Stock Code: 3313

Feei Cherng Enterprise Co., Ltd.

2022

Annual Report

Published on April 24, 2023

Annual Report is available at: http://mops.twse.com.tw/

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- V. Name of any exchanges where the Company's securities are traded offshore, and the method by which to access information on said offshore securities:

 None.
- VI. Company Website: http://www.fce.com.tw/

Feei Cherng Enterprise Co., Ltd.

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One. A Message to Shareholders

Dear Shareholders:

We welcome all shareholders and distinguished guests to participate in today's general shareholders' meeting. We would like to express our sincerest gratitude to all shareholders and distinguished guests for your participation and long term support to the Company.

The Company's consolidated revenue in 2022 was NT\$8,922 thousand, which decreased by 87.59% compared to NT\$71,875 thousand in 2021 mainly due to decline in trading of bulk raw materials. In 2022, the gross margin was 0.24%, and the net operating loss was NT\$40,264 thousand. Due to various factors including valuation loss from financial assets, non-operating loss came in at NT\$133,129 thousand. Therefore, the Company's pre-tax loss was NT\$173,393 thousand, with net loss of NT\$173,396 thousand, which decreased by NT\$215,697 thousand compared to the net profit of NT\$42,301 thousand in the same period in 2021. The Company accumulated loss of NT\$854,102 thousand, which exceeded 50% of paid-in capital. The financial results are reported to the shareholders in accordance with relevant laws.

The Company's management team has timely adjusted its operations strategy according to the current status. In the future, the Company will not only focus on the existing bulk raw material trading business, but also dedicate efforts to adding new resources, expanding new businesses, and timely adjusting labor force. In addition, the Company has also continued to reduce various costs to enhance its operational efficiency and effectiveness. We look forward to continual support and confidence from all shareholders. 2022 financial results and the Company's outlook for 2023 are as follows:

I. 2022 Operating Performance (Consolidated Financial Statements)

(I) Comparative Financial Statements

Unit: NT\$ Thousand

Year	December 31, 2022	December 31, 2021	Amount of increase (decrease)	Variance (%)
Current Assets	1,592,735	913,201	679,534	74.41
Financial assets at fair value through				
other comprehensive income -	106,641	189,507	(82,866)	(43.73)
non-current				
Property, plant and equipment	82,599	86,107	(3,508)	(4.07)
Right-of-use assets	769	1,795	(1,026)	(57.16)
Intangible assets	17,526	-	17,526	-
Other assets	2,549	2,352	197	8.38
Total assets	1,802,819	1,192,962	609,857	51.12
Current Liabilities	790,365	14,165	776,200	5,479.70
Non-Current Liabilities	2,924	1,081	1,843	170.49
Total liabilities	793,289	15,246	778,043	5,103.26
Total equity attributable to owners of the parent	1,004,330	1,177,716	(173,386)	(14.72)
Share Capital	1,187,708	1,187,708	-	=
Capital surplus	605,796	605,796	-	-
Retained Earnings	(787,782)	(614,396)	(173,386)	28.22
Other equity	(1,392)	(1,392)	-	-
Non-controlling equity	5,200	-	5,200	-
Total Equity	1,009,530	1,177,716	(168,186)	(14.28)

(II) Comparative Operating Results

2022 net operating revenue came in at NT\$8,922 thousand, which dropped by NT\$62,953 thousand (down 87.59%) compared to NT\$71,875 thousand in 2021. 2022 operating profits came in at NT\$21 thousand, which dropped by NT\$3,573 thousand (down 99.42%) compared to the NT\$3,594 thousand in 2021. 2022 gross profit margin was 0.24%, which dropped by 95.20% compared with the 5.00% in 2021. The details are as follows:

Unit: NT\$ Thousand

Year	2022	2021	Amount of increase (decrease)	Variance (%)
Operating revenue, net	8,922	71,875	(62,953)	(87.59)
Operating Costs	8,901	68,281	(59,380)	(86.96)
Operating profits	21	3,594	(3,573)	(99.42)
Operating expenses	40,285	31,424	8,861	28.20
Operating loss, net	(40,264)	(27,830)	(12,434)	44.68
Non-operating income and expenses	(133,129)	74,569	(207,698)	(278.53)
Profit (loss) before income tax	(173,393)	46,739	(220,132)	(470.98)
Income tax revenue (expense)	(3)	(4,438)	4,435	(99.93)
Profit (loss) for the current period	(173,396)	42,301	(215,697)	(509.91)

(III) Financial and profitability analysis

1. Financial analysis

	inerar anarysis			
Item	Year	2022	2021	Increase (decrease) %
Financial	Liability to asset ratio (%)	44.00	1.28	3,337.50
structure	Long-term funds to PPE ratio (%)	1,225.75	1,368.99	(10.46)
	Current ratio (%)	201.52	6,446.88	(96.87)
Solvency	Quick ratio (%)	121.21	5,356.53	(97.74)
	Interest coverage ratio	(31.04)	3,339.50	(100.93)

2. Profitability analysis

2. Promability analysis				
	2022	2021	Increase (decrease)	
Item		,		%
	ROA (%)	(11.29)	3.94	(386.55)
	ROE (%)	(15.86)	3.97	(499.50)
Profitability	Income (loss) before tax to paid-in capital (%)	(14.60)	3.94	(470.56)
	Profit margin (%)	(1,943.47)	58.85	(3,402.41)
	Basic earnings (loss) per share (after tax) (NT\$)	(1.46)	0.42	(447.62)

3. Research and development (R&D):

Given that the Company does not currently have a R&D department, and is mainly engaged in the purchase and sale of commodities, R&D investment is not applicable.

II. 2023 Business Plan

(I) Business policy

In 2023, apart from the Company's existing bulk raw material trading business, it will also timely adjust its business strategies and plans as well as actively invest in land and property development with the hope to expand to other markets, in order to improve the flexibility and efficiency of business operations, and with effective control on various expenditures, with the aim to maximize resource utilization.

- (II) Important production and marketing policies
 - 1. Continue to develop new businesses.
 - 2. Improvement of quality control to protect customer rights and interests.
 - 3. Integration of commonly used internal resources to strengthen operational efficiency.

(III) Future development strategies

In addition to actively strengthening overall competitiveness, the Company has also been expanding new businesses, and dedicated efforts in reducing operating costs, with the hope to share its business achievements with shareholders.

(IV) Effects of external competition, legal environment, and overall business environment

The Company's daily operations are based on relevant domestic and foreign laws and regulations, keeping in line with domestic and foreign policy trends and changes in laws and regulations. Relevant information is collected to provide reference for the management's decision-making and adjustment of operational strategies.

The Company has always been flexible to changes in the overall economy by timely reviewing strategic policies, and pursues effective implementation. Although it continues to face environmental challenges, it has sustained robust performance in response to various challenges and changes, with the hope to become profitable again, achieve employee care, fulfill social responsibilities, and provide shareholder returns.

We hope that all shareholders and VIPs will continue to express opinions to the Company, and provide support to the Company to achieve growth and improve business performance.

We would like to wish all shareholders and distinguished guests Good Health! Good Luck!

Chairman Yu-Ming Chang



General Manager Chang Shu



Accounting Manager



Two. Company Profile

I. Date of Establishment: December 2, 1993

1993	The Company was established in Nanzi District, Kaohsiung City in December 1993, and specializes in the trading, import/export of electronics, electrical and computer components and equipment. The capital at the time of establishment was NT\$7,000 thousand, and the Company mainly act as the agent for the sale of electronic components from Japan's Mitsubishi and other international manufacturers.
1997	To strengthen customer relationship and expand the Company's market share in the North District, we established a liaison office in Xinzhuang District, New Taipei City in September 1997, which was relocated to Sanchong District, New Taipei City in April 2000.
1998	In December, the cash capital increase totaled NT\$13,950 thousand, and the paid-in capital after the capital increase was NT\$20,950 thousand.
1999	In April, the Company became the chief agent of product lines of Maruwa, Japan and Steward, USA's China branch. Meanwhile, to expand the Company's sales scale, the recapitalization of earnings totaled NT\$29,330 thousand, and the paid-in capital after the capital increase was NT\$50,280 thousand.
2002	To strengthen the Company's competitiveness, in the early 2002, the Company has obtained agency rights of Japan's Kamaya and iTTi accreditation of the U.S. The cash capital increase in December 2001, April and July 2002 were NT\$70,000 thousand, NT\$30,000 thousand and NT\$70,000 thousand, respectively. The paid-in capital after the capital increase was NT\$220,280 thousand.
2003	In June, the recapitalization of earnings totaled NT\$100,720 thousand, and the paid-in capital after the capital increase was NT\$321,000 thousand. Approved for initial public offering by the competent authority on August 11, 2003.
2004	In May, the Company's stocks were listed on the emerging stock market. In June, the Company has obtained the ISO 9001 quality certification. In September, the recapitalization of earnings totaled NT\$98,265 thousand, and the paid-in capital after the capital increase was NT\$419,265 thousand. In December, the Company invested JPY\$10,000 thousand for the establishment of Matsuki Precision Ceramic Co., Ltd.
2005	In January, the headquarters relocated to 24-2F, No. 6, Siwei 3rd Road, Lingya District, Kaohsiung City. In May and August, the Company's investment in Matsuki Precision Ceramic Co., Ltd. increased to JPY\$120,000 thousand and JPY\$56,000 thousand, respectively to introduce Matsuki's self-owned brand. In August, the recapitalization of earnings totaled NT\$26,195 thousand, and the paid-in capital after the capital increase was NT\$445,460 thousand.
2006	To increase working capital and comply with the underwriting policy of new shares for OTC-listed companies. Cash capital increase of NT\$51,680 thousand was completed in May 2006, and the total paid-in capital after the capital increase was NT\$497,140 thousand. On May 29, it was officially listed for OTC trading on Taipei Exchange. In June, the Company invested a total of NT\$3.3 million on the establishment of Pinewood Polymer Technology Co., Ltd., with 100% shareholding. In July, the Company increased its investment on Pinewood Polymer Technology Co., Ltd. to a total of NT\$174,900 thousand, with 100% shareholding. After the capital increase of Pinewood Polymer Technology Co., Ltd., the Company invested in Enesol Co., Ltd., South Korea and obtained 39.66% shareholding (excluding preferred shares) to jointly develop polymer solid electrolytic capacitors. In August, the recapitalization of earnings for 2005 totaled NT\$64,360 thousand, and the paid-in capital after the capital increase was NT\$561,500 thousand. In September, the Company invested NT\$98,730 thousand (US\$3,000 thousand) for the establishment of Force Mos Technology Co., Ltd., with 40% shareholding. Its main businesses include IC design and trading for metal-oxide-semiconductor field-effect transistors (MOSFETs). In September, there was capital increase of Pinewood Polymer Technology Co., Ltd. of NT\$155,100 thousand, and the Company's subsidiary Matsuki Precision Ceramic Co., Ltd. participated in the cash capital increase, with

Therefore, the Company's shareholding ratio declined to 53%.

shareholding ratio of 2% at NT\$6,600 thousand, while the remaining was subscribed by a specific third party.

