Foods Corporation	Stock of CONNECTION INVESTMENT CO., LTD.	None	Non-current financial assets at fair value through profit or loss	1,380,000	17,500	16.67	17,500	
Wei Chuan Foods Corporation	Stock of COCORD BUILDERS ENTERPRISE CO., LTD.	None	Non-current financial assets at fair value through profit or loss	22,340,197	-	10.75	-	
Wei Chuan Foods Corporation	Stock of AN LI INVESTMENT CO., LTD.	None	Non-current financial assets at fair value through profit or loss	3,329,500	-	18.50	-	
Wei Chuan Foods Corporation	Stock of RAINIER INVESTMENT CO., LTD.	None	Non-current financial assets at fair value through profit or loss	3,329,500	-	18.50	-	
Wei Chuan Foods Corporation	Stock certificate of LI JIA CONSTRUCTION LTD.	None	Non-current financial assets at fair value through profit or loss	Note	<u>5,617</u> <u>\$ 23,117</u>	18.36	<u>5,617</u> <u>\$ 23,117</u>	
KANG CHUAN ENGINEERING CO., LTD.	Stock of COCORD BUILDERS ENTERPRISE CO., LTD.	None	Non-current financial assets at fair value through profit or loss	545,431	\$ -	0.26	\$ -	
KANG CHUAN ENGINEERING CO., LTD.	Stock of CONNECTION INVESTMENT CO., LTD.	None	Non-current financial assets at fair value through profit or loss	41,400	335	0.50	335	
KANG CHUAN ENGINEERING CO., LTD.	Stock of RAINIER INVESTMENT CO., LTD.	None	Non-current financial assets at fair value through profit or loss	82,650	-	0.46	-	
KANG CHUAN ENGINEERING CO., LTD.	Stock of AN LI INVESTMENT CO., LTD.	None	Non-current financial assets at fair value through profit or loss	82,650	-	0.46	-	
WEI-CHUAN INTERNATIONAL LIMITED	Stock certificate of Shanghai Wei Chuan Foods Industrial Co., Ltd.	None	Non-current financial assets at fair value through profit or loss	Note	-	19.00	-	
WEI-CHUAN INTERNATIONAL LIMITED	Stock certificate of Kuiling Wei-Chuan Food Ltd.	None	Non-current financial assets at fair value through profit or loss	Note	-	10.77	-	
WEI-CHUAN ASIAN INVESTMENT LIMITED	Stock certificate of Kuiling Wei-Chuan Food Ltd.	None	Non-current financial assets at fair value through profit or loss	Note	<u>-</u> <u>\$ 335</u>	5.10	<u>-</u> <u>\$ 335</u>	

Note: The investee is a limited company without shares.

Wei Chuan Foods Corporation and subsidiaries
Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more
Year ended December 31, 2022

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Wei Chuan Foods Corporation	KING CAN INDUSTRY CORPORATION	Parent company to subsidiary	Purchases	\$ 471,337	0.09	60-90 days	In accordance with agreement	No significant difference from general transactions	(\$ 91,399)	0.14	
KING CAN INDUSTRY CORPORATION	Wei Chuan Foods Corporation	Subsidiary to parent company	Sales	(471,337)	0.47	60-90 days	In accordance with agreement	No significant difference from general transactions	91,399	0.42	
Wei Chuan Foods Corporation	CONCOURSE INTERNATIONAL INC.	Parent company to subsidiary	Purchases	305,004	0.06	60-90 days	No significant difference from general transactions	No significant difference from general transactions	(49,730)	0.08	
CONCOURSE INTERNATIONAL INC.	Wei Chuan Foods Corporation	Subsidiary to parent company	Sales	(305,004)	0.51	60-90 days	No significant difference from general transactions	No significant difference from general transactions	49,730	0.24	
Wei Chuan Foods Corporation	Cheng Shuen Nung Ranch Dairy Co., Ltd.	Parent company to subsidiary	Purchases	147,263	0.03	30 days	No significant difference from general transactions	No significant difference from general transactions	(10,868)	0.02	
Cheng Shuen Nung Ranch Dairy Co., Ltd.	Wei Chuan Foods Corporation	Subsidiary to parent company	Sales	(147,263)	1.00	30 days	No significant difference from general transactions	No significant difference from general transactions	10,868	1.00	
KING CAN INDUSTRY CORPORATION	CONCOURSE INTERNATIONAL INC.	The Company's subsidiary	Purchases	130,562	0.20	120 days	In accordance with agreement	No significant difference from general transactions	(51,738)	0.39	
CONCOURSE INTERNATIONAL INC.	KING CAN INDUSTRY CORPORATION	The Company's subsidiary	Sales	(130,562)	0.22	120 days	In accordance with agreement	No significant difference from general transactions	51,738	0.25	
HANGZHOU WEI-CHUAN FOOD CO., LTD.	LANGFANG WEI-CHUAN FOODS CO., LTD.	Second-tier subsidiary to second-tier subsidiary	Purchases	1,063,228	0.18	30 days	No significant difference from general transactions	No significant difference from general transactions	(70,192)	0.08	
LANGFANG WEI-CHUAN FOODS CO., LTD.	HANGZHOU WEI-CHUAN FOOD CO., LTD.	Second-tier subsidiary to second-tier subsidiary	Sales	(1,063,228)	1.00	30 days	No significant difference from general transactions	No significant difference from general transactions	70,192	1.00	

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
HANGZHOU WEI-CHUAN FOOD CO., LTD.	CONCOURSE INTERNATIONAL INC.	Second-tier subsidiary to subsidiary	Purchases	\$ 112,264	0.02	30 days	In accordance with agreement	No significant difference from general transactions	(\$ 22,544)	0.03	
HANGZHOU WEI-CHUAN FOOD CO., LTD.	CHAMPION LINKER CORP.	Second-tier subsidiary to other related party	Purchases	209,607	0.04	30 days	No significant difference from general transactions	No significant difference from general transactions	(4,969)	0.01	
HANGZHOU WEI-CHUAN FOOD CO., LTD.	SHANGHAI DINGSHI WAREHOUSE CO.,LTD	Second-tier subsidiary to other related party	Sales	(868,383)	0.08	30-45 days	No significant difference from general transactions	No significant difference from general transactions	165,325	0.13	
HANGZHOU CONCOURSE TRADING CO., LTD.	CONCOURSE INTERNATIONAL INC.	Second-tier subsidiary to subsidiary	Purchases	253,390	0.70	60 days	No significant difference from general transactions	No significant difference from general transactions	(63,201)	0.88	

Wei Chuan Foods Corporation and subsidiaries
Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
Year ended December 31, 2022

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2022	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for uncollectible
					Amount	Action taken		
HANGZHOU WEI-CHUAN FOOD CO., LTD.	SHANGHAI DINGSHI WAREHOUSE CO.,LTD	Second-tier subsidiary to other related party	\$ 165,325	4.58	\$ -	None	\$ 117,903	\$ -
HANGZHOU WEI-CHUAN FOOD CO., LTD.	WEI-CHUAN FOODs INVESTMENT CO.	Second-tier subsidiary to second-tier subsidiary	462,991	N/A	-	None	-	-
HANGZHOU WEI-CHUAN FOOD CO., LTD.	Hangzhou Weichuan Biotechnology Foods Co., Ltd.	Second-tier subsidiary to second-tier subsidiary	264,567	N/A	-	None	-	-
HANGZHOU WEI-CHUAN FOOD CO., LTD.	LANGFANG WEI-CHUAN FOODS CO., LTD.	Second-tier subsidiary to second-tier subsidiary	207,244	N/A	-	None	-	-
HANGZHOU WEI-CHUAN FOOD CO., LTD.	SUZHOU WEI-CHUAN FOODS CO., LTD.	Second-tier subsidiary to second-tier subsidiary	176,378	N/A	-	None	-	-
KUNSHAN KING CAN MOLD INDUSTRIAL CO., LTD.	LANGFANG WEI-CHUAN FOODS CO., LTD.	Second-tier subsidiary to second-tier subsidiary	127,874	N/A	-	None	-	-
KUNSHAN KING CAN MOLD INDUSTRIAL CO., LTD.	SUZHOU WEI-CHUAN FOODS CO., LTD.	Second-tier subsidiary to second-tier subsidiary	110,236	N/A	-	None	-	-

Wei Chuan Foods Corporation and subsidiaries
Significant inter-company transactions during the reporting periods
Year ended December 31, 2022