In April, Pinewood Polymer Technology Co., Ltd. signed an equity purchase agreement with the sub-subsidiary, Enesol's shareholder in South Korea. Pinewood Polymer's shareholding in Enesol increased from 39.66% to 85.17% (excluding preferred shares), and Pinewood has successfully obtained the management right, which shall be conducive to the technology transfer and resource integration of its solid-state capacitors. In May, the Company participated in the cash capital increase of Pinewood Polymer Co., Ltd., which resulted in cumulative investment of NT\$88,000 thousand, which represent a total of 59.75% shareholding. After the capital increase of Pinewood Polymer Technology Co., Ltd., the Company expanded capacity of Enesol Co., Ltd., and obtained a total of 88.15% shareholding. In June, the company invested NT\$10 million in cash for the establishment of Force-MOS Technology Co.,Ltd., representing 100% shareholding. The main businesses include IC design and trading for metal—oxide—semiconductor field-effect transistors (MOSFETs). In August, the Company participated in the cash capital increase of NT\$848,000 thousand of Force-MOS Technology Co.,Ltd., which resulted in cumulative investment of NT\$1,110,900 thousand, which represent a total of 82.54% shareholding. After the capital increase of Pinewood Polymer Technology Co., Ltd., the Company expanded capacity of Enesol Co., Ltd., and obtained a total of 89.23% shareholding. In August, the Company made cash investments on Matsuki Precision Ceramic Co., Ltd., with total investment of NT\$207,200 thousand, and accumulated investment of NT\$43,340 thousand, with 100% shareholding. In August, the recapitalization of earnings for 2006 totaled NT\$43,340 thousand, and the paid-in capital after the capital increase was NT\$604,840 thousand. In September, the Company participated in the cash capital increase of NT\$33,000 thousand of Force-MOS Technology Co.,Ltd., which resulted in cumulative investment of NT\$43,000 thousand, which represent 100% shareholding.
In September, the Company participated in the cash capital increase of NT\$25,700 thousand of Force-MOS Technology Co.,Ltd., which resulted in cumulative investment of NT\$68,700 thousand, which represent 45.80% shareholding. In October, Pinewood Polymer Technology Co., Ltd. conducted capital reduction to make up for losses. There were a total of 139,000 thousand shares, and after capital reduction, 27,800 thousand shares were cancelled, with capital reduction ratio of 20%. The paid-in capital after capital reduction totaled NT\$1,112,000 thousand.
In February, the Company bought back 3,960,000 shares of Pinewood Polymer Technology Co., Ltd. from Enesol Co., Ltd., South Korea, which resulted in a total of 83.48% shareholding. In December, the investee Force-MOS Technology Co., Ltd. applied for initial public offering of shares.
In March, the Company applied to the Taiwan Depository & Clearing Corporation for conversion of physical shares to dematerialized form. In May, the Company applied for conversion of 1,000 units of convertible corporate bonds into 1,035,196 common shares. The paid-in capital after capital increase totaled NT\$615,191,960. In May, after the disposal of 3,320,000 common shares of investee Force-MOS Technology Co.,Ltd., the Company holds 3,550,000 shares, which represent 17.75% of Force-MOS' shareholding after capital increase. In June, the Company disposed of all 40% shares of the invested company Force Mos Technology Co., Ltd. at a price of US\$820,000. In July, the Company issued 23,280,000 common shares by private placement for capital increase in 2010, and the paid-in capital after the capital increase was NT\$848,991,960. In August, Pinewood Polymer Technology Co., Ltd. disposed of all shares of Enesol Co., Ltd., South Korea, with total transaction amount of NT\$0. The buyer shall be liable for all of the assets, liabilities, endorsements/ guarantees and responsibilities of Enesol. In September, Matsuki Precision Ceramic Co., Ltd. went through a capital reduction to make up for its losses. Before the capital reduction, the total number of issued shares was 5,000 thousand shares, 2,250 issued shares were cancelled, and the capital reduction ratio was 45%. The paid-in capital after the capital reduction was NT\$838,991,960. In November, the Company conducted capital reduction and cancellation of treasury shares of 1,000,000 shares repurchased in August 29-October 15, 2007. The paid-in capital after the capital reduction to make up for losses. There were a total of 111,200 thousand shares, and after capital reduction totaled NT\$667,200 thousand.
In April, the Company conducted capital reduction and cancellation of treasury shares of 215,000 shares repurchased in August 29-October 15, 2007. The paid-in capital after the capital reduction was NT\$836,841,960. From August 2010 to April 2011, 3,589,000 shares of Force-MOS Technology Co.,Ltd. was held by the Company after the purchase of 39,000 shares in the open market, which represent 17.95% of total issued shares of 20,000,000 shares. In June, the head office was relocated to 13F, No. 111-5, Xingde Rd., Zhongxing Lane, Sanchong District, New Taipei City.
In April, the Company bought back 316,800 shares of Pinewood Polymer Technology Co., Ltd. from Matsuki Precision Ceramic Co., Ltd., which resulted in a total of 83.96% shareholding.
In June, the directors and supervisors were re-elected at the shareholders meeting on June 11, 2013 upon expiration of their three-year term of office. After the re-election, only Former Supervisor Wu Yi-Ching was

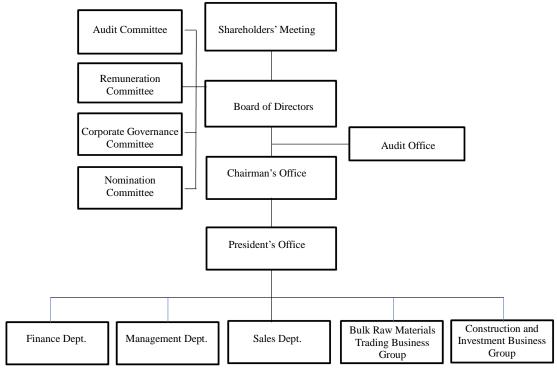
	replaced by Lu Chung-Kuang, while the other seven directors and two supervisors were the same as those before the re-election.
	In August, Pinewood Polymer Technology Co., Ltd. conducted the first cash capital increase of NT\$27,000 thousand. As such, the Company's shareholding ratio declined to 80.69%. In September, Feei Cherng issued 2nd domestic secured convertible corporate bonds at a total of 2 thousand bonds
	worth NT\$200,000 thousand. In December, the Company applied for conversion of 10 units of convertible corporate bonds into 86,580 common shares. The paid-in capital after capital increase totaled NT\$830,707,760. In December, Pinewood Polymer Technology Co., Ltd. conducted the second cash capital increase of NT\$7,000
	thousand. As such, the Company's shareholding ratio declined to 79.89%. In December, the liquidation of invested company LePower, Cayman Islands was completed. The Company sold all of the shares of LePower, which was 121,800 shares at US\$0.5 per share, giving a total of US\$60,900.
2015	In January, the Company increased investments on Matsuki Precision Ceramic Co., Ltd., with a total of JPY\$75 million, which was approximately NT\$20,400,000 under the NTD: JPY exchange rate of 1:0.272. In February, the Company conducted capital reduction of JPY97,940 per share (97.94%) on Matsuki Precision Ceramic Co., Ltd. to make up for the loss, with reduced paid-in capital of JPY475,500,000. As a result, the total paid-in capital was JPY10,000,000. In April, the Company applied to the Taiwan Depository & Clearing Corporation for conversion of physical shares by private placement to dematerialized form. In June, Pinewood Polymer Technology Co., Ltd. conducted the first cash capital increase of NT\$6,000 thousand. As such, the Company's shareholding ratio declined to 79.21%.
2016	In June, the directors and supervisors were re-elected at the shareholders meeting on June 7, 2016 upon expiration of their three-year term of office. In September, due to business requirements and to improve the management team, the Company conducted a comprehensive re-election before schedule at the extraordinary shareholders meeting on September 29, 2016. In October, the disposal of production equipment of Pinewood Polymer Technology Co., Ltd. was resolved in the 2nd extraordinary shareholders meeting, which was held on October 17, 2016.
2017	In February, the Company completed liquidation on Matsuki Precision Ceramic Co., Ltd. In February, May and December, the board of directors resolved to acquire real property. In May, the dissolution of Pinewood Polymer Technology Co., Ltd. was passed on May 19, 2017. In June, the Company conducted by-election of supervisors at the annual shareholders' meeting. In November, the Company has passed the withdrawal of funds for its subsidiaries Perfect Bass Co., Ltd. and Feei Cherng Shanghai Trading Co., Ltd.
2018	In January, the disposal of the Company's real property in Sanchong District, New Taipei City was completed. In January, the liquidation of Pinewood Polymer Technology Co., Ltd. was completed, and the investment funds were returned. In July, the Company established the Audit Committee. Since July, the Company has switched to the breeding and animal husbandry business and trading of bulk raw materials.
2019	In June, the directors were re-elected at the shareholders meeting on June 21, 2019 upon expiration of their three-year term of office. In September, the Company's head office relocated to the new address Room B, 6F, No. 28, Zhongshan N. Rd., Gangshan Dist., Kaohsiung City. In December, liquidation of Feei Cherng Shanghai Trading Co., Ltd. was completed.
2020	In April, the Company issued 15,000,000 common shares by private placement for capital increase in 2019, and the paid-in capital after the capital increase was NT\$987,707,760. In June, directors were newly elected at the shareholders meeting. In July, the Construction and Investment Business Group was established. In July, the Company remitted back the remaining shares of Perfect Bass Co., Ltd.
2021	In June, the directors were re-elected at the shareholders meeting on August 18, 2021 upon expiration of their three-year term of office. In August, the Corporate Governance Committee was established. In August 2021, the head office relocated to the new address: 11F2, No. 248, Sec. 2, Yonghua Rd., Anping Dist., Tainan City 708008, Taiwan (R.O.C.) In December, the Company purchased land at Xingzuan Section, West Central District, Tainan City. In December, the Company issued 10,000,000 common shares by private placement for the first capital increase in 2021, and 10,000,000 common shares by private placement for the second capital increase. The paid-in capital after the capital increase was NT\$1,187,707,760.
2022	In April, the Company purchased land at Beihua Section, North District, Tainan City. In December, the Company established the Nomination Committee.

- III. reorganization in the most recent year until the date of publication of the annual report: None.
- IV. Large share transfers or changes in shareholdings of directors, supervisors, or shareholders who hold more than 10% of the Company's shares, any change in managerial control, material changes in operating methods or type of business, and any other matters of material significance that could affect shareholders' equity: None.

Three. Corporate Governance Report

I. Organizational System:

(I) Organizational Structure



(II) Business operations by major departments

Department	Main Responsibilities
Chairman's Office	 Assist the convening of the board of directors meeting Execute projects and tasks assigned by the Chairman
President's Office	 Establish a company management system, evaluate and integrate business management plans in each department, and ensure achievement of company goals. Plan and support the rationalization of company operations. Keep track and manage the Company's business policy and indicators.
Audit Office	 Establish the internal audit system Formulate and implement related audits including audit plans and improvements Check and review whether the internal control system was effectively implemented to comply with company management needs and legal requirements
Finance Dept.	 Planning, execution and analysis of accounting and taxation operations Planning, execution and analysis of financial forecasts Promotion of the financial policy Fund planning and budgeting
Management Dept.	 Administration and general affairs coordination Integration of personnel, procurement, and IT matters. Planning, supervising and implementation of import and export, transportation, warehousing, and customs operations. Human resource planning and management

	5. Information Security
Sales Dept.	Responsible for the execution of businesses related to specific and target customers, including: 1. Market development and sales 2. Business commodity negotiations 3. Customer service and consultation 4. Customer credit investigation and review 5. Business resource planning, management, and applications 6. Investigation and analysis of industry trends
Bulk Raw Materials Trading Business Group	Purchasing of bulk raw materials and raising of livestock and poultry
Construction and Investment Business Group	Comprehensive planning and execution of construction and development projects Long-term and short-term securities investment

II. Information About Directors, Presidents, Vice Presidents, Assistant Vice Presidents, Managers of All the Company's Divisions and Branch Units:

(I) Information on the Company's directors

Information on the Company's directors (I)

March 28, 2023; Unit: Shares; %

Job Title	Nationality or place of	Name	Gender/	Date of election (appoint	Term of	Date of the initial	Shareholding	while elected	Current sh	nares held		ares held by d underage dren		in the names thers	Major experience (educational background)	Concurrent positions in the Company and other companies	second de			Remark
	domicile			ment)	office	election	Quantity of shares	Shareholding	Quantity of shares	Shareholding	Quantity of shares	Shareholding	Quantity of shares	Shareholding			Job title	Name	Relationship	,
	R.O.C.	U-Best Innovative Technology Co., Ltd.	-	August 18, 2021	3 years	June 30, 2020	16,430,000	16.63%	29,041,121	24.45%	-	-	-	-	-	-	-	-	-	
Chairman	R.O.C.	Representative: Yu-Ming Chang	Male 49	April 1, 2022	3 years	April 1, 2022	3,000,000	3.04%	10,000,000	8.42%	-	-	-	-	EMBA, National Taiwan University	Chairman of Sun Yad Construction Co., Ltd. Chairman of U-BEST INNOVATIVE TECHNOLOGY CO., LTD.	President	Chang Shuo-We n	Relative within 2nd degree of kinship	Note 2 Note 3
	R.O.C.	U-Best Innovative Technology Co., Ltd.	-	August 18, 2021	3 years	June 30, 2020	16,430,000	16.63%	29,041,121	24.45%	-	-	-	-	-	-	-	-	-	
Director	R.O.C.	Representative: Chang Shuo-Wen	Male 44	August 18, 2021	3 years	August 18, 2021	-	-	-	-	-	-	-		Computer Science and Information Engineering, Shu-Te University Senior Software Engineer of Advanced View Inc.	Juristic person representative of the director of Sun Yad Construction Co., Ltd. Juristic person representative of the director of U-BEST INNOVATIVE TECHNOLOGY CO., LTD. Chairman of Boromi Optronics Corp. Chairman of Yonggu Interior Decoration Co., Ltd.	Chairman	Yu-Ming Chang -	Relative within 2nd degree of kinship	Note 1
	R.O.C.	U-Best Innovative Technology Co., Ltd.	-	August 18, 2021	3 years	June 30, 2020	16,430,000	16.63%	29,041,121	24.45%	-	-	-	-	-	-	-	-	-	
Director	R.O.C.	Representative: Tseng Peng-Kuang	Male 51	Novemb er 12, 2021	3 years	Novembe r 12, 2021	-	-	-	-	-	-	-		Doctor, Department of Architecture, NCKU	Director of Sun Yad Construction Co., Ltd. Director of Myson Century, Inc.	None	None	None	None
	R.O.C.	Chi Fu Investment Co., Ltd.	-	August 18, 2021	3 years	Septembe r 29, 2016	10,000,000	10.12%	10,000,000	8.42%	-	-	-	-	-	-	-	-	-	
Director	R.O.C.	Representative: Chien-Hsien Tsai	Male 61	August 18, 2021	3 years	June 21, 2018	-	-	-	-	-	-	-	-	Master of Law, National Taiwan University College of Law, National Taiwan University Lawyer of Huei Li Attorneys-at-Law	Lawyer of Huei Li Attorneys-at-Law	None	None	None	None

	Job Title Nationality or place of domicile		Gender/	Date of election (appointm	Term of	Date of the initial	Shareholding	while elected	Current	shares held	spouse ar	nares held by nd underage ildren		n the names of ners	Major experience (educational background)	Concurrent positions in the Company and other companies			nship acting as directors or	Remark
	domicile			ent)	office	election	Quantity of shares	Shareholding	Quantity of shares	Shareholding (Note 1)	Quantity of shares	Shareholding (Note 1)	Quantity of shares	Shareholding (Note 1)			Job title	Name	Relationship	
Independent Director	R.O.C.	Chi Hsuan	Female 54	August 18, 2021	3 years	June 21, 2019	-	-			-	-	-	-	Master of Accountancy, George Washington University Department of Public Finance and Tax Administration, College of Law and Business at National Chung Hsing University (renamed as National Taipei University) General Manager/Director of Sheng Kang Capital Ltd. Senior Assistant Vice President of the Investment Banking Department at Fubon Securities Co. Ltd. Capital Markets Division, Yuanta Securities Co., Ltd. (formerly Polaris Securities) /Assistant Vice President of GC Capital Taiwan Branch	General Manager/Director of Sheng Kang Capital Ltd.	None	None	None	None
Independent Director	K.O.C.	Ching- Hsi Hu	Male 58	August 18, 2021	3 years	August 18, 2021	-	-	-		-	-	-	-	Department of Economics, Tunghai University	None	None	None	None	None
Independent Director	R.O.C.	Chen Yu-We n	Male 52	August 18, 2021	3 years	August 18, 2021	-	-	_	-	-	-	-	-	Master of Civil and Commercial Law, School of Law, Fu Jen Catholic University Partnership Attorney of Tai Yang Law Firm	Chief Attorney/ Director of Shin Ruei Attorneys at Law	None	None	None	None

Note 1: Resigned from director on March 26, 2022. Note 2: Appointment of legal representative on March 26, 2022. Note 3: Election of Chairperson on April 1, 2022.

Major Shareholders of Juristic Person Shareholders

Name of juristic person shareholder	Major Shareholders of Juristic Person Shareholders	Shareholding
Chi Fu Investment Co.,	Yang Chih-Ming	80%
Ltd.	Tsai Mei-Chuan	20%
	Sun Yad Construction Co., Ltd.	16.14%
	Voyage Investment Ltd.	2.50%
	Myson Century, Inc.	2.15%
	Tseng Chun-Jung	2.10%
	Zhong Qing Technology Co.,	1.44%
U-Best Innovative	Ltd.	
Technology Co., Ltd.	Hsin-Li Chemical Industrial	1.43%
	Corp.	
	Sung Chuan-Kung	1.17%
	Boromi Optronics Corp.	1.13%
	Chen Su-Ling	0.99%
	Kuo Che-Liang	0.93%

Major Shareholders of Major Shareholders Who are Juristic Persons

Name of Juristic Person	Major Shareholders of Juristic	Shareholding
	Person Zhong Qing Technology Co.,	8.16%
	Ltd.	0.1070
	U-Best Innovative Technology	7.77%
	Co., Ltd.	
	Voyage Investment Ltd.	4.45%
Sun Yad Construction	Ho Jui Investment Co., Ltd.	2.71%
	Jing Hong Ltd.	1.20%
Co., Ltd.	Chieh-Wei Tseng	1.13%
	Yu-Ming Chang	1.06%
	Feei Cherng Enterprise Co.,	0.97%
	Ltd.	
	Ya-Chin Chen	0.96%
	Su-Chu Chang Chao	0.85%
	Chang Hui-Feng	0.48%
	Chang Yu-Chen	11.00%
	Lai Hsiu-Chiung	16.00%
	Chang Yu-Ching	12.00%
Voyage Investment Ltd.	Su-Chu Chang Chao	6.28%
	Chang Yue-Hua	10.28%
	Chang Pai-Hung	21.48%
	Chang Jen-Wei	21.48%
	Yu-Ming Chang	1.00%

	Sun Yad Construction Co., Ltd.	17.06%
	Voyage Investment Ltd.	10.00%
	Zhong Qing Technology Co., Ltd.	6.31%
	Ho Jui Investment Co., Ltd.	5.32%
Myson Contury Inc	Yu-Ming Chang	5.13%
Myson Century, Inc.	Hung-Chin Yang	2.10%
	Sen-Yuan Huang	1.70%
	Chun-Ming Chang	1.49%
	Metropolis Internet Technology	1.49%
	Tung-Min Kao	1.34%
	Yue-Hua Chang	2.72%
	Chang Hui-Feng	12.31%
Zhong Qing Technology	Yu-Ming Chang	39.17%
Co., Ltd.	Chang Pai-Hung	21.58%
	Chang Jen-Wei	24.21%
	Metropolis Internet Technology	0.01%
	U-Best Innovative Technology	15.08%
	Co., Ltd.	
	Feei Cherng Enterprise Co., Ltd.	10.33%
	Voyage Investment Ltd.	5.74%
Hsin-Li Chemical	Shang Yu Construction Ltd.	5.05%
Industrial Corp.	Ching-Lung Lin	3.95%
madstrar Corp.	Myson Century, Inc.	3.81%
	Kuo-Wei Wu	2.96%
	Yi-Jen Wu	2.48%
	Shuo-Wen Chang	2.07%
	Chun-Chi Ho	2.07%
Boromi Optronics Corp.	Shang Yu Construction Ltd.	100.00%

Information about directors and supervisors (II) $\,$

1. Disclosure of directors' and supervisors' professional qualifications and independent directors' independence:

Qualifications	Professional qualifications and experience (Note 1)	Independence (Note 2)	Number of other public companies in which the independent director concurrently serve as an independent director
U-BEST INNOVATIVE TECHNOLOGY CO., LTD. Legal Representative: Yu-Ming Chang	Master of the College of Management, National Taiwan University; specializing in technology entrepreneurship, technology business management and practice, business planning for new ventures, and venture capital. Has practical experience, strategic management, leadership and educational background related to business management in the petrochemical and construction industries for more than 20 years, with financial accounting, business, marketing, operations planning in technological industry, and practical skills on business management to achieve corporate governance.	 Concurrent director and Chairman of the legal person director U-Best Innovative Technology Co., Ltd. Concurrent director of the Company's affiliates. A relative of the Company's General Manager Shuo-Wen Chang within 2nd degree of kinship. The other parts were verified in accordance with the independence requirements referred to in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by Financial Supervisory Commission (FSC) and held satisfying such requirements. 	None
U-BEST INNOVATIVE TECHNOLOGY CO., LTD. Legal Representative: Peng-Kuang Tseng	Ph.D. in the Department of Architecture, National Cheng Kung University; obtained an architect license; an adjunct assistant professor in Chang Jung Christian University and Kun Shan University; rich professional skills and management skills.	Representative of Sun Yad Construction Co., Ltd. elected as director. Representative of Myson Century, Inc. elected as director. The other parts were verified in accordance with the independence requirements referred to in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by Financial Supervisory Commission (FSC) and held satisfying such requirements.	None
Legal Representative of Chi Fu Investment Co., Ltd.: Chien-Hsien Tsai	Master of the College of Law, National Taiwan University; Lawyer of Huei Li Attorneys-at-Law; expertise in law, finance, management, and corporate governance in order to improve the Board of Directors' corporate governance and supervisory functions.	Verified in accordance with the independence requirements referred to in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by Financial Supervisory Commission (FSC) and held satisfying such requirements.	None

Ching-Hsi Hu	Department of Economics, Tunghai University; Specialist of the Bank of Panhsin; expertise in finance, investment management, and corporate governance in order to improve the corporate governance and supervisory functions of the Board of Directors and audit committee. No breach of Article 30 of the Company Act has occurred.	According to the Company's Articles of Incorporation and "Corporate Governance Best Practice Principles," the directors shall be elected under the candidate nomination system. When nominating and electing the Board members, the Company has received the written statement, information about work experience, current certificate of employment, and kinship chart from each director and, therefore, already verified the independence of them, their spouses, and relatives within 3rd degree of kinship as to the Company. Meanwhile, upon verification, the three independent directors identified in the left column were held satisfying the qualification requirements under the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by FSC and Article 14-2 of the Securities and Exchange Act within two years before they assume the positions and during their term of office. The independent directors have also been empowered to participate in the decision-making and express opinions under Article 14-3 of the Securities and Exchange Act, in order to perform their job duties independently.	Concurrently served in 1 public company
Yu-Wen Chen	Master of Civil and Commercial Law, School of Law, Fu Jen Catholic University; Partnership Attorney of Tai Yang Law Firm; and Chief Attorney/ Director of Shin Ruei Attorneys at Law; with law work experience and corporate governance expertise in order to improve the corporate governance and supervisory functions of the Board of Directors and audit committee. No breach of Article 30 of the Company Act has occurred.	Same as above	None
Hsuan Chi	Master of Accountancy, George Washington University; Assistant Vice President of GC Capital Taiwan Branch; Assistant Vice President of Capital Markets Division, Yuanta Securities Co., Ltd.; Senior Assistant Vice President of the Investment Banking Department at Fubon Securities Co. Ltd.; current General Manager/Director of Sheng Kang Capital Ltd.; with expertise in business, marketing, business planning, practical skills on operations management and corporate governance, in order to improve the corporate governance and supervisory functions of the Board of Directors and audit committee. No breach of Article 30 of the Company Act has occurred.	Same as above	None

2. Diversity and Independence of Board of Directors:

(1) Diversity of Board of Directors:

According to the Company's Corporate Governance Best Practice Principles, the members of the Board of Directors should possess the knowledge, skills and qualities necessary to perform their duties. To achieve the ideal goal of corporate governance, the Board of Directors shall possess the following abilities:

- A. Ability to ma ke operational judgments.
- B. Ability to perform accounting and financial analysis.
- C. Ability to conduct management administration.
- D. Ability to conduct crisis management.