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

				Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
Number	Company name	Counterparty	Relationship	General ledger account	Amount	Transaction terms	
0	Wei Chuan Foods Corporation	Hangzhou Weichuan Biotechnology Foods Co., Ltd.	Parent company to second-tier subsidiary	Provision of endorsements and guarantees	\$ 220,470	Note 1	N/A
0	Wei Chuan Foods Corporation	Cheng Shuen Nung Ranch Dairy Co., Ltd.	Parent company to subsidiary	Provision of endorsements and guarantees	515,000	Note 1	N/A
0	Wei Chuan Foods Corporation	CONCOURSE INTERNATIONAL INC.	Parent company to subsidiary	Provision of endorsements and guarantees	921,300	Note 1	N/A
1	HANGZHOU WEI-CHUAN FOOD CO., LTD.	SUZHOU WEI-CHUAN FOODS CO., LTD.	Second-tier subsidiary to second-tier subsidiary	Provision of endorsements and guarantees	881,880	Note 1	N/A
1	HANGZHOU WEI-CHUAN FOOD CO., LTD.	Hangzhou Weichuan Biotechnology Foods Co., Ltd.	Second-tier subsidiary to second-tier subsidiary	Provision of endorsements and guarantees	260,155	Note 1	N/A
0	Wei Chuan Foods Corporation	KING CAN INDUSTRY CORPORATION	Parent company to subsidiary	Purchases	471,337	In accordance with agreement	2.36%
0	Wei Chuan Foods Corporation	CONCOURSE INTERNATIONAL INC.	Parent company to subsidiary	Purchases	305,004	Same as third parties	1.53%
0	Wei Chuan Foods Corporation	Cheng Shuen Nung Ranch Dairy Co., Ltd.	Parent company to subsidiary	Purchases	147,263	Same as third parties	0.74%
4	KING CAN INDUSTRY CORPORATION	CONCOURSE INTERNATIONAL INC.	subsidiary to subsidiary	Purchases	130,562	Same as third parties	0.65%
1	HANGZHOU WEI-CHUAN FOOD CO., LTD.	LANGFANG WEI-CHUAN FOODS CO., LTD.	Second-tier subsidiary to second-tier subsidiary	Purchases	1,063,228	Same as third parties	5.32%
1	HANGZHOU WEI-CHUAN FOOD CO., LTD.	CONCOURSE INTERNATIONAL INC.	Second-tier subsidiary to second-tier subsidiary	Purchases	112,264	Same as third parties	0.56%
3	HANGZHOU CONCOURSE TRADING CO., LTD.	CONCOURSE INTERNATIONAL INC.	Second-tier subsidiary to subsidiary	Purchases	253,390	Same as third parties	1.27%
1	HANGZHOU WEI-CHUAN FOOD CO., LTD.	WEI CHUAN FOODS INVESTMENT CO., LTD.	Second-tier subsidiary to second-tier subsidiary	Other receivables	462,991	Note 5	2.64%
1	HANGZHOU WEI-CHUAN FOOD CO., LTD.	LANGFANG WEI-CHUAN FOODS CO., LTD.	Second-tier subsidiary to second-tier subsidiary	Other receivables	207,244	Note 3	1.18%
1	HANGZHOU WEI-CHUAN FOOD CO., LTD.	Hangzhou Weichuan Biotechnology Foods Co., Ltd.	Second-tier subsidiary to second-tier subsidiary	Other receivables	264,567	Note 3	1.51%
1	HANGZHOU WEI-CHUAN FOOD CO., LTD.	SUZHOU WEI-CHUAN FOODS CO., LTD.	Second-tier subsidiary to second-tier subsidiary	Other receivables	176,378	Note 3	1.00%
2	KUNSHAN KING CAN MOLD INDUSTRIAL CO., LTD.	LANGFANG WEI-CHUAN FOODS CO., LTD.	Second-tier subsidiary to second-tier subsidiary	Other receivables	127,874	Note 3	0.73%
2	KUNSHAN KING CAN MOLD INDUSTRIAL CO., LTD.	SUZHOU WEI-CHUAN FOODS CO., LTD.	Second-tier subsidiary to second-tier subsidiary	Other receivables	110,236	Note 3	0.63%

Note 1: The endorsements and guarantees were provided in accordance with Procedures for Provision of Endorsements and Guarantees to Others, and the transaction amount was the outstanding endorsement/guarantee

Note 2: Individual transaction amounts less than \$100 million are not disclosed. In addition, the same transactions are not disclosed twice.

Note 3: The loans were granted in accordance with Procedures for Provision of Loans, and the transaction amount was the actual amount drawn down.

Note 4: The other receivables were arising from second-tier subsidiary distributing dividends to the subsidiary.

Note 5: The other receivables were arising from sales of equity between the second-tier subsidiaries.

Wei Chuan Foods Corporation and subsidiaries

Information on investees

Year ended December 31, 2022

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2022			Net profit (loss) of the investee for the year ended Dcember 31, 2022	Investment income(loss) recognised by the Company for the year ended December 31, 2022	Footnote
				Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value			
Wei Chuan Foods Corporation	KING CAN INDUSTRY CORPORATION	Taiwan	Process, manufacture and trade of tinplate products such as tin cans, tin boxes and bottle caps	\$ -	\$ -	34,539,451	98.68	\$ 588,172	\$ 61,108	\$ 59,680	-
Wei Chuan Foods Corporation	CONCOURSE INTERNATIONAL INC.	Taiwan	General import and export trade business	1,959,112	1,959,112	14,034,753	99.99	227,839	41,391	49,402	-
Wei Chuan Foods Corporation	CHINA YOUTH CO., LTD.	Taiwan	Trade of vegetables and fruits as well as agricultural and fishery products	212,041	212,041	8,481,905	99.79	7,995	(8)	(8)	Note 1
Wei Chuan Foods Corporation	KANG CHUAN ENGINEERING CO., LTD.	Taiwan	Planning, design and implementation of construction projects	377,499	377,499	35,113,408	99.85	209,319	439	439	Note 2
Wei Chuan Foods Corporation	Cheng Shuen Nung Ranch Dairy Co., Ltd.	Taiwan	Livestock farm management	753,035	753,035	57,929,989	100.00	594,128	(88,503)	(88,503)	-
Wei Chuan Foods Corporation	WEI CHUAN BUSINESS DEVELOPMENT CORPORATION	Taiwan	General investment	100,000	-	10,000,000	100.00	102,688	2,688	2,688	Note 3
Wei Chuan Foods Corporation	WEI-CHUAN INTERNATIONAL LIMITED	British Virgin Islands	General investment	787,549	787,549	-	100.00	60,107	(201)	(201)	Note 4
Wei Chuan Foods Corporation	WEI-CHUAN (BVI) CO., LTD.	British Virgin Islands	General investment	2,967,203	2,967,203	-	100.00	3,304,206	107,012	107,012	Note 4、5
Wei Chuan Foods Corporation	WEI-CHUAN ASIAN INVESTMENT LIMITED	Hong Kong	General investment	-	-	-	1.00	(4)	(141)	(1)	Note 4
Wei Chuan Foods Corporation	THAI WEI-CHUAN CO., LTD.	Thailand	Food processing	37,919	37,919	390,000	60.00	(7,326)	-	-	-
Wei Chuan Foods Corporation	FU TING FOODS CO., LTD.	Taiwan	Livestock farm management	75,000	75,000	7,500,000	37.50	16,441	(4,458)	(1,619)	-
KING CAN INDUSTRY CORPORATION	KingCan (BVI) Corporation	British Virgin Islands	General investment	123,213	123,213	-	100.00	291,361	5,430	5,430	Note 4、5
CONCOURSE INTERNATIONAL INC.	CONCOURSE INTERNATIONAL LIMITED	Samoa	General investment	25,673	25,673	-	100.00	40,820	3,913	3,913	Note 4、5
WEI-CHUAN INTERNATIONAL LIMITED	WEI-CHUAN ASIAN INVESTMENT LIMITED	Hong Kong	General investment	255	255	-	99.00	(479)	(141)	(140)	Note 4
WEI-CHUAN ASIAN INVESTMENT LIMITED	HEALTH CAN DEVELOPMENT LIMITED	Hong Kong	General investment	4	4	-	75.00	-	-	-	Note 4

Note 1: The Company's 99.79% owned investee, CHINA YOUTH CO., LTD., was dissolved as approved by its shareholders in November 2016 and the dissolution was approved by the competent authority in January 2017.

As of March 15, 2023, the investee is in the process of liquidation.