- E. Industrial knowledge.
- F. An international market perspective.
- G. Ability to lead.
- H. Ability to make policy decisions.

The Company's Board of Directors is formed of 6 board members who are all Taiwan citizens, with the knowledge, skills and educational background necessary to perform their duties (please refer to the above-mentioned educational background and experience), and professional experience in accounting, finance, business, law, marketing or industrial technology. The implementation of board diversity is as follows:

mentation of court ar	, 1 1510		0 11 5					
Name of Director			Serve as Independent		Div	ersified core profess	sion	
Name of Director	Gender	Age	Director for more than three terms	Finance & accounting	Commerce	Law	Marketing	Industrial technology
Juristic person representative of U-BEST INNOVATIVE TECHNOLOGY CO., LTD.: Yu-Ming Chang	Male	50		V	v		V	V
Juristic person representative of U-BEST INNOVATIVE TECHNOLOGY CO., LTD.: Peng-Kuang Tseng	Male	52			v		v	V
Chi Fu Investment Co., Ltd. Legal Representative: Chien-Hsien Tsai	Male	62			V	V		
Ching-Hsi Hu	Male	59	No	V	V			V
Yu-Wen Chen	Male	53	No		V	V		
Hsuan Chi	Female	55	No	V	V		V	

(2) Board independence:

According to the Corporate Governance Best Practice Principles, over 50% of the members of the Board of Directors should not have spouses or relatives within 2nd degree of kinship. No breach of Article 30 of the Company Act has occurred, as these are verified in accordance with the independence requirements referred to in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by Financial Supervisory Commission (FSC) and held satisfying such requirements.

It has been verified that the three independent directors comply with the qualifications as stipulated in the Regulations Governing

Appointment of Independent Directors and Compliance Matters for Public Companies promulgated by the Financial Supervisory Commission, and Article 14-2 of the Securities and Exchange Act. The independent directors have the power to fully participate in company decisions and express opinions in accordance with Article 14-3 of the Securities and Exchange Act, and perform functions and exercise powers independently.

- Note 1: Professional qualification and experience: Specify the professional qualifications and experience of individual directors and supervisors.

 For audit committee members that have accounting or financial expertise, please specify their accounting or financial background and work experience, and whether there are any of the circumstances specified in Article 30 of the Company Act.
- Note 2: Specify if the independent directors meet the criteria for independence, including but not limited to (1) whether the individual and spouse or relatives within the second degree of kinship thereof are serving as directors, supervisors, or employees of the Company or its affiliates; (2) the number of the Company's shares held by the individual or spouse or relatives within the second degree of kinship thereof (or by nominee arrangement) and percentage; (3) whether the individual is serving as a director, supervisor, or employee of a company with specific relations with the Company (refer to Article 3, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); (4) the amount of remuneration received for providing business, legal, financial, accounting, or other services to the Company or its affiliates in the last two years.

(II) Information About Directors, Supervisors, Presidents, Vice Presidents, Assistant Vice Presidents, Managers of All the Company's Divisions and Branch Units

March 28, 2023; Unit: Shares; %

Job title	Nationality	Name	Gender	Date of election	Sha	res held		l by spouse or se children		held in the of others	Major experience (educational background)	Concurrent positions in the Company			s within 2nd o acting as	Remark
		Ivanie	Gender		Quantity of shares	Share holding ratio (Note 1)	Quantity of shares	Share holding ratio (Note 1)	Quantity of shares	Share holding ratio (Note 1)	major experience (educational background)	and other companies	Job title	Name	Relationship	Kelliaik
President concurrently acting as spokesperson	R.O.C.	Shuo-Wen Chang	Male	August 27, 2021	-	-	-	-	-	-	Computer Science and Information Engineering, Shu-Te University Senior Software Engineer of Advanced View Inc.	Juristic person representative of the director of U-BEST INNOVATIVE TECHNOLOGY CO., LTD. Chairman of Boromi Optronics Corp. Juristic person representative of the director of Myson Century, Inc.	None	None	None	None
Finance and Accounting Manager concurrently acting as deputy spokesperson	R.O.C.	Han Yuan-Hsia ng	Male	August 27, 2021	-	-	-	-	-	-	Department of Accounting, National Taichung University of Science and Technology Head of Accounting Team, Finance Dept., Sun Yad Construction Co., Ltd.	None	None	None	None	None
Audit Manager	R.O.C.	Hsu Cheng-Ts ung	Male	August 27, 2021	-	-		-	-	-	Bachelor degree; Deputy Manager of Quality Assurance, Helix Technology Inc.	None	None	None	None	None

Note 1: Shareholding ratio is calculated based on the outstanding shares of 118,770,776 shares as of March 28, 2023.

(III) Remuneration Paid to Directors (Independent Directors), President, and Vice President 1. Remuneration Paid to Directors (Independent Directors)

December 31, 2022; Unit: NT\$ Thousand

				Ren	nuneration	for direct	tors			The	total		Employe	ee comp	ensation r	eceived	l by dir	ectors			total	
	Name	Retu	rrn (A)		rement ion (B)		eration to ors (C)	Profes practice	ssional fees (D)	amount C and percer net pro	of A, B, D as a stage of offit after	and s	y, bonus special nce, et al. E)	Pens	rement ion (F) nark 1)	Remui		n to emj G)	ployees	C, D, I G percer net pro	of A, B, E, F and as a ntage of ofit after ax	Compensation from the parent
Job Title	Name	The Compa ny	All companie s in the financial statement s	The Compa ny	All companie s in the financial statement s	Compa	All compani es in the financia l stateme nts	The Compa ny	All compan ies in the financia 1 stateme nts	The Compa ny	All compan ies in the financia l stateme nts	The Compa ny	All compan ies in the financia 1 stateme nts	The Compa ny	All compan ies in the financia l stateme nts	Com	he pany Amou nt in stock	compa the fir	All nancial ments Amou nt in stock	The Compa ny	All compan ies in the financia 1 stateme nts	company or investees other than subsidiaries
Chairman	U-Best Innovative Technology Co., Ltd.	1	-	-	-	-	-	1	-	-	-	-	-	-	-	-	-		-	-	-	-
	Representative: Yu-Ming Chang (Note 2 and 3)	-	-	-	-	-	-	67	67	-0.04%	-0.04%	5,858	5,858	-	-	-	_	-	_	-3.42%	-3.42%	-
Director	U-Best Innovative Technology Co., Ltd.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-	_	-	-
Director	Representative: Shuo-Wen Chang (Note 1 and 2)	-	-	-	-	-	-	16	16	-0.01%	-0.01%	2,199	2,199	-	-	-	-	_	-	-1.28%	-1.28%	-
Director	U-Best Innovative Technology Co., Ltd.	ı	1	-	-	-	-	1	1	1	1	-	-	-	-	-	-		-	-	-	-
	Representative: Peng-Kuang Tseng	-	-	-	-	-	-	83	83	-0.05%	-0.05%	-	-	-	-	-	-	-	-	-0.05%	-0.05%	-
Director	Chi Fu Investment Co., Ltd.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	_	-	_	-	-
	Representative:	-	-	-	-	-	-	64	64	-0.04%	-0.04%	_	-	-	-	-	-	-	-	-0.04%	-0.04%	-

	Chien-Hsien Tsai																				
Independent Director	Ching-Hsi Hu	-	1	1	-	-	1	163	163	-0.09%	-0.09%	1	1		-	-	-	1	0.09%	-0.09%	-
Independent Director	Yu-Wen Chen	-	1	1	-	-	1	163	163	-0.09%	-0.09%	-	1	1	-	-	-	1	0.09%	-0.09%	-
Independent Director	Hsuan Chi	-	-		_	-	-	160	160	-0.09%	-0.09%	-	-	-	-	-	-		0.09%	-0.09%	-

Explanation 1: For the recognition of retirement pension expense.

Note 1: Resigned from director on March 26, 2022.

Note 2: Appointment of legal representative on March 26, 2022.

Note 3: Election of Chairperson on April 1, 2022.

- 1. Please state the policies, systems, standards and structure of compensation to independent directors, and the relations between the compensation and the job responsibility, risk and engagement hours borne by the independent directors: Apart from the fixed traveling allowances, the remuneration for directors and supervisors are allocated from annual surplus earnings based on their contributions.
- 2. Except as disclosed in the above table, the remuneration received by the Company's directors for providing services (to all companies in the financial statements/ serving as a consultant in a non-employee capacity) in the most recent year: None.

2. Remuneration for the President and Vice President

December 31, 2022; Unit: NT\$ Thousand

		Sala	ary (A)	Retirement	Pension (B)		and special e, et al. (C)	Rem	uneration to	o employees	s (D)	B, C a percentage	amount of A, nd D as a e of net profit tax (%)	Compensati on from
Job Title	Name	The	All companies	The	All companies	The	All companies	The Co	ompany		nies in the statements	The	All companies	investees other than
		Company	in the financial statements	Company	in the financial statements	Company	in the financial statements	Amount in cash	Amount in stock	Amount in cash	Amount in stock	Company	in the financial statements	subsidiaries
President	Shuo-Wen Chang	1,200	1,200	-	1	999	999	-	1	-	ı	-1.27%	-1.27%	-

3. Remuneration for the five highest paid executives

December 31, 2022; Unit: NT\$ Thousand

	Become of 51, 2022, Ome 1(1) Industria													
Job Title		Sala	ary (A)	Retirement	Pension (B)		nd special e, et al. (C)	Ren	nuneration to	o employees	s (D)	B, C a percentage	amount of A, and D as a e of net profit tax (%)	Compensati on from
	Name	The	All companies	The	All companies	The	All companies	The Company		All companies in the financial statements		The	All companies	subsidiaries
		y fin	y financial Company fi	in the financial statements Company	in the financial statements	Amount in cash	Amount in stock	Amount in cash	Amount in stock	Company	in the financial statements			
President	Shuo-Wen Chang	1,200	1,200	-	-	999	999	ı	-	-	-	-1.27%	-1.27%	-
Deputy Manager	Han Yuan-Hsia ng	576	576	-	-	198	198	-	-	-	-	-0.45%	-0.45%	-

4. Employees' Profit Sharing Bonus Paid to Management Team: There were employees' profit sharing bonus in 2022.

- (IV) The compensation paid by the Company and all companies included in the consolidated financial statements to the directors, presidents, and vice presidents in the last two fiscal years, the analysis of the percentage of total compensation to net profit after tax, the policy, standard and package of compensation payment, the procedure for determination of compensation and the connection with the operation performance and future risk.
 - 1. Analysis of the percentage of the total compensation paid by the Company to the Company's directors, presidents and vice presidents to the net profit after tax:

Unit: NT\$ Thousand; %

ì	\ Year		20:	21		2022						
		The Con	mpany	All compar		The Cor	mpany	All companies in the consolidated financial				
				stater	nent			statement				
	Job Title	Total remuneration paid	To the Company's net income (%)	Total remuneration paid	To the Company's net income (%)	Total remuneration paid	To the Company's net income (%)	Total remuneration paid	To the Company's net income (%)			
	Director	1,289	3.05%	1,289	3.05%	5,781	-3.33%	5,781	-3.33%			
President		2,853	6.74%	2,853	6.74%	2,199	-1.27%	2,199	-1.27%			

- 2. The policy, standard and package of compensation payment, the procedure for determination of compensation, and the connection with the operation performance and future risk:
 - (I) Remuneration for directors and supervisors:

Except for the Chairman's bonus of 1.5% of net profit (before deducting the bonus of the Chairman and General Manager) after approval by the shareholders meeting on May 31, 2003, which shall be recognized as annual expense, Article 19 of the Company's Articles of Incorporation stipulated that: "irrespective of whether the Company operates at a profit or loss, the Company's board of directors are authorized to set the remuneration or allowance paid based on the directors' duties, taking into account their involvement in the Company's operations and contribution to the Company, as well as the remuneration standards of industry peers. Not exceeding the remuneration for the highest paid executives as stipulated in the Company's regulations for salary assessment. If there is profit, the Company shall allocated remunerations in accordance with Article 24", which shall not exert a direct impact on future risks.