Note 2: The Company's 99.85% owned investee, KANG CHUAN ENGINEERING CO., LTD., was dissolved as resolved by its Board of Directors in December 2016.

As of March 15, 2023, the investee is in the process of liquidation.

Note 3: To execute the strategic investment, the company invested \$100,000 to establish a wholly-owned subsidiary, WeiChuan (BVI), in January 2022.

Note 4: The investee is a limited company without shares.

Note 5: Information relating to the Company's investment in the investees in Mainland China through investee companies, WEI-CHUAN(BVI) CO., LTD., KingCan (BVI) Corporation and CONCOURSE INTERNATIONAL LIMITED is provided in table 8.

Wei Chuan Foods Corporation and subsidiaries

Information on investments in Mainland China

Year ended December 31, 2022

Expressed in thousands of NTD

(Except as otherwise indicated)

Table 8

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2022		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Net income of investee as of December 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Group for the year ended December 31, 2022	Book value of investments in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of	Footnote
				January 1, 2022	Remitted to Mainland China	Remitted back to Taiwan	December 31, 2022					December 31, 2022	
Fuzhou Kefu Convenient Food Co., Ltd.	Instant noodles	\$ 48,440	3	\$ 15,602	\$ -	\$ -	\$ 15,602	\$ -	37.50	\$ -	\$ -	\$ -	-
Kuiling Wei-Chuan Food Ltd.	Monosodium glutamate (MSG)	284,325	3	44,349	-	-	44,349	-	15.87	-	-	-	-
HEILONGJIANG WEI CHUAN FOOD CO.	Condiments and other products	72,633	2	19,896	-	-	19,896	-	67.00	-	-	-	Note 5
HEILONGJIANG WEI CHUAN DAIRY CO.	Dairy and other products	249,163	2	121,501	-	-	121,501	-	70.00	-	-	-	Note 5
Shanghai Wei Chuan Foods Industrial Co., Ltd.	Instant noodles and other products	136,238	2	22,278	-	-	22,278	-	19.00	-	-	-	Note 5
Hangzhou Weichuan Biotechnology Foods Co., Ltd.	Manufacture and sale of food products such as solid drinks	326,435	2	326,435	-	-	326,435	(46,797)	100.00	(46,797)	(194,118)	-	Note 2 、 Note 6
HANGZHOU WEI-CHUAN FOOD CO., LTD.	Manufacture and brand marketing of refrigerated dairy beverages	1,268,366	2	1,268,366	-	-	1,268,366	118,278	100.00	118,278	2,380,772	1,321,136	Note 2 、 Note 6
WEI CHUAN FOODS INVESTMENT CO., LTD.	General investment	867,844	2	450,319	-	-	450,319	40,469	100.00	40,469	1,062,689	-	Note 2 、 Note 6
KUNSHAN KING CAN MOLD INDUSTRIAL CO., LTD.	Manufacture of food molds and injection molds	224,813	2	98,716	-	-	98,716	5,434	98.68	5,362	290,947	278,426	Note 2 、 Note 7
HANGZHOU CONCOURSE TRADING CO., LTD.	General import and export trade business	25,165	2	25,165	-	-	25,165	3,912	99.99	3,912	40,320	-	Note 2 、 Note 8
LANGFANG WEI-CHUAN FOODS CO., LTD.	Manufacture and brand marketing of refrigerated dairy beverages	449,250	2	-	-	-	-	68,599	100.00	68,599	680,846	-	Note 2 、 Note 9
SUZHOU WEI-CHUAN FOODS CO., LTD.	Manufacture and brand marketing of refrigerated dairy beverages	882,349	2	-	-	-	-	(28,321)	100.00	(28,321)	836,969	-	Note 2 、 Note 9

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 4)
Wei Chuan Foods Corporation	\$ 3,194,141	\$ 2,860,203	\$ 4,339,594

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

- (1) Directly invest in a company in Mainland China..
- (2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
- (3) Others

Note 2: Investment income (loss) recognised by the Group for the current year was valued based on each investee's self-prepared financial statements of the same reporting period that were not audited or reviewed by independent auditors.

Note 3: The amounts shown in the table are expressed in New Taiwan dollars. Additionally, paid-in capital is translated using the exchange rates at the time of initial investment.

Note 4: In accordance with the regulations, the ceiling of investment is the net assets of the parent company or 60% of consolidated net assets, whichever is higher. However, the parent company has obtained the operating headquarters certificate issued by the Industrial Development Bureau of the Ministry of Economic Affairs (MOEA) for the period from June 1, 2021 to June 1, 2024, therefore, according to the regulations of the Investment Commission of the Ministry of Economic Affairs (MOEA), there is no ceiling of the investment amount.

Note 5: The Company acquired 67%, 70% and 19% equity interest in HEILONGJIANG WEI CHUAN FOOD CO., HEILONGJIANG WEI CHUAN DAIRY CO. and Shanghai Wei Chuan Foods Industrial Co., Ltd., respectively, through its direct wholly- owned investee company, WEI-CHUAN INTERNATIONAL LIMITED.

Note 6: The Company acquired 100% equity interest in Hangzhou Weichuan Biotechnology Foods Co., Ltd., HANGZHOU WEI-CHUAN FOOD CO., LTD. and WEI CHUAN FOODS INVESTMENT CO., LTD. direct wholly-owned investee company, WEI-CHUAN(BVI) CO., LTD.

Note 7: The Company acquired 98.68% equity interest in KUNSHAN KING CAN MOLD INDUSTRIAL CO., LTD. through its indirect 98.68% owned investee company, KingCan (BVI) Corporation.

Note 8: The Company acquired 99.99% equity interest in HANGZHOU CONCOURSE TRADING CO., LTD. through its indirect 99.99% owned investee company, CONCOURSE INTERNATIONAL LIMITED.

Note 9: The Company acquired 100% equity interest in LANGFANG WEI-CHUAN FOODS CO., LTD. through its indirect wholly-owned investee company, WEI CHUAN FOODS INVESTMENT CO.

Wei Chuan Foods Corporation and subsidiaries

Major shareholders information

Year ended December 31, 2022

Table 9

Name of major shareholders	Shares		
	Number of shares held (common shares)	Number of shares held (preference shares)	Ownership (%)
KANG CHENG CO., LTD.	50,523,000	-	9.98%
KANG CHAU COMPANY LTD.	50,407,000	-	9.96%
KONG SHENG INVESTMENT CORP.	36,688,000	-	7.24%
KONG CHING CORP. LTD.	35,880,000	-	7.09%
KONG FA INVESTMENT CORP.	29,828,000	-	5.89%

Note 1: The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded in the financial statements may differ from the actual number of shares issued in dematerialised form because of a different calculation basis.

Note 2: If the aforementioned data contains shares which were held in trust by the shareholders, the data disclosed is the settlor's separate account for the fund set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10% in accordance with Securities and Exchange Act, the shares include the self-owned shares and shares held in trust, and at the same time, the shareholder has the power to decide how to allocate the trust assets. The information on the reported share equity of insider is provided in the "Market Observation Post System".

VI. Effect on the Financial Position of Any Financial Difficulties Experienced by the Company and Its Affiliates in the Most Recent Fiscal Year and as of the Date of Publication of the Annual Report: None.