(II) Remuneration for the President:

In addition to the annual salary of the General Manager approved by the Board of Directors on April 27, 2003, if there is profit, the General Manager can receive a bonus of 1.0% of net profit (before deducting bonuses for the Chairman and General Manager), recognized as annual expenses, which shall not exert a direct impact on future risks.

III. Corporate Governance Operations:

1. Functionality of the Board of Directors

Term of office of the Board of Directors and Supervisors: 11th term Board of Directors from August 18, 2022 ~ August 17, 2024. 10 board meetings were held in the most recent fiscal year (2022), and 2 board meetings were held as of the date of publication of the annual report in 2022, which bring about a total of 12 (A) meetings. The attendance of directors is shown below:

1110 0	itelidance of uncetors is si	lown below.			
Job Title	Name	Actual presence (attendance) times B	Presence by proxy (times)	Actual presence (attendance) rate (%) 【B/A】 (Note 1)	Remark
Chairman	U-BEST INNOVATIVE TECHNOLOGY CO., LTD. Representative: Yu-Ming Chang	10	0	100%	Notes 3 and 4
Director	Chi Fu Investment Co., Ltd. Representative: Chien-Hsien Tsai	10	0	83.33%	
Director	U-BEST INNOVATIVE TECHNOLOGY CO., LTD. Representative: Shuo-Wen Chang	2	0	100%	Note 2
Director	U-BEST INNOVATIVE TECHNOLOGY CO., LTD. Representative:Peng-Kuang Tseng	12	0	100%	
Independent Director	Ching-Hsi Hu	12	0	100%	
Independent Director	Yu-Wen Chen	12	0	100%	
Independent Director	Hsuan Chi	12	0	100%	

Other disclosures to be noted:

- I. During operations of the Board of Directors, please describe the date and session of the meeting, details of the agenda, the independent directors' opinions and how the Company had handled the independent directors' opinions:
 - (I) Circumstances referred to in Article 14-3 of the Securities and Exchange Act:

Session Date	Details of the agenda	Independent directors voicing opposing or qualified opinions
6th meeting of the 11th term board of directors January 18, 2022	None	
February 25, 2022	 2021 financial statements and business report. Formulation and amendment of the Company's relevant regulations. Amendments to the Company's Articles of Incorporation. CPA Independence and Professional Fees to the CPA in 2022. Termination of the non-competition restriction imposed on director representatives. 2021 loss compensation plan. 2021 Declaration for Statement of Internal Control System. 	None
8th meeting of the 11th term board of directors April 1, 2022		None
9th meeting of the 11th term board of directors April 15, 2022	 Appointment of the President concurrently acting as spokesperson. Appointment of Finance and Accounting Manager concurrently acting as deputy spokesperson. Appointment of Audit Manager. Formulation of the organizational rules and establishment of the Corporate Governance Committee. Amendments to regulations related to the remuneration for directors and 	None

	T	
	managers. 6. Change of business address.	
	7. Rental of office premises from a related party.	
	8. Disposal of real property to a related party.	
	9. Setting the issue price, number of shares, and the base date of cash capital	
	increase by private placement.	
	10. Amendment of the Risk Management Policy and Procedure.	
	11. Formulation and amendment of the Company's internal control system.	
	12. Amendments to the Company's Articles of Incorporation.	
	13. Formulation and amendment of the Company's relevant regulations.	
	14. Amendments to the Company's Articles of Incorporation.	
	15. 2021 loss compensation plan.	
	16. Purchased land at No. 1164 and 8 others in Beihua Section, North District,	
	Tainan City.	
12th meeting of the		
11th term board of	1. Replacement of the CPAs starting from the second quarter of 2022	None
directors	2. Formulation and amendment of the Company's relevant regulations	Tione
August 11, 2022		
13th meeting of the	1. Amendments to the internal control system's "Procurement and Payment	
11th term board of	Cycle"	None
directors	2. Formulation of the organizational rules and establishment of the Company's	
November 9, 2022	functional committees.	
	Appointment of the President concurrently acting as spokesperson.	
	2. Appointment of Finance and Accounting Manager concurrently acting as	
	deputy spokesperson.	
	3. Appointment of Audit Manager.	
	4. Formulation of the organizational rules and establishment of the Corporate	
	Governance Committee.	
	5. Amendments to regulations related to the remuneration for directors and	
	managers. 6. Change of business address.	
	7. Rental of office premises from a related party.	
	8. Disposal of real property to a related party.9. Setting the issue price, number of shares, and the base date of cash capital	
	increase by private placement.	
15th meeting of the	10. Amendment of the Risk Management Policy and Procedure.	
11th term board of	11. Formulation and amendment of the Company's internal control system.	None
directors	12. Amendments to the Company's Articles of Incorporation.	Ttolic
December 26, 2022	13. Formulation and amendment of the Company's relevant regulations.	
	14. Amendments to the Company's Articles of Incorporation.	
	* *	
	15. 2021 loss compensation plan.	
	* *	
	 15. 2021 loss compensation plan. 16. Purchased land at No. 1164 and 8 others in Beihua Section, North District, Tainan City. 17. Replacement of the CPAs starting from the second quarter of 2022 	
	15. 2021 loss compensation plan.16. Purchased land at No. 1164 and 8 others in Beihua Section, North District, Tainan City.	
	 2021 loss compensation plan. Purchased land at No. 1164 and 8 others in Beihua Section, North District, Tainan City. Replacement of the CPAs starting from the second quarter of 2022 Formulation and amendment of the Company's relevant regulations Amendments to the internal control system's "Procurement and Payment 	
	 2021 loss compensation plan. Purchased land at No. 1164 and 8 others in Beihua Section, North District, Tainan City. Replacement of the CPAs starting from the second quarter of 2022 Formulation and amendment of the Company's relevant regulations Amendments to the internal control system's "Procurement and Payment Cycle" 	
	 2021 loss compensation plan. Purchased land at No. 1164 and 8 others in Beihua Section, North District, Tainan City. Replacement of the CPAs starting from the second quarter of 2022 Formulation and amendment of the Company's relevant regulations Amendments to the internal control system's "Procurement and Payment Cycle" Formulation of the organizational rules and establishment of the Company's 	
	 2021 loss compensation plan. Purchased land at No. 1164 and 8 others in Beihua Section, North District, Tainan City. Replacement of the CPAs starting from the second quarter of 2022 Formulation and amendment of the Company's relevant regulations Amendments to the internal control system's "Procurement and Payment Cycle" Formulation of the organizational rules and establishment of the Company's functional committees. 	
	 2021 loss compensation plan. Purchased land at No. 1164 and 8 others in Beihua Section, North District, Tainan City. Replacement of the CPAs starting from the second quarter of 2022 Formulation and amendment of the Company's relevant regulations Amendments to the internal control system's "Procurement and Payment Cycle" Formulation of the organizational rules and establishment of the Company's functional committees. Matters to be reviewed at 4th meeting of the 6th term Remuneration 	
	 2021 loss compensation plan. Purchased land at No. 1164 and 8 others in Beihua Section, North District, Tainan City. Replacement of the CPAs starting from the second quarter of 2022 Formulation and amendment of the Company's relevant regulations Amendments to the internal control system's "Procurement and Payment Cycle" Formulation of the organizational rules and establishment of the Company's functional committees. 	
16th meeting of the	 2021 loss compensation plan. Purchased land at No. 1164 and 8 others in Beihua Section, North District, Tainan City. Replacement of the CPAs starting from the second quarter of 2022 Formulation and amendment of the Company's relevant regulations Amendments to the internal control system's "Procurement and Payment Cycle" Formulation of the organizational rules and establishment of the Company's functional committees. Matters to be reviewed at 4th meeting of the 6th term Remuneration Committee 	
11th term board of	 2021 loss compensation plan. Purchased land at No. 1164 and 8 others in Beihua Section, North District, Tainan City. Replacement of the CPAs starting from the second quarter of 2022 Formulation and amendment of the Company's relevant regulations Amendments to the internal control system's "Procurement and Payment Cycle" Formulation of the organizational rules and establishment of the Company's functional committees. Matters to be reviewed at 4th meeting of the 6th term Remuneration Committee Matters to be reviewed at 5th meeting of the 6th term Remuneration 	None
11th term board of directors	 2021 loss compensation plan. Purchased land at No. 1164 and 8 others in Beihua Section, North District, Tainan City. Replacement of the CPAs starting from the second quarter of 2022 Formulation and amendment of the Company's relevant regulations Amendments to the internal control system's "Procurement and Payment Cycle" Formulation of the organizational rules and establishment of the Company's functional committees. Matters to be reviewed at 4th meeting of the 6th term Remuneration Committee 	None
11th term board of	 2021 loss compensation plan. Purchased land at No. 1164 and 8 others in Beihua Section, North District, Tainan City. Replacement of the CPAs starting from the second quarter of 2022 Formulation and amendment of the Company's relevant regulations Amendments to the internal control system's "Procurement and Payment Cycle" Formulation of the organizational rules and establishment of the Company's functional committees. Matters to be reviewed at 4th meeting of the 6th term Remuneration Committee Matters to be reviewed at 5th meeting of the 6th term Remuneration Committee 	None
11th term board of directors	 2021 loss compensation plan. Purchased land at No. 1164 and 8 others in Beihua Section, North District, Tainan City. Replacement of the CPAs starting from the second quarter of 2022 Formulation and amendment of the Company's relevant regulations Amendments to the internal control system's "Procurement and Payment Cycle" Formulation of the organizational rules and establishment of the Company's functional committees. Matters to be reviewed at 4th meeting of the 6th term Remuneration Committee Matters to be reviewed at 5th meeting of the 6th term Remuneration Committee Amendment of the Company's relevant regulations 	None
11th term board of directors January 13, 2023	 2021 loss compensation plan. Purchased land at No. 1164 and 8 others in Beihua Section, North District, Tainan City. Replacement of the CPAs starting from the second quarter of 2022 Formulation and amendment of the Company's relevant regulations Amendments to the internal control system's "Procurement and Payment Cycle" Formulation of the organizational rules and establishment of the Company's functional committees. Matters to be reviewed at 4th meeting of the 6th term Remuneration Committee Matters to be reviewed at 5th meeting of the 6th term Remuneration Committee Amendment of the Company's relevant regulations Amendments to the Company's Articles of Incorporation. 	None
11th term board of directors January 13, 2023 17th meeting of the	 2021 loss compensation plan. Purchased land at No. 1164 and 8 others in Beihua Section, North District, Tainan City. Replacement of the CPAs starting from the second quarter of 2022 Formulation and amendment of the Company's relevant regulations Amendments to the internal control system's "Procurement and Payment Cycle" Formulation of the organizational rules and establishment of the Company's functional committees. Matters to be reviewed at 4th meeting of the 6th term Remuneration Committee Matters to be reviewed at 5th meeting of the 6th term Remuneration Committee Amendment of the Company's relevant regulations Amendments to the Company's Articles of Incorporation. Ratification of the Company's acquisition of equity (shares) of Samtec 	None
11th term board of directors January 13, 2023 17th meeting of the 11th term board of	 2021 loss compensation plan. Purchased land at No. 1164 and 8 others in Beihua Section, North District, Tainan City. Replacement of the CPAs starting from the second quarter of 2022 Formulation and amendment of the Company's relevant regulations Amendments to the internal control system's "Procurement and Payment Cycle" Formulation of the organizational rules and establishment of the Company's functional committees. Matters to be reviewed at 4th meeting of the 6th term Remuneration Committee Matters to be reviewed at 5th meeting of the 6th term Remuneration Committee Amendment of the Company's relevant regulations Amendments to the Company's Articles of Incorporation. Ratification of the Company's acquisition of equity (shares) of Samtec Engineering Co., Ltd. 	None
11th term board of directors January 13, 2023 17th meeting of the 11th term board of directors	 2021 loss compensation plan. Purchased land at No. 1164 and 8 others in Beihua Section, North District, Tainan City. Replacement of the CPAs starting from the second quarter of 2022 Formulation and amendment of the Company's relevant regulations Amendments to the internal control system's "Procurement and Payment Cycle" Formulation of the organizational rules and establishment of the Company's functional committees. Matters to be reviewed at 4th meeting of the 6th term Remuneration Committee Matters to be reviewed at 5th meeting of the 6th term Remuneration Committee Amendment of the Company's relevant regulations Amendments to the Company's Articles of Incorporation. Ratification of the Company's acquisition of equity (shares) of Samtec Engineering Co., Ltd. 2022 loss compensation plan 	
11th term board of directors January 13, 2023 17th meeting of the 11th term board of	 2021 loss compensation plan. Purchased land at No. 1164 and 8 others in Beihua Section, North District, Tainan City. Replacement of the CPAs starting from the second quarter of 2022 Formulation and amendment of the Company's relevant regulations Amendments to the internal control system's "Procurement and Payment Cycle" Formulation of the organizational rules and establishment of the Company's functional committees. Matters to be reviewed at 4th meeting of the 6th term Remuneration Committee Matters to be reviewed at 5th meeting of the 6th term Remuneration Committee Amendment of the Company's relevant regulations Amendments to the Company's Articles of Incorporation. Ratification of the Company's acquisition of equity (shares) of Samtec Engineering Co., Ltd. 	

- (II) Any other resolution(s) by the Board of Directors meetings passed but with independent directors voicing opposing or qualified opinions on the record or in writing: None.
- II. For directors' avoidance of motions which involves conflict of interest, the names of directors, contents of the motions, reasons for the recusal of conflict of interest, and participation in voting must be disclosed:
 - (1) Proposals for the 6th meeting of the 11th term board of directors: For review of the 2nd meeting of the 6th term Remuneration Committee, except for directors Yu-Ming Chang, Shuo-Wen Chang and Peng-Kuang Tseng who recused themselves from the resolution for conflict of interest, the matters were approved unanimously after discussion by attending directors.
 - (2) Proposals for the 7th meeting of the 11th term board of directors: For the termination of the non-competition restriction imposed on director representatives, except for director Peng-Kuang Tseng who recused himself from the resolution for conflict of interest, the matters were approved unanimously after discussion by attending directors.
 - (3) Proposals for the 9th meeting of the 11th term board of directors: For the termination of the non-competition restriction imposed on director representatives, except for director Peng-Kuang Tseng who recused himself from the resolution for conflict of interest, the matters were approved unanimously after discussion by attending directors.
 - (4) Proposals for the 9th meeting of the 11th term board of directors: For review of the 3rd meeting of the 6th term Remuneration Committee, except for directors Yu-Ming Chang, Peng-Kuang Tseng, Chien-Hsien Tsai, Ching-Hsi Hu, Yu-Wen Chen, and Hsuan Chi who recused themselves from the resolution for conflict of interest, the matters were approved unanimously after discussion by attending directors.

- (5) Proposals for the 15th meeting of the 11th term board of directors: For the termination of the non-competition restriction imposed on director representatives, except for director Peng-Kuang Tseng who recused himself from the resolution for conflict of interest, the matters were approved unanimously after discussion by attending directors.
- (6) Proposals for the 15th meeting of the 11th term board of directors: For review of the 4th meeting of the 6th term Remuneration Committee, except for directors Yu-Ming Chang, Peng-Kuang Tseng, Chien-Hsien Tsai, Ching-Hsi Hu, Yu-Wen Chen, and Hsuan Chi who recused themselves from the resolution for conflict of interest, the matters were approved unanimously after discussion by attending directors.
- (7) Proposals for the 16th meeting of the 11th term board of directors: For review of the 5th meeting of the 6th term Remuneration Committee, except for director Yu-Ming Chang who recused himself from the resolution for conflict of interest, the matters were approved unanimously after discussion by attending directors.
- III. The TWSE/TPEx listed companies shall disclose the evaluation cycles, evaluation periods, scope and method of evaluation in the performance evaluation of board of directors, and fill in how the board performance evaluation has been implemented:

Evaluation		Scope of	Evaluation		Contents of evaluation	Eval	uation results
Conduct annual internal assessments	January 1, 2022	Performance evaluation of the Board of	Evaluation method Self-evaluation	(1)	Contents of evaluation The performance evaluation of the board includes five major aspects: A. Engagement in the Company's operation B. Improvement of the Board decision-making quality C. Composition and structure of the Board of Directors D. Election and continuing education of directors E. Internal control The measurement items of the performance evaluation of board members include the following six aspects: A. Keep in line with company goals and tasks B. Knowledge of Directors' Responsibilities C. Engagement in the Company's operation D. Internal relationship management and communication E. Professional Courses and Continuing Education for Directors	(1) (2)	Board performance evaluation results: 45 indicators in total, and the self-evaluation results of all the indicators were outstanding (strongly agree). Performance evaluation results of directors: 18 indicators in total, and the self-evaluation results of 17 indicators were "Yes" for all directors; while the self-evaluation result of 1 indicator as "Yes" for 5 directors, and "not applicable" for 1 director.
				(3)	F. Internal control The measurement items of the performance evaluation of functional committees include the following five aspects: A. Engagement in the Company's operation B. Responsibilities of the Functional Committee C. Better decision-making quality by the functional committee D. Functional committee composition and the election of functional committee members E. Internal control	(3)	Performance evaluation results of the functional committee: 24 indicators in total, and the self-evaluation results of all the indicators were outstanding (strongly agree).

- IV. Strengthening the functions of the board in the current and recent fiscal years and conducting performance assessment: As of the date of publication of the annual report, the Audit Committee has held 7 meetings, and powers of the Audit Committee are executed according to relevant laws and regulations, with no major deficiencies. Strengthen continuous education of directors, advocate on active attendance at the Board of Directors' meeting, and communicate with various units to understand the problems on company operations. In 2022, all directors have completed continuous education, and communicated with the CPA and management teams.
 - Note 1: If re-election of directors had taken place by the end of the year, old and new directors are listed, in which case, the remarks column would specify whether they are former, newly elected or re-elected directors, and the date of the reelection. The actual presence (attendance) rate (%) will be calculated based on how often the Board of Directors meeting is convened (times) and his/her actual presence (attendance) (times) during his/her term of office.
 - Note 2: Resigned from director on March 26, 2022.
 - Note 3: Appointment of legal representative on March 26, 2022.
 - Note 4: Election of Chairperson on April 1, 2022.

2. The state of operations of the Audit Committee:

Term of office of audit committee members: 3rd term audit committee from August 18, 2022 ~ August 17, 2024. 10 audit committee meetings were held in the most recent fiscal year (2022), and 6 audit committee meetings were held as of the date of publication of the annual report in 2022, which bring about a total of 7 (A) meetings. The attendance of independent directors is shown below:

Job Title	Name	Actual presence (times) (B)	Presence by proxy (times)	Actual presence rate (%) (B/A) (Note)	Remark
Independent Director	Ching-Hsi Hu	7	0	100%	
Independent Director	Yu-Wen Chen	7	0	100%	
Independent Director	Hsuan Chi	7	0	100%	

Other disclosures to be noted:

- 1. During operations of the Audit Committee, the meeting date, period, content, resolutions of the audit committee and the Company's response to all opinions of the audit committee.
 - (I) Circumstances referred to in Article 14-5 of the Securities and Exchange Act:

.) Circuitistances	referred to in Article 14-3 of the Securities and E	Achange Act.			
Session Date	Details of the agenda	Resolutions of the audit committee and the Company's response to all opinions of the audit committee			
	Formulation and amendment of the Company's internal control system	The motion was approved by all independent directors unanimously.			
3rd term board of	Amendments to the Company's Articles of Incorporation.	The motion was approved by all independent directors unanimously.			
January 18, 2022	Ratification of long-term equity investment	The motion was approved by all independent directors unanimously.			
	2021 financial statements and business report.	The motion was approved by all independent directors unanimously.			
	Formulation and amendment of the Company's relevant regulations.	The motion was approved by all independent directors unanimously.			
3rd meeting of the 3rd term board of	Amendments to the Company's Articles of Incorporation.	The motion was approved by all independent directors unanimously.			
directors February 25, 2022	CPA Independence and Professional Fees to the CPA in 2022.	The motion was approved by all independent directors unanimously.			
	2021 loss compensation plan.	The motion was approved by all independent directors unanimously.			
	2021 Declaration for Statement of Internal Control System.	The motion was approved by all independent directors unanimously.			
4th meeting of the 3rd term board of directors April 15, 2022	Purchased land at No. 1164 and 8 others in Beihua Section, North District, Tainan City.	The motion was approved by all independent directors unanimously.			
	Replacement of the CPAs starting from the second quarter of 2022.	The motion was approved by all independent directors unanimously.			
	Financial statements for the second quarter of 2022.	The motion was approved by all independent directors unanimously.			
August 11, 2022	Formulation and amendment of the Company's relevant regulations.	The motion was approved by all independent directors unanimously.			
directors November 9, 2022	Amendments to the internal control system's "Procurement and Payment Cycle".	The motion was approved by all independent directors unanimously.			
7th meeting of the 3rd term board of directors December 26, 2022	Termination of the non-competition restriction imposed on director representatives.	The motion was approved by all independent directors unanimously.			
	Amendment of the Company's relevant regulations.	The motion was approved by all independent directors unanimously.			
8th meeting of the	Amendments to the Company's Articles of Incorporation.	The motion was approved by all independent directors unanimously.			
3rd term board of directors	Ratification of the Company's acquisition of equity (shares) of Samtec Engineering Co., Ltd.	The motion was approved by all independent directors unanimously.			
February 24, 2023	2022 financial statements and business report.	The motion was approved by all independent directors unanimously.			
	2022 loss compensation plan.	The motion was approved by all independent directors unanimously.			

The Company's replacement of accounting fir	n The motion was approved by all independent
and CPAs.	directors unanimously.
CPA independence and appropriateness and	The motion was approved by all independent
professional fees to the CPA in 2023.	directors unanimously.
2022 Declaration for Statement of Internal	The motion was approved by all independent
Control System.	directors unanimously.
Termination of the Non-competition Restriction	n The motion was approved by all independent
Imposed on Directors and its Representatives.	directors unanimously.