Chapter 7. Review and Analysis on Financial Position and Financial Performance, and Risks

I. Financial Status

(I) Comparison analysis of the consolidated financial position

Unit: NT\$ thousands

Item \ Year	2022	2021	Increase (decrease)	
			Amount	%
Current assets	5,723,029	5,926,571	(203,542)	(3.4)
Investments under equity method	16,441	18,060	(1,619)	(9.0)
Property, plant and equipment	9,093,780	9,170,598	(76,818)	(0.8)
Other assets	2,774,976	2,843,865	(68,889)	(2.4)
Total assets	17,608,226	17,959,094	(350,868)	(2.0)
Current liabilities	6,206,831	5,934,906	271,925	4.6
Non-current liabilities	4,168,739	4,972,135	(803,396)	(16.2)
Total liabilities	10,375,570	10,907,041	(531,471)	(4.9)
Share capital	5,060,629	5,060,629	0	0.0
Capital surplus	36,115	36,115	0	0.0
Retained earnings	2,332,580	2,232,784	99,796	4.5
Other equity interest	(204,898)	(285,547)	80,649	(28.2)
Equity attributable to owners of parent company	7,224,426	7,043,981	180,445	2.6
Non-controlling interest	8,230	8,072	158	2.0
Total equity	7,232,656	7,052,053	180,603	2.6

1. Main reasons for significant changes (more than 20%) in assets, liabilities and shareholders' equity during the most recent two years:
Other equity - the change was resulted by to the recovery of exchange differences in the translation of financial statements of foreign operating institutions.
2. Impact: no material impact
3. Responsive actions to be taken: N/A

(II) Comparison and analysis of parent company only financial position

Unit: NT\$ thousands

Item \ Year	2022	2021	Increase (decrease)	
			Amount	%
Current assets	2,342,018	2,192,940	149,078	6.8
Investments accounted for using equity method	5,110,895	5,323,366	(212,471)	(4.0)
Property, plant and equipment	3,491,875	3,594,341	(102,466)	(2.9)
Other assets	1,369,468	1,470,402	(100,934)	(6.9)
Total assets	12,314,256	12,581,049	(266,793)	(2.1)
Current liabilities	1,746,113	1,560,424	185,689	11.9
Non-current liabilities	3,343,717	3,976,644	(632,927)	(15.9)
Total liabilities	5,089,830	5,537,068	(447,238)	(8.1)
Share capital	5,060,629	5,060,629	0	0
Capital surplus	36,115	36,115	0	0
Retained earnings	2,332,580	2,232,784	99,796	4.5
Other equity interest	(204,898)	(285,547)	80,649	(28.2)
Total equity	7,224,426	7,043,981	180,445	2.6
Total liabilities and equity	12,314,256	12,581,049	(266,793)	(2.1)

1. Main reasons for significant changes (more than 20%) in assets, liabilities and shareholders' equity during the most recent two years:
Other equity - the change was resulted by the favorable exchange difference in the translation of financial statements of foreign operating institutions.
2. Impact: no material impact
3. Responsive actions to be taken: N/A

II. Financial Performance

(I) Analysis on consolidated financial performance for the most recent two years

Unit: NT\$ thousands

Item \ Year	2022	2021	Increase (decrease)	Change, by Percentage (%)
Net operating income	19,972,832	19,817,862	154,970	0.8
Operating costs	(14,474,786)	(14,035,011)	439,775	3.1
Gross profit	5,498,046	5,782,851	(284,805)	4.9
Operating expenses	(5,163,869)	(5,138,969)	24,900	0.5
Net operating income	334,177	643,882	(309,705)	48.1
Non-operating income and expenses	(34,377)	74,414	(108,791)	146.2
Income before tax	299,800	718,296	(418,496)	58.3
Income tax expenses	(58,717)	(210,470)	(151,753)	(72.1)
Profit	241,083	507,826	(266,743)	(52.5)

Main reasons for significant changes (more than 20% at an amount of over NT\$ 10 million) in operating income, net operating profits and net profits before tax during the most recent two years:

1. The decrease in operating profits was resulted by the increase in operating costs.
2. Non-operating income and expenses were resulted by the increase in losses from the sale of non-manufactured products.

(II) Analysis on parent company only financial performance for the more recent two years:

Unit: NT\$ thousands

Item \ Year	2022	2021	Increase (decrease)	Change, by Percentage (%)
Net operating income	8,095,812	8,157,093	(61,281)	(0.8)
Operating costs	(6,376,387)	(6,226,716)	(149,671)	2.4
Gross profit	1,719,425	1,930,377	(210,952)	(10.9)
Operating expenses	(1,715,111)	(1,736,067)	20,956	(1.2)
Operating profits (losses)	4,314	194,310	(189,996)	(97.8)
Non-operating income and expenses	262,268	350,452	(88,184)	(25.2)
Income before tax	266,582	544,762	(278,180)	(51.1)
Income tax gains (expenses)	(26,299)	(37,760)	11,461	(30.4)
Profit for the period	240,283	507,002	(266,719)	(52.6)

1. Main reasons for significant changes (more than 20% at an amount of over NT\$ 10 million) in operating income, net operating profits and net profits before tax during the most recent two years:
 - (1) The decrease in operating profits was resulted by the increase in operating costs.
 - (2) The decrease in non-operating income and expenses was resulted by the decrease in profit from reinvestment.
 - (3) The decrease in profit before tax and profit for the period was resulted by the increase in operating costs and the decrease in profit from reinvestment.
2. Sales volume forecast and basis:
We will reshape the value of brand, cultivate channels and optimize customer service quality, establish core competitive advantages in products, and optimize the supply chain system to strengthen the promotion of core strategies. We will also promote digital transformation, so that the Company's operating system can be developed towards a healthier virtuous circle.
3. Possible impact on the Company's future financial business: no material impact.
4. Responsive actions to be taken: N/A

III. Review and Analysis of Cash Flows

(I) Analysis on changes to the cash flows in 2022:

Unit: NT\$ thousands

Opening cash balance	Net cash flow from operating activities for the year	Other cash outflows of the year	Cash surplus	Remedies for deficit in cash	
				Investment plan	Financing plan
354,386	664,912	(653,421)	365,877	-	-

Analysis on changes to cash flows of the year:

Operating activities: The net cash inflow from operating activities decreased in 2022 as compared to 2021, mainly due to the decrease in income before tax.

Investment activities: The net cash outflow for investment activities in 2022 was higher than that in 2021, mainly due the establishment of subsidiaries in 2022.

Financing activities: Net cash outflows of the financing activities in 2022 were decreased compared with that in 2021, mainly due to decrease in repayment for long-term and short-term loans compared with that in 2021.

(II) Analysis on remedies for deficit in cash and liquidity of the Company:

1. Remedies for deficit in cash: The Company did not have any deficit in cash this year.
2. Please refer to financial analysis for the last 5 years for the liquidity analysis.

(III) Analysis on cash liquidity for the coming year

Unit: NT\$ thousands

Closing cash balance	Net estimated cash flows from operating activities of the year	Other estimated cash outflows of the year	Estimated cash surplus (deficit)	Remedies for deficit in cash	
				Investment plan	Financing plan
365,877	1,322,694	(1,438,571)	250,000	-	-

1. Analysis on cash flows in 2022: It is estimated that there is cash surplus for the coming year as the Company makes profits and receives cash dividends from reinvestments in 2023.
2. Remedies for estimated deficit in cash: It is estimated no deficit in cash.

IV. Impact of Major Capital Expenditures for the Most Recent Year on Financial Business: None

V. The outward investment policies in the latest year. The key reasons leading to the profit or loss, the corrective plans and the investment plan in one year ahead:

- (I) Reinvestment policy: The Company's reinvestment policy focuses on the food industry and develops businesses with integrated synergy.
- (II) The main reason of profits or losses: the Company's reinvestment profit comes from the reinvestment business in mainland China. Due to the impact of the epidemic and the rise in raw material prices, the profit has decreased compared with 2021.
- (III) Investment plan for the coming year: continue to carefully review long-term investment plans.

VI. Risk Analysis and Evaluation:

- (I) Impact of changes to interest rate and exchange rate, and inflation on the Company's profits and losses, and future responsive actions are as follow:

The Company regularly reviews the bank loan interest rate, and refers to the market interest rate. It has been in close relationship with the banks to obtain a more favorable loan interest rate. In terms of exchange rates, in 2021, due to the war between Russia and Ukraine, the prices of various agricultural and raw materials soared, coupled with the increase in shipping costs and the appreciation of the US dollar, the Company's procurement costs increased. By adjusting foreign currency assets and liabilities held by the Company, it reduces the exchange rate risk and achieves natural risk hedging. Furthermore, the Company develops hedging foreign exchange strategies and operation control procedures to prevent risks from changes in exchange rate; the Company will take such responsive actions as reducing promotion, price adjustment and cost control to eliminate the impact of inflation on the Company's business, profits and losses, so as to minimize the adverse effect.

- (II) Policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements/guarantees, and derivatives transactions, main reasons for the profits or losses generated thereby, and responsive actions to be taken in the future are as follows:

The Company does not make any high-risk and highly-leveraged investments, and makes prudent evaluation before investment. In addition, any loans to others, endorsements and guarantees are targeted to the Company's subsidiaries or business partners. Derivative transactions are mainly designed to avoid the risks from exchange rate, and fix medium and long-term capital costs. The above business shall be subject to the "Operational Procedures for Lending Funds to Others", the "Operational Procedures for Endorsements/Guarantees" and the "Handling Procedure to Engage in the Transaction of Derivative Products" formulated by the Company.

- (III) The R&D plan of the recent year, the current progress of the unfinished R&D plan, the R&D expenses to be reinvested, the estimated completion time of production, and the main factors affecting the success of R&D in the future.