- (II) Except for the matters stated above, any matter that has been adopted with the approval of two-thirds or more of all board directors without having been passed by the audit committee: None.
- II. For independent directors' avoidance of motions that involve a conflict of interest, the names of independent directors, contents of the motions, reasons for the recusal of conflict of interest, and participation in voting must be disclosed: None.
- III. Communication between independent directors and chief internal audit officer/CPAs (including discussions concerning the Company's financial and business affairs, the method of communication used, and the outcome): Please refer to the Company's website.

3. Status of corporate governance, and deviation from Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies and causes thereof

		Status										Deviation from Corporate Governance				
	Evaluation criteria	Yes	No					Sum	mary					Best Practice Principles for TWSE/TPEx-Listed Companies and causes thereof		
I.	Does the Company establish and disclose its corporate governance best practice principles based on "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies"?	<		(I) The Company's corporate governance best practice principles have been formulated with reference to the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies", followed by approval of the Board of Directors on April 17, 2018, which was then disclosed on the investor section of the company website.					(I)	No difference.						
II. (I)	The Company's equity structure and shareholders' equity Does the Company have the internal procedures regulated to handle shareholders' proposals, doubts, disputes, and litigation matters, and have the procedures implemented accordingly?	\			e Company inions or di									(I)	No difference.	
(II)	Does the Company possess the list of the Company's major shareholders of ultimate controllers, and the list of the ultimate controllers of the major shareholders?	✓		Sec cha per	(II) The Company has entrusted Stock Affairs Department of Grand Fortune Securities Co., Ltd. to handle related stock affairs, and can keep track of th changes in shareholding of major shareholders who own a relatively high percentage of shares and have controlling power. (III) Already included in the Company's internal control system.					of the	(II) No difference.					
(III) (IV)	Does the Company establish and implement the risk control and firewall mechanism with its affiliated companies? Does the Company adopt internal rules prohibiting company insiders from trading securities using information not disclosed to the	✓		cor	e Company nfidential core included	orporat	e info	ormation	to reap a p	orofit,	and rele	vant provi	sions		No difference.	
	market?			"R	egulations the compar	of Insid	ler Tr							(1 V)	No difference.	
III. (I)	Composition and responsibilities of the Board of Directors Does the Board of Directors have member diversity policies and specific management goals regulated and implemented substantively?	✓		wh	e Company ich three an vering acco hnology, in	e inde	pende , finai	ent directo nce, busir	ors, with p ness, law, 1	rofes marke	sional ba eting or i	ckgrounds		(I)	No difference.	
					Name	Gend er	Age	Finance & account ing	Commer ce	La w	Marketi ng	Industria 1 technolo gy				
					Yu-Ming Chang	Male	50	V	V		V	V				
					Peng-Ku ang Tseng	Male	52		V		V	V				
					Chien-Hs ien Tsai	Male	62		V	V						
(II)	Does the Company, in addition to setting up the Remuneration Committee and Audit Committee lawfully, have other functional	✓			Ching-H si Hu Yu-Wen	Male	59	V	V	V		V		(II)	No difference.	
	committees set up voluntarily?				Chen Hsuan	Male Fema	53	V	V V	V	V					
					Chi August 27 ablishment		the C	Company	's board of		ctors pas] ne			
							1				•			İ		

Evaluation criteria				Deviation from Corporate Governance		
Evaluation criteria			Summary	Best Practice Principles for TWSE/TPEx-Listed Companies and causes thereof		
Does the Company establish a set of policies and assessment methods to evaluate the Board of Directors' performance, conduct the performance evaluation regularly at least on an annual basis, and submit the results of performance assessments to the Board of Directors and use them as reference in determining remuneration for individual directors, and their nomination for additional office term? Does the Company have the independence of the external auditors evaluated regularly?	✓		"Organizational Rules of the Corporate Governance Committee", and nominated three Corporate Governance Committee members. On November 9, 2022, the Board of Directors approved the establishment of the Nomination Committee, formulated the Organizational Rules of the Nomination Committee, and nominated three Nomination Committee members. (III) The Company's board of directors approved the "Rules for Performance Evaluation of Board of Directors" on March 25, 2020, and completed the 2022 Board of Directors performance assessment in the first quarter of 2023.	(III) No difference. (IV) No difference.		
			(IV) The Board of Directors shall discuss the CPA's independence and appropriateness at least once every year. The recent review was completed on February 24, 2023. The Company conducted assessment and review for the 15 factors that may affect CPA independence. (Please refer to p.45)			
Does the TWSE/TPEx-listed company assign the adequate number of competent corporate governance officers, and appoint the chief corporate governance officer responsible for the corporate governance affairs (including but not limited to, provision to directors/supervisors of the information needed by them to perform their duties, assistance to directors/supervisors in compliance, organization of the Board of Directors meetings and shareholders' meetings, and preparation of the Board of Directors meetings and shareholders' meeting minutes, etc.)?	√		governance, board of directors, and shareholders' meetings affairs, and	No difference.		
Does the Company provide proper channels of communication with stakeholders (including but not limited to shareholders, employees, customers, and suppliers) and create a stakeholder section on its website to address corporate social responsibility issues that are of significant concern to stakeholders?	√		in accordance with relevant regulations on a regular and irregular basis, so as to provide stakeholders with sufficient information for making judgments. In addition, the Company has also set up a stakeholder area on the official website for stakeholders to communicate through e-mail, and has appointed a spokesperson to be responsible for external communications. The Company's current official website is: www.fce.com.tw.	No difference.		
Shareholders' Meeting affairs?	✓		The Company has appointed Fubon Securities to handle shareholders' meeting affairs.	No difference.		
Information disclosure Does the Company set up a website to disclose the Company's financial operations and corporate governance information? Does the Company adopt other information disclosure methods (e.g.,	✓		The Company reports various financial and business information on the MOPS in accordance with relevant regulations on an regular and irregular basis. The Company's current official website is: www.fce.com.tw. The Company has appointed dedicated personnel to be responsible for the	(I) No difference.		
collecting and disclosing information about the Company, practicing the spokesman system, posting the investor conference on the Company's website, etc.)? Does the Company publish and make official filing of annual financial reports within two months after the end of an accounting	✓		collection and disclosure of company information, and has established a spokesman/deputy spokesman system. (III) The Company has published and reported the annual financial report within the time limit. There were no early publications and reporting.	(II) No difference. (III) No difference.		
	methods to evaluate the Board of Directors' performance, conduct the performance evaluation regularly at least on an annual basis, and submit the results of performance assessments to the Board of Directors and use them as reference in determining remuneration for individual directors, and their nomination for additional office term? Does the Company have the independence of the external auditors evaluated regularly? Does the TWSE/TPEx-listed company assign the adequate number of competent corporate governance officers, and appoint the chief corporate governance officer responsible for the corporate governance affairs (including but not limited to, provision to directors/supervisors of the information needed by them to perform their duties, assistance to directors/supervisors in compliance, organization of the Board of Directors meetings and shareholders' meetings, and preparation of the Board of Directors meetings and shareholders' meeting minutes, etc.)? Does the Company provide proper channels of communication with stakeholders (including but not limited to shareholders, employees, customers, and suppliers) and create a stakeholder section on its website to address corporate social responsibility issues that are of significant concern to stakeholders? Does the Company engage a Shareholders Service Agency to handle Shareholders' Meeting affairs? Information disclosure Does the Company set up a website to disclose the Company's financial operations and corporate governance information? Does the Company adopt other information disclosure methods (e.g., establishing an English website, designating a responsible person for collecting and disclosing information about the Company, practicing the spokesman system, posting the investor conference on the Company's website, etc.)? Does the Company publish and make official filing of annual	Does the Company establish a set of policies and assessment methods to evaluate the Board of Directors' performance, conduct the performance evaluation regularly at least on an annual basis, and submit the results of performance assessments to the Board of Directors and use them as reference in determining remuneration for individual directors, and their nomination for additional office term? Does the Company have the independence of the external auditors evaluated regularly? Does the TWSE/TPEx-listed company assign the adequate number of competent corporate governance officers, and appoint the chief corporate governance officer responsible for the corporate governance affairs (including but not limited to, provision to directors/supervisors of the information needed by them to perform their duties, assistance to directors/supervisors in compliance, organization of the Board of Directors meetings and shareholders' meeting minutes, etc.)? Does the Company provide proper channels of communication with stakeholders (including but not limited to shareholders, employees, customers, and suppliers) and create a stakeholder section on its website to address corporate social responsibility issues that are of significant concern to stakeholders? Does the Company engage a Shareholders Service Agency to handle Shareholders' Meeting affairs? Information disclosure Does the Company adopt other information disclosure methods (e.g., establishing an English website, designating a responsible person for collecting and disclosing information about the Company, practicing the spokesman system, posting the investor conference on the Company's website, etc.)? Does the Company publish and make official filing of annual financial reports within two months after the end of an accounting	Does the Company establish a set of policies and assessment methods to evaluate the Board of Directors' performance, conduct the performance evaluation regularly at least on an annual basis, and submit the results of performance assessments to the Board of Directors and use them as reference in determining remuneration for individual directors, and their nomination for additional office term? Does the Company have the independence of the external auditors evaluated regularly? Does the TWSE/TPEx-listed company assign the adequate number of competent corporate governance officers, and appoint the chief corporate governance officer responsible for the corporate governance affairs (including but not limited to, provision to directors/supervisors of the information needed by them to perform their duties, assistance to directors/supervisors in compliance, organization of the Board of Directors meetings and shareholders' meetings, and preparation of the Board of Directors meetings and shareholders' meetings, and preparation of the Board of Directors meetings and shareholders' meeting minutes, etc.)? Does the Company provide proper channels of communication with stakeholders (including but not limited to shareholders, employees, customers, and suppliers) and create a stakeholder section on its website to address corporate social responsibility issues that are of significant concern to stakeholders? Does the Company engage a Shareholders Service Agency to handle Shareholders' Meeting affairs? Information disclosure Does the Company adopt other information disclosure methods (e.g., establishing an English website, designating a responsible person for collecting and disclosing information about the Company, practicing the spokesman system, posting the investor conference on the Company's website, etc.)? Does the Company publish and make official filing of annual financial reports within two months after the end of an accounting	Does the Company establish a set of policies and assessment methods to evaluate the Board of Directors performance, conduct the performance evaluation regularly at least on an annual basis, and submit the results of performance assessments to the Board of Directors and use them as reference in determining remuneration for individual directors, and their nomination for additional office term? Poses the Company have the independence of the external auditors evaluated regularly? Variable Variable		

			Status	Deviation from Corporate Governance
Evaluation criteria	Yes	No	Summary	Best Practice Principles for TWSE/TPEx-Listed Companies and causes thereof
monthly business performance before the specified due dates?		✓		
VIII. Does the Company have other information that enables a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholders' interests, continuing education of directors and supervisors, implementation of risk management policies and risk measurements, implementation of customer policy, and the Company's purchase of liability insurance for directors and supervisors)?	>		 Employee rights and interests: The Company has formulated work rules in accordance with relevant laws and regulations, which expressly stipulates the protection of employees' rights and interests. Employee care: The Company has set up an employee welfare committee, implemented the pension system, employee group insurance, and attached great importance to labor-management relations. Investor relations: The Company discloses company-related information according to law to protect investors' rights and interests, fulfill the responsibilities of business towards investors, and set up a spokesperson system to directly communicate with investors. Supplier relations: The Company has established sound financial relationship with its supplier. Stakeholder rights: Stakeholders may communicate and express their opinions to the company for the protection of rights and interests. Director training status: We timely advocate on directors and supervisor training channels and relevant information, and disclose the director training status on the MOPS. Implementation of risk management policies and risk measurement standards: The Company has formulated various internal rules according to relevant laws and implemented various risk management and risk assessments. Implementation of customer service policy: The Company has established customer complaint procedures, and identified problems and responsibilities related to customer complaints, with effective response measures, prevention, and improvement measures, with the aim to prevent similar incidents from recurring, and maintain stable relationships with customers. Purchase of liability insurance for directors: The Company has purchased liability insurance for directors, and disclosed it on the MOPS in accordance with relevant regulations. 	
IX. Please explain the improvements made, based on the latest Corporate Governance Evaluation results published by the TWSE Corporate Governance Center, and propose enhancement measures for any issues that are yet to be rectified.		✓	A whistleblowing system has been established to report on illegal activities (including corruption) and immoral behavior by internal and external personnel, and is disclosed on the company website / investors section / 12. Corporate governance. Conference meetings for the prevention of insider trading and implementation of ethical management have been held every year.	To be handled in accordance with relevant laws in the future.