1. R&D plan of the recent year:

- (1) Diversified innovation/ development of simple and delicious products without

addition

Based on the category development trend and consumer's demands, the Company will develop innovative/ addition-free foods in the coming year, including Lin Feng Ying Yogurt/ Yoghurt, Nung Cha Series- Additive-free Fruit Juice, Wan Tan Series Milk Drinks (using local raw materials in Taiwan), and Healthy Kitchen Clean Badge Series new products.

(2) Development of food materials for eating out industry:

In line with development of eating out business, consumer products are extended to articles for services, so as to diversify the products, accelerate manufacturing, and create value-added services, such as deserts, seasoning sauce, salad sauce, and milk drinks, etc.

(3) Introduction and application of safe/ environmental-friendly packaging materials:

In line with the environmental protection appeal, we continue lighted packaging materials to reduce carbon, and comply with the international safe packaging material standards to provide safer packaging materials.

(4) Advanced core product technology:

The Company establishes the core technology for various categories, introduces technologies through external academic institutions and international major manufacturers, shares information of the raw materials with the suppliers, builds the cross-strait sharing technology platform, and advances the category technology so as to improve the product competitiveness.

2. Current progress of the unfinished R&D plan:

The Company continues to improve product quality and diversify product development, including: selection and use of local raw materials, traceability management of new raw materials, simplification of formulas - continuous reduction of sugar, salt and additives, development of new products such as vegetable protein drinks and snacks; improve the value-added services of food business supplies; invest in R&D resources for new products and train professionals in various categories.

3. Reinvested R&D expenses:

As of January 31, 2023, the R&D expenses were NT\$ 7,900 thousand kWh the estimated reinvestment in R&D expenses is NT\$ 105,036 thousand.

4. Main factors affecting the success of R&D in the future:

(1) Make overall trend analysis and benchmark learning based on collected data on consumer's demands, and domestic and foreign new product information, to continue improving the product quality.

(2) Continue to improve the development process and build a research and development information system to preserve and accumulate research and development knowledge and shorten the product development time. Advocate innovative thinking, comprehensively encourage trying new ideas, and look forward to providing consumers and customers with new tastes and delicious, healthy and bright products.

(3) Deepen technology advance and discuss new material development through cooperation with academic institutions and strategic suppliers. Cultivate professional food R&D talents through cooperation with international major manufacturers, and professional education and training.

(IV) Impact of changes to important domestic and international policies and laws on the Company's financial position, and responsive actions: None

(V) Effect on the company's financial operations of developments in science and technology (including cyber security risks) as well as industrial change, and measures to be taken in response:

In response to rapid development of current technology, and publishing of government regulations, the Company has shortened the cold chain logistics and accounting process and time through development and integration of system, and provides information necessary for operation decision making and analysis through data storage, business intelligence and dashboard; the Company integrates the interface platforms to collect the operation related data, information and knowledge, so as to share information and experience. With respect to information security, the Company has provided physical and network security and protection measures, continues organizing training on information security for the employees, entrusts third-party verification, knows the internal risks, and improves and enhances the information security to reduce the impact caused by network threat. Moreover, the Company also takes the initiative to effectively apply relevant information technology to reduce the operating costs and improve the competitiveness.

(VI) Impact on crisis management of changes in the corporate image, and responsive actions to be taken:

The Company continues optimizing the food safety management in strict accordance with the corporate governance and other relevant laws and regulations, and takes the initiative to keep external communication so as to build up the positive corporate image. With respect to crisis management, the Company undertakes to enhance the brand recognition on the principles of transparency and openness, so as to reduce impact of various crisis events, and guarantee the interest of the shareholders and customers.

(VII) Expected benefits and possible risks associated with any mergers and acquisitions, and responsive actions: None

(VIII) Expected benefits and possible risks associated with any plant expansion, and responsive actions: None

(IX) Risks associated with any consolidation of sales or purchasing operations, and responsive actions:

1. Risks associated with any consolidation of purchasing operations and responsive actions:

In order to effectively reduce costs and control quality stability, the Company applies centralize purchasing, and strives to obtain favorable supply price from the suppliers through larger economic scale. However, the Company has made preparations in response to inadequate resources, changes to operation of the suppliers and other possible risks, such as developing standby supply source, and safe internal stocks, and pays a visit to the suppliers to guarantee normal supply of the goods.

2. Risks associated with any consolidation of sales and responsive actions:

In face with the risks for recovery of accounts associated with sales, the Company will strengthen setting of customer's claims and credit limit control, optimize conditions

on payment for goods, continue developing new channel customers, and add new categories to increase sales.

(X) Impact on and risks to the Company in the event significant equity transfer or replacement of the directors, supervisors or major shareholders, and responsive actions: None

(XI) Impact on and risks to the Company of changes to the management risks in the recent year, and responsive actions: None

(XII)Litigation and non-litigation events:

Litigation Commencement Date	Party	Amount	Facts in contention	Status
Jan. 5, 2015	Chiang Kuan Enterprise Co., Ltd. Yeh Wen Hsiang Tai Chi Chuan	NT\$300,000,000	In September 2014, the Company's lard oil supplier Chiang Kuan Enterprise Co., Ltd. (hereinafter referred to as "Chiang Kuan") purchased inferior oil from Kuo, Ying-Chih and Shih, Min-Yu to produce Chuan Tung Fragrant Lard Oil, caused the Company misusing it to produce the meat crisp and meat sauce products, and sustaining losses. In addition, it was found upon inspection of pork in the sauce bag for the Company's Bagged Noodle with Braised Ribs that the Company's supplier directly used the lard oil of Chiang Kuan. As a result, such instant noodle product was removed from shelves, causing losses to the Company.	Kaohsiung Branch of Taiwan High Court judged on November 13, 2019 that Chiang Kuan, Yeh Wen Hsiang and Tai Chi Chuan jointly and severally pay NT\$126,728,436 and interest. Chiang Kuan and Yeh Wen Hsiang appealed. On February 19, 2021, the Supreme Court rejected the original ruling, and sent it back to Kaohsiung Branch of Taiwan High Court for retrial.
June 2, 2015	Consumer's Foundation, Chinese Taipei	NT\$13,452,064	The Foundation claimed against the Company for damages, and alleged that Ting Hsin purchased feed lard from Vietnam Da Hue Company, and resold it to Cheng-I. Cheng-I also purchased feed lard or recycled oil from Hsin Hao to produce 117 lard oil products via refining equipment, and then sold such products to 691 channel merchants. The Company misused such lard oil product to produce meat crisp and meat sauce products, causing damage to the consumers.	Taipei District Court, Taiwan judged the Company is not liable for indemnity on August 11, 2017. The Foundation appealed. Taiwan High Court still ruled that the Company is not liable for indemnity on August 13, 2018. The Consumers' Foundation appealed (requesting that the Company's payment be adjusted to NT\$1,236,140). The Company has accepted the Supreme Court's judgment on Feb. 10, 2022, rejecting the appeal of the Consumers' Foundation against the Company, and the Company's identification that no compensation is required has been determined.

Litigation Commencement Date	Party	Amount	Facts in contention	Status
April 12, 2016	Ting Hsin Oil Making Co., Ltd. Wei, Ying-Chung Vietnam Da Hue Company Yang, Chen-I Cheng-I Corp. Company Ho, Yu-Jen Yu Fa Oil & Fat Co., Ltd Ho Wu Hui-Chu Lin, Ming-Chung Chiu Feng Oil & Fat Co., Ltd Chiu, Fei-Lung Chiu, Li-Pin Yung Cheng Oil & Fat Co., Ltd Yung Cheng Material Co., Ltd. Tsai, Chen-Chou Tsai, Yao-Men Hsin Hao Enterprise Co., Ltd. Wu Jung Ho	NT\$1,132,828,939	From 2007 to 2013, Wei Chuan entrusted Ting Hsin to manufacture olive oil, grape seed oil and blending oil products. Ting Hsin purchased inferior oils from Ta Tung Chang Chi as raw materials to manufacture the above products for Wei Chuan. In October 2013, outbreak of oil product event of Ta Tung Chang Chi led to removal of Wei Chuan's products from shelves, causing losses to Wei Chuan. Ting Hsin also purchased inferior butter and lard oils from Vietnam Da Hue Company, and sold such products to Wei Chuan as raw materials, leading to Wei Chuan's meat crisp, cans, instant noodle and other products removed from shelves and indemnifying the consumers. Cheng-I purchased inferior lard oils from its upstream suppliers Yu Fa, Chiu Feng, Yung Cheng and Hsin Hao and resold the products to Wei Chuan as raw materials, leading to Wei Chuan's meat crisp, cans and other products removed from shelves and indemnifying the consumers.	After prudently evaluating the proposal of the court, the legal opinion of the appointed lawyer and the legal opinion of the third-party lawyer, the Company successively negotiated with all direct suppliers, some of its upstream manufacturers and related personnel on May 13, 2022 and Nov. 08, 2022 for a settlement of NT\$126.8 million in total. For the other defendants who did not participate in the settlement, the Company withdrew the rest of the lawsuit on Nov. 06, 2022 as the continuation of the lawsuit was not economically beneficial. The case was closed and two-thirds of the judgment fee was refunded.

(XIII)Other material risks and responsive actions: None

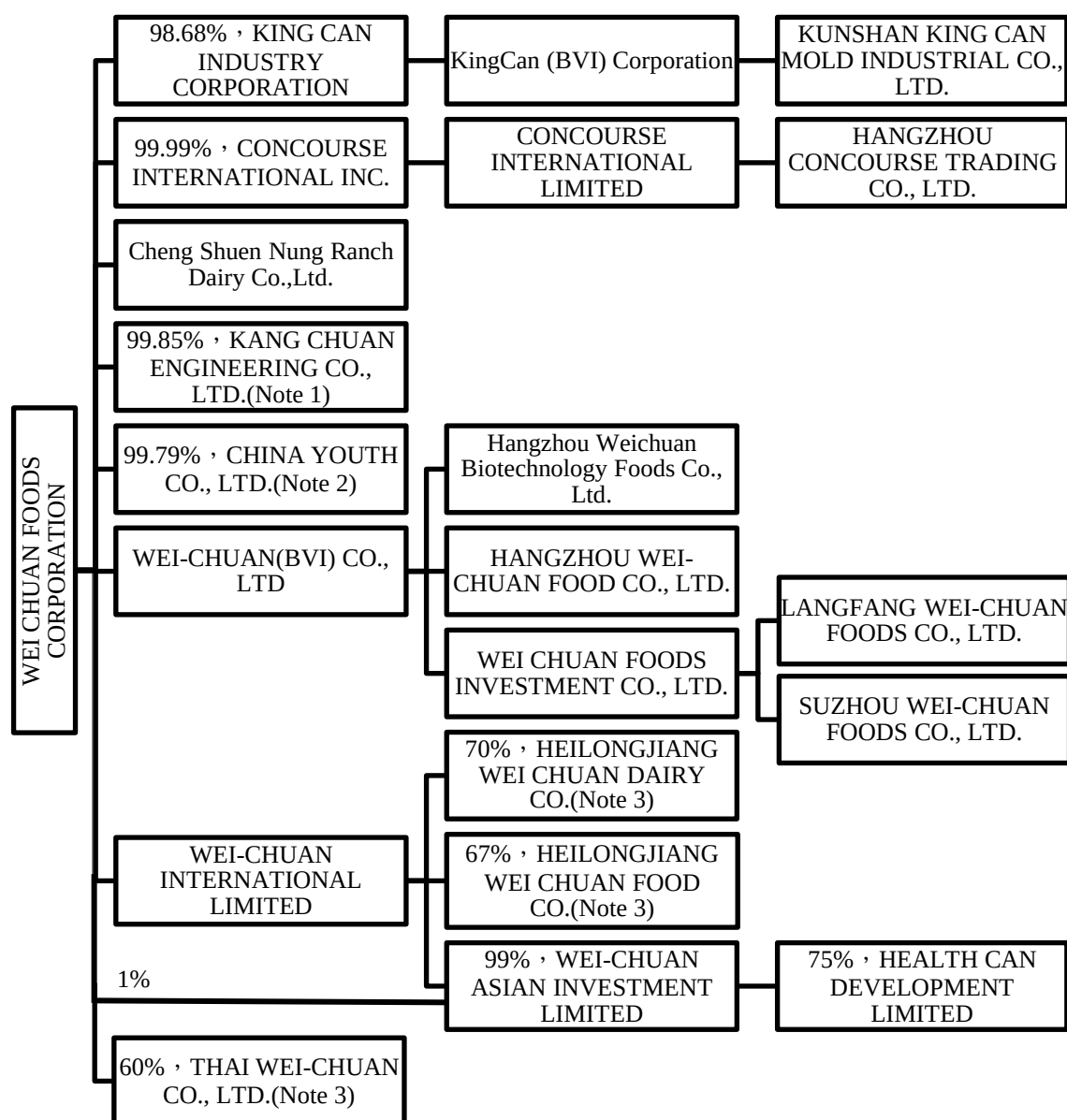
VII.Other Important Events: None

Chapter 8. Special Disclosure

I、Summary of Affiliated Companies

(I) Affiliated Companies Chart

(As of 12/31/2022, if not labeled: 100%)



Note 1 : The Company was dissolved as resolved by its Board of Directors in December 2016.

Note 2 : The Company was dissolved as approved by its shareholders in November 2016 and the dissolution was approved by the competent authority in January 2017.

Note 3 : The subsidiary is under liquidation procedures.

1. Pursuant to Article 369-2 of the R.O.C. Company Act, Paragraph 2, the subordinate company of which the company has a direct or indirect control over the management of the personnel, financial or business operation: None.
2. Pursuant to Article 369-3 of the R.O.C. Company Act, a company concluded as the existence of the controlling and subordinate relation: None.

(II) Affiliated Companies

Name of Corporation	Date of Establishment	Address	Paid-in Capital Unit: NT\$ thousands	Major Business/Production Items	Note
KING CAN INDUSTRY CORPORATION	1977.02.07	No. 561, Zhongzheng Rd., Wufeng Dist., Taichung City, Taiwan (R.O.C.)	350,000	Process, manufacture and trade of tinsplate products such as tin cans, tin boxes and bottle caps	Note 1
CONCOURSE INTERNATIONAL INC.	1973.04.18	9F., No. 127, Songjiang Rd., Zhongshan Dist., Taipei City, Taiwan (R.O.C.)	140,351	General import and export trade business	
CONCOURSE INTERNATIONAL LIMITED	2014.01.21	Maystar Chambers, P.O. Box 3269, Apia, Samoa	USD 850,000	General investment	
HANGZHOU CONCOURSE TRADING CO., LTD.	2014.08.22	Room 303, Floor 3, Building 2, No. 502, Dajie, No. 10, Qiantang District, Hangzhou City, Zhejiang Province	RMB 5,000,000	General import and export trade business	
CHINA YOUTH CO., LTD.	1981.12.16	9F., No. 127, Songjiang Rd., Zhongshan Dist., Taipei City, Taiwan (R.O.C.)	85,000	Trade of vegetables and fruits as well as agricultural and fishery products	Note 2
KANG CHUAN ENGINEERING CO., LTD.	1983.05.30	9F., No. 127, Songjiang Rd., Zhongshan Dist., Taipei City, Taiwan (R.O.C.)	351,663	Planning, design and implementation of construction projects	Note 3
Cheng Shuen Nung Ranch Dairy Co., Ltd.	2020.04.24	No. 1, Linfengying, Liujia Dist., Tainan City, Taiwan (R.O.C.)	579,300	Livestock farm management	
WEI CHUAN BUSINESS DEVELOPMENT CORPORATION	2022.01.22	10F., No. 125, Songjiang Rd., Zhongshan Dist., Taipei City, Taiwan (R.O.C.)	100,000	General investment	
WEI-CHUAN (BVI) CO., LTD.	2006.12.15	Portcullis Chambers, 4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, British Virgin Islands VG1110	USD 97,710,950	General investment	

Name of Corporation	Date of Establishment	Address	Paid-in Capital Unit: NT\$ thousands	Major Business/Production Items	Note
WEI-CHUAN INTERNATIONAL LIMITED	1992.11.11	2/F, Palm Grove House, P.O. Box 3340, Road Town, Tortola, British Virgin Islands	USD 26,356,859	General investment	
WEI-CHUAN ASIAN INVESTMENT LIMITED	1991.07.23	UNIT 903 9/F TOWER 2 ENTERPRISE SQUARE NO. 9 SHEUNG YUET ROAD KOWLOON BAY KL	HKD 7,700,000	General investment	
WEI CHUAN FOODS INVESTMENT CO., LTD.	2012.03.29	Room 301, Floor 3, Building 2, No. 502, Dajie, No. 10, Qiantang District, Hangzhou City, Zhejiang Province	USD 30,100,000	General investment	
HANGZHOU WEI-CHUAN FOOD CO., LTD.	2002.09.30	No. 468, Yinhai Street, Qiantang District, Hangzhou City, Zhejiang Province	USD 41,700,000	Manufacture and brand marketing of refrigerated dairy beverages	Note 1
LANGFANG WEI-CHUAN FOODS CO., LTD.	2013.11.29	No. 759, Huaxia South Road, Xianian Town, Dachanghuizuzizhi County, Langfang City, Hebei Province	USD 15,000,000	Manufacture and brand marketing of refrigerated dairy beverages	Note 1
SUZHOU WEI-CHUAN FOODS CO., LTD.	2017.04.06	No. 158, Wenchang Road, Beishe, Lili Town, Wujiang District, Suzhou City, Jiangsu Province	RMB 200,000,000	Manufacture and brand marketing of refrigerated dairy beverages	
Hangzhou Weichuan Biotechnology Foods Co., Ltd.	2005.05.16	No. 502, Dajie, No. 10, Qiantang District, Hangzhou City, Zhejiang Province	USD 10,000,000	Manufacture and sale of food products such as solid drinks	
KingCan (BVI) Corporation	2001.11.29	OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands	USD 3,350,000	General investment	
KUNSHAN KING CAN MOLD INDUSTRIAL CO., LTD.	2006.11.07	No. 99, Xincui Road, Huaqiao Town, Kunshan City, Jiangsu Province	USD 7,125,000	Manufacture of food molds and injection molds	
HEALTH CAN DEVELOPMENT LIMITED	1990.08.07	UNIT 903 9/F TOWER 2 ENTERPRISE SQUARE NO. 9 SHEUNG YUET ROAD KOWLOON BAY KL	HKD 1,000	General investment	

Name of Corporation	Date of Establishment	Address	Paid-in Capital Unit: NT\$ thousands	Major Business/Production Items	Note
THAI WEI-CHUAN CO., LTD.	1987.09.12	171 Moo 3 Khao Ngoo-Berkpai Rd. Tumbon Berkpai Aumper Banpong Rachaburi Province (70110) Thailand	THB 65,000,000	Food processing	Note 4
HEILONGJIANG WEI CHUAN DAIRY CO.	1995.07.10	No. 8, Daqing Road, Anda City, Heilongjiang Province	RMB 51,800,000	Dairy and other products	Note 4
HEILONGJIANG WEI CHUAN FOOD CO.	1995.07.19	No. 1, Tangchang Street, Songpu Town, Waiqu, Haerbin City Road, Heilongjiang Province	RMB 15,100,000	Condiments and other products	Note 4

Note 1 : The operating revenue of the affiliated company which has factory exceeds 10% of the operating revenue of WEI CHUAN FOODS CORPORATION, the factory information are as followed :

Name of Factory	Date of Registration	Address	Major Business/Production Items
KING CAN INDUSTRY CORPORATION	1977.02.07	No. 561, Zhongzheng Rd., Wufeng Dist., Taichung City, Taiwan (R.O.C.)	Process, manufacture and trade of tinsplate products such as tin cans, tin boxes and bottle caps
HANGZHOU WEI-CHUAN FOOD CO., LTD. HANGZHOU Factory	2002.09.30	No. 468, Yin Hai Street, Qiantang District, Hangzhou City, Zhejiang Province	Manufacture and brand marketing of refrigerated dairy beverages
LANGFANG WEI-CHUAN FOODS CO., LTD. LANGFANG Factory	2013.11.29	No. 759, Huaxia South Road, Xianian Town, Dachanghuizuzizhi County, Langfang City, Hebei Province	Manufacture and brand marketing of refrigerated dairy beverages

Note 2 : The Company was dissolved as approved by its shareholders in November 2016 and the dissolution was approved by the competent authority in January 2017.

Note 3 : The Company was dissolved as resolved by its Board of Directors in December 2016.

Note 4 : The subsidiary is under liquidation procedures.

(III) The information of the common shareholders of the company and the company concluded as the existence of the controlling and subordinate relation : None.

(IV) The Business Scope of the Company and the Affiliated Enterprises

The business of the company and the affiliated enterprises includes : Manufacture and sale of food products 、 Process, manufacture and trade of tinplate products 、 General investment.

(V) Directors, Supervisors and Presidents of Affiliated Companies (As of Dec.31, 2022)

Company	Title	Name or Representative (Note 1: Updated to March. 15, 2023, independent auditors report date)	Shareholding	
			Shares/Amount	%
KING CAN INDUSTRY CORPORATION	Chairman	SHEN, TE-YU (Representative of Wei Chuan Foods Corporation)	34,539,451	98.68%
	Director	CHIU, TZU-CHUAN、LUOR, DER-CHERNG (Representative of Wei Chuan Foods Corporation)	34,539,451	98.68%
	Supervisor	HUANG, CHIH-YU	-	-
	President	SHEN, TE-YU	-	-
CONCOURSE INTERNATIONAL INC.	Chairman	HUANG, HUI-LING (Representative of Wei Chuan Foods Corporation)	14,034,753	99.99%
	Director	CHANG, CHEN-CHANG、HUANG, KUO CHEN (Representative of Wei Chuan Foods Corporation)	14,034,753	99.99%
	Supervisor	HUANG, CHIH-YU	-	-
CONCOURSE INTERNATIONAL LIMITED	Director	HUANG, HUI-LING、CHANG, CHEN-CHANG、HUANG, CHIH-YU (Representative of CONCOURSE INTERNATIONAL INC.)	-	99.99%
HANGZHOU CONCOURSE TRADING CO., LTD.	Chairman	HUANG, HUI-LING (Representative of CONCOURSE INTERNATIONAL LIMITED)	-	99.99%
	Director	CHANG, CHEN-CHANG、HUANG, CHIH-YU (Representative of CONCOURSE INTERNATIONAL LIMITED)	-	99.99%
	Supervisor	LEE, WEN-HSUEH (Representative of CONCOURSE INTERNATIONAL LIMITED)	-	99.99%
	President	HUANG, HUI-LING	-	-
KANG CHUAN ENGINEERING CO., LTD. (Note 2)	Chairman	CHEN, WEI MING (Representative of Wei Chuan Foods Corporation)	35,113,408	99.85%
	Director	CHANG, CHIAO-HUA、LUOR, DER-CHERNG (Representative of Wei Chuan Foods Corporation)	35,113,408	99.85%
	Supervisor	HUANG, CHIH-YU	-	-
Cheng Shuen Nung Ranch Dairy Co., Ltd.	Chairman	CHIU, TZU-CHUAN (Representative of Wei Chuan Foods Corporation)	57,929,989	100.00%
	Director	KO, CHI-FENG、HUANG, KUO CHEN (Representative of Wei Chuan Foods Corporation)	57,929,989	100.00%
	Supervisor	HUANG, CHIH-YU (Representative of Wei Chuan Foods Corporation)	57,929,989	100.00%

Company	Title	Name or Representative (Note 1: Updated to March. 15, 2023, independent auditors report date)	Shareholding	
			Shares/Amount	%
WEI CHUAN BUSINESS DEVELOPMENT CORPORATION	Director	CHANG, CHIAO-HUA(Representative of Wei Chuan Foods Corporation)	10,000,000	100.00%
	Supervisor	HUANG,CHIH-YU (Representative of Wei Chuan Foods Corporation)	10,000,000	100.00%
WEI-CHUAN(BVI) CO., LTD.	Director	Wei Chuan Foods Corporation	-	100.00%
WEI-CHUAN INTERNATIONAL LIMITED	Director	Wei Chuan Foods Corporation	-	100.00%
WEI-CHUAN ASIAN INVESTMENT LIMITED	Director	CHANG, CHIAO-HUA 、 HUANG,CHIH-YU (Representative of WEI-CHUAN INTERNATIONAL LIMITED)	-	100.00%
WEI CHUAN FOODS INVESTMENT CO., LTD.	Chairman	TENG,YI-YUNG (Representative of WEI-CHUAN(BVI) CO., LTD)	-	100.00%
	Director	HUANG,KUO CHEN 、 WEI, CHIA-TE (Representative of WEI-CHUAN(BVI) CO., LTD)	-	100.00%
	Supervisor	HUANG,CHIH-YU (Representative of WEI-CHUAN(BVI) CO., LTD)	-	100.00%
	President	TENG,YI-YUNG	-	-
HANGZHOU WEI-CHUAN FOOD CO., LTD.	Chairman	TENG,YI-YUNG (Representative of WEI-CHUAN(BVI) CO., LTD)	-	100.00%
	Director	HUANG,KUO CHEN 、 WEI, CHIA-TE (Representative of WEI-CHUAN(BVI) CO., LTD)	-	100.00%
	Supervisor	HUANG,CHIH-YU (Representative of WEI-CHUAN(BVI) CO., LTD)	-	100.00%
	President	TENG,YI-YUNG	-	-
LANGFANG WEI-CHUAN FOODS CO., LTD.	Chairman	TENG,YI-YUNG (Representative of WEI CHUAN FOODS INVESTMENT CO., LTD.)	-	100.00%
	Director	HUANG,KUO CHEN 、 WEI, CHIA-TE (Representative of WEI CHUAN FOODS INVESTMENT CO., LTD.)	-	100.00%
	Supervisor	HUANG,CHIH-YU (Representative of WEI CHUAN FOODS INVESTMENT CO., LTD.)	-	100.00%
	President	TENG,YI-YUNG	-	-

Company	Title	Name or Representative (Note 1: Updated to March. 15, 2023, independent auditors report date)	Shareholding	
			Shares/Amount	%
SUZHOU WEI-CHUAN FOODS CO., LTD.	Chairman	TENG,YI-YUNG (Representative of WEI CHUAN FOODS INVESTMENT CO., LTD.)	-	100.00%
	Director	HUANG,KUO CHEN 、WEI, CHIA-TE (Representative of WEI CHUAN FOODS INVESTMENT CO., LTD.)	-	100.00%
	Supervisor	HUANG,CHIH-YU (Representative of WEI CHUAN FOODS INVESTMENT CO., LTD.)	-	100.00%
	President	TENG,YI-YUNG	-	-
Hangzhou Weichuan Biotechnology Foods Co.,Ltd.	Chairman	TENG,YI-YUNG (Representative of WEI-CHUAN(BVI) CO., LTD)	-	100.00%
	Director	HUANG,KUO CHEN 、WEI, CHIA-TE (Representative of WEI-CHUAN(BVI) CO., LTD)	-	100.00%
	Supervisor	HUANG,CHIH-YU (Representative of WEI-CHUAN(BVI) CO., LTD)	-	100.00%
	President	WEI, CHIA-TE	-	-
KingCan (BVI) Corporation	Director	SHEN, TE-YU 、HSU,SHU-MIN 、HUANG,CHIH-YU (Representative of KING CAN INDUSTRY CORPORATION.)	-	98.68%
KUNSHAN KING CAN MOLD INDUSTRIAL CO., LTD.	Chairman	SHEN, TE-YU (Representative of KingCan (BVI) Corporation)	-	98.68%
	Director	LEE,WEN-HSUEH 、HUANG,CHIH-YU (Representative of KingCan (BVI) Corporation)	-	98.68%
	Supervisor	HSU,SHU-MIN (Representative of KingCan (BVI) Corporation)	-	98.68%
	President	SHEN, TE-YU	-	-
HEALTH CAN DEVELOPMENT LIMITED	Director	CHANG, CHIAO-HUA 、HUANG,CHIH-YU (Representative of WEI-CHUAN ASIAN INVESTMENT LIMITED)	-	75.00%

Note 2 : The Company was dissolved as resolved by its Board of Directors in December 2016.

Note 3 : CHINA YOUTH CO., LTD. 、THAI WEI-CHUAN CO.,LTD. 、HEILONGJIANG WEI CHUAN FOOD CO. and HEILONGJIANG WEI CHUAN DAIRY CO. are under liquidation procedures.

II、Summarized Operation Results of Affiliated Enterprises

Year ended December 31, 2022 (NTD Thousand)

Company name	Stock capital	Total assets	Total liabilities	Total equity	Operating revenue	Operating profit (loss)	Net income (loss)	Earnings per share(after-tax)(Dollars)	Footnote
KING CAN INDUSTRY CORPORATION	350,000	1,118,726	520,325	598,401	989,173	69,057	61,108	1.75	
CONCOURSE INTERNATIONAL INC.	140,351	532,879	296,861	236,018	600,403	40,715	41,391	2.95	
CONCOURSE INTERNATIONAL LIMITED	26,104	40,820	-	40,820	-	-	3,913	-	
HANGZHOU CONCOURSE TRADING CO.,LTD.	22,047	119,158	78,838	40,320	410,381	4,144	3,912	-	
CHINA YOUTH CO.,LTD.	85,000	10,480	2,468	8,012	-	(13)	(8)	-	Note 2
KANG CHUAN ENGINERRING CO.,LTD.	351,663	211,997	2,364	209,633	-	(1,088)	439	0.01	Note 3
Cheng Shuen Nung Ranch Dairy Co.,Ltd.	579,300	1,110,197	516,069	594,128	147,379	(44,500)	(88,503)	(1.53)	
WEI CHUAN BUSINESS DEVELOPMENT CORPORATION	100,000	102,788	100	102,688	-	(128)	2,688	0.27	
WEI-CHUAN(BVI)CO.,LTD.	3,000,703	3,510,601	194,175	3,316,426	-	(433)	107,012	-	
WEI-CHUAN INTERNATIONAL LIMITED	809,419	61,884	1,777	60,107	-	(307)	(201)	-	
WEI-CHUAN ASIAN INVESTMENT LIMITED	30,323	22	509	(487)	-	(141)	(141)	-	
WEI CHUAN FOODS INVESTMENT CO.,LTD.	834,437	1,525,681	462,992	1,062,689	-	(111)	40,469	-	
HANGZHOU WEI-CHUAN FOOD CO., LTD.	1,319,355	5,856,424	3,530,742	2,325,682	10,882,611	196,964	118,278	-	
LANGFANG WEI-CHUAN FOODS CO.,LTD.	404,053	1,638,315	957,469	680,846	1,063,228	108,266	68,599	-	
SUZHOU WEI-CHUAN FOODS CO.,LTD.	881,888	1,467,433	630,464	836,969	-	(35,765)	(28,321)	-	
Hangzhou Weichuan Biotechnology Foods Co.,Ltd.	344,894	179,661	373,779	(194,118)	116,552	(45,253)	(46,797)	-	
KingCan (BVI) Corporation.	102,879	291,361	-	291,361	-	-	5,430	-	
KUSHAN KING CAN MOLD INDUSTRIAL CO.,LTD.	222,625	293,890	2,943	290,947	2,554	(1,005)	5,434	-	
HEALTH CAN DEVELOPMENT LIMITED	4	22	5,928	(5,906)	-	(99)	(99)	-	
THAI WEI-CHUAN CO.,LTD.	58,117	-	7,326	(7,326)	-	-	-	-	Note 4

Note 1 : Translation of foreign operations : Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet; Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period , the exchange rates are as follows :

	<u>USD: NTD</u>	<u>HK: NTD</u>	<u>RMB: USD</u>	<u>RMB: NTD</u>	<u>THB : NTD</u>
2022.12.31	30.7100	3.9380	0.1436	4.4094	0.8941
Average exchange rates of 2022	29.8044	3.8055	0.1488	4.4345	0.8555

Note 2 : The Company was dissolved as approved by its shareholders in November 2016 and the dissolution was approved by the competent authority in January 2017.

Note 3 : The Company was dissolved as resolved by its Board of Directors in December 2016.

Note 4 : The subsidiary is under liquidation procedures.

(II) Consolidated financial statements of the related parties:

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2022, pursuant to ‘Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises’, the entities that are required to be included in the consolidated financial statements of affiliates are the same as those required to be included in the consolidated financial statements of parent and subsidiary companies under IFRS 10. Also, if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare separate consolidated financial statements of affiliates.

Hereby declare,

Wei Chuan Foods Corporation

March 15, 2023

(III) Affiliate Reports

The Company is not the affiliate as set out in the articles of incorporation of the affiliated company under the Company Act, and is not required to prepare the affiliate report according to regulations.

- II. Private Placement of Securities during the Most Recent Year and as of the Date of Publication of the Annual Report: None.
- III. Holding or Disposal of the Company's Shares during the Most Recent Year and as of the Date of Publication of the Annual Report: None.
- IV. Other Necessary Supplementary Information: None

Chapter 9. If any of the situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities, has occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, such situations shall be listed one by one: None

Wei Chuan Foods Corp.

Chairman CHEN, HUNG-YU