Directors' continuing education:

on ectors continuing education.								
Job Title	Name	Organizer	Name of Course	Hours of Continuing Education	Compliance with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies"			
Chairman	Yu-Ming Chang	Taiwan Investor Relations Institute (TIRI)	Credit Certification for Directors and Supervisors - Corporate Governance	6 hours	Yes			
Corporate director Representative	Peng-Kuang Tseng	Taiwan Investor Relations Institute (TIRI)	Credit Certification for Directors and Supervisors - Corporate Governance	6 hours	Yes			
Corporate director Representative	Chien-Hsien Tsai	Taipei Exchange	2022 OTC Companies - Conference Meeting on Reference Guidelines for the Exercise of Powers by Independent Directors and the Audit Committee and Advocacy for Directors and Supervisors	3 hours	Yes			
		Taiwan Institute of Directors	[ESG Governance and New Circular Economy]- Director and Supervisor Training Course	3 hours	Yes			
Independent Director	Ching-Hsi Hu	Taiwan Investor Relations Institute (TIRI)	Credit Certification for Directors and Supervisors - Corporate Governance	6 hours	Yes			
Independent Director	Yu-Wen Chen	The Institute of Internal Auditors, R.O.C.	Interpretation of financial analysis indicators and operational risk management	6 hours	Yes			
		Taiwan Investor Relations Institute (TIRI)	Credit Certification for Directors and Supervisors - Corporate Governance	6 hours	Yes			
		The Institute of Internal Auditors, R.O.C.	Eight aspects for the compliance of labor laws and regulations	6 hours	Yes			
Independent Director	Hsuan Chi	Taiwan Independent Director Association	"2022 Independent Director Elite Training Institute" — [Unit Courses]	3 hours	Yes			
		Taiwan Investor Relations Institute	Operations of the Audit Committee and Remuneration Committee	3 hours	Yes			

- 4. If the Company has established a remuneration committee, the composition, responsibilities, and operations of the committee shall be disclosed: The Company has established the remuneration committee
 - \(1 \) Organizational structure of the committee: There are 3 committee members, appointed by resolution of the Board of Directors, one of whom shall be the convener. The professional qualifications and independence of the remuneration committee members are in compliance with Articles 5 and 6 of the Regulations Governing the Exercise of Powers by Remuneration Committees.
 - (2) The remuneration committee's function: To evaluate, from an expert and objective standpoint, the Company's policies and systems for the remuneration of directors and executive officers, and to make recommendations to the Board of Directors for the board's reference in decision-making.
 - $\langle 3 \rangle$ Operational status of the committee: The committee is in normal operations.

(1) Information about the Remuneration Committee members

ID	Qualifications Name	Professional qualification and experience	Compliance with independence	Number of other public companies in which the member concurrently serves as a remuneration committee member
Independent Director (Convener)	Ching-Hsi Hu	Department of Economics, Tunghai University; Specialist of the Bank of Panhsin; expertise in finance, investment management, and corporate governance in order to improve the corporate governance and supervisory functions of the Board of Directors and audit committee. No breach of Article 30 of the Company Act has occurred.	According to the Company's Articles of Incorporation and "Corporate Governance Best Practice Principles," the directors shall be elected under the candidate nomination system. When nominating and electing the Board members, the Company has received the written statement, information about work experience, current certificate of employment, and kinship chart from each director and, therefore, already verified the independence of them, their spouses, and relatives within 3rd degree of kinship as to the Company. Meanwhile, upon verification, the three independent directors identified in the left column were held to satisfying the qualification requirements under the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by FSC and Article 14-2 of the Securities and Exchange Act within two years before they assume the positions and during their term of office. The independent directors have also been empowered to participate in the decision-making and express opinions under Article 14-3 of the Securities and Exchange Act, in order to perform their job duties independently.	Concurrently served in 1 public company

Independent Director	Yu-Wen Chen	corporate governance and supervisory functions of the Board of Directors and audit committee. No breach of Article 30 of the Company Act has occurred.	Same as above	None
Independent Director	Hsuan Chi	Master of Accountancy, George Washington University; Assistant Vice President of GC Capital Taiwan Branch; Assistant Vice President of Capital Markets Division, Yuanta Securities Co., Ltd.; Senior Assistant Vice President of the Investment Banking Department at Fubon Securities Co. Ltd.; current General Manager/Director of Sheng Kang Capital Ltd.; with expertise in business, marketing, business planning, practical skills on operations management and corporate governance, in order to improve the corporate governance and supervisory functions of the Board of Directors and audit committee. No breach of Article 30 of the Company Act has occurred.	Same as above	None

- (2) Information about functionality of Remuneration Committee
 - A. The Company's Remuneration Committee consists of 3 members.
 - B. Term of office of remuneration committee members: 6th term remuneration committee from August 18, 2022 ~ August 17, 2024. 3 remuneration committee meetings were held in the most recent fiscal year (2022), and 1 remuneration committee meeting was held as of the date of publication of the annual report in 2023, which brought about a total of 4 (A) meetings. The attendance of committee members is shown below:

Job Title	Name	Actual presence (times) (B)	Presence by proxy (times)	Actual presence rate (%) (B/A) (Note 1)	Remark
Convener	Ching-Hsi Hu	4	0	100%	
Member	Yu-Wen Chen	4	0	100%	
Member	Hsuan Chi	4	0	100%	

Other disclosures to be noted:

- I. Where the Board of Directors rejects or modifies the suggestions from the Remuneration Committee, please disclose the date and session of the meeting, the contents of the motions, the resolution made by the Board of Directors meeting, and how the Company has responded to Remuneration Committee's opinions (describe the differences and reasons, if any, should the Board of Directors approve a solution that is more favorable than the one proposed by the Remuneration Committee): None.
- II. Where any resolution(s) by the Remuneration Committee be passed but with member voicing opposing or qualified opinions on the record or in writing, please disclose the date and session of the meeting, contents of the motion, the entire members' opinions, and how their opinions are addressed: None.
- Note 1: If a member of the Remuneration Committee resigns before the end of the year, the date of resignation shall be indicated in the Remarks column, and their attendance (%) shall be calculated by the number of meetings attended by the member divided by the number of committee meetings held during their term of office.
- Note 2: Before the end of the year, if there is an election of the committee members, the new and old members shall be entered, and the old, new, or re-elected status and the election date of each member shall be indicated in the Remarks column. The attendance (%) shall be calculated with the number of meetings attended by each member divided by the number of committee meetings held during their term of office.

C. Important resolutions made by the remuneration committee in the most recent year until the date of publication of the annual report:

Date	Content	Resolution
January 18, 2022	1. Distribution of 2021 year-end bonuses and performance bonuses of the Company's management level.	Approved unanimously.
April 15, 2022	Ratification of travel allowances for directors, the corporate governance committee, the audit committee, and the remuneration committee.	,
	2. Ratification of the remuneration, year-end bonus, and performance bonus of the president concurrently acting as spokesperson, finance and accounting manager concurrently acting as deputy spokesperson, and the audit manager.	Approved unanimously.
	3. Review of the remuneration and travel allowance for the Chairman.	
December 26, 2022	Ratification of travel allowances for directors, the corporate governance committee, the audit committee, and the remuneration committee.	
	 Ratification of the remuneration, year-end bonus, and performance bonus of the president concurrently acting as spokesperson, finance and accounting manager concurrently acting as deputy spokesperson, and the audit manager. 	Approved unanimously.
	3. Review of the remuneration and travel allowance for the Chairman.4. Review of the travel allowances of the nomination committee.	
January 13, 2023	Discussion of the performance review and remuneration policy, system, standards, and structure for directors and executive officers.	Approved
	Evaluation of the Company's 2023 salary for directors and executive officers.	Approved unanimously.
	3. Distribution of 2022 year-end bonuses and performance bonuses of the Company's management level.	

5. Status of sustainable development, and deviation from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and causes thereof:

Companies and causes thereof:			Status]	Deviation from Sustainable
	Items	Yes	No		Summary	Prir	Development Best Practice nciples for TWSE/TPEx Listed ompanies and causes thereof
I.	Has the Company established a governance structure to promote sustainable development and set up a dedicated (concurrent) unit to promote sustainable development, governed by the senior management as authorized by the Board of Directors, which supervises the implementation?	*		(I)	The Company's Sustainable Development Committee is chaired by General Manager Shuo-Wen Chang, and consists of three teams: "Corporate Governance", "Sustainable Environment", and "Social Welfare", so as to implement the planning on corporate social responsibility. The implementation status is reported to the Board of Directors on a regular basis.	(I)	No difference.
П.	Does the Company, in accordance with the materiality principle, conduct risk assessments on environmental, social, and corporate governance issues pertaining to company operations and establish the relevant risk management policy or strategy? (Note 1)		*	(I)	The Company has passed the "Risk Management Policy and Procedures" on December 28, 2021. The Company's management procedure to achieve better risk management functions include risk identification, risk assessment, risk control and monitoring, risk reporting, and risk disclosures, so that the scope of risk may be clear, with appropriate measures to ensure proper risk management, while limited resources can be efficiently allocated to related risk management. The Company's general manager also serves as the convener of the risk management team, while an interdepartmental team was established to respond to the chief reports of each functional unit on a regular basis. The chiefs of each functional unit are responsible for risk management, and shall be responsible for initial risk identification, assessment, management and control, and risk prevention of unit operations, so as to ensure that the risk management and control mechanisms and procedures can be effectively implemented.	(I)	No difference.
III. (I)	Environmental issues Does the Company have an appropriate environmental management system established in accordance with its industrial character?		✓	(I)	The Company's main businesses are simple, which cover bulk raw materials, and relevant environmental management mechanisms have not yet been established.	(I)	To be handled in accordance with the Company's development needs and relevant laws and regulations in the future.
(II)	Does the Company endeavor to utilize all resources more efficiently, and use renewable materials which have a low impact on the environment?	~		(II)	The Company is committed to utilizing various resources more efficiently in operating activities and internal management, so as to ensure sustainability of the earth's resources. Relevant environmental protection policies include: promoting the recycling of photocopy paper and dedicating efforts to waste classification and recycling.	(II)	No difference.
(III)	Does the Company assess the current and future potential risks and opportunities that climate change may present to enterprises and adopt the responsive measures against climate-related	√		(III)	The Company has formulated energy-saving and GHG reduction regulations in response to the impact of climate change on operating activities.		No difference.
(IV)	issues? Does the Company maintain statistics on GHG emission, water consumption, and total waste volume in the last two years, and implement policies aiming at reducing CO2 and GHG emissions, water, or other wastes?	~		(IV)	The Company takes into account the impact of climate change, and implemented policies related to energy saving, carbon reduction and greenhouse gas reduction, including paperless office, turning off lights during lunch breaks, allowing flexibility on indoor air-conditioning, and maintenance and repair of air-conditioning equipment on a regular basis. The Company's electricity consumption in 2021 and 2022 were 89,044kWh and 17,621kWh, respectively, translating to carbon emissions of 49,330kg and 8,896kg, respectively, while the water consumption in 2021 and 2022 were 332kWh and 7kWh, respectively, translating to carbon emissions of 50.47kg and 1.064kg, respectively.		
IV. (I)	Social issues Does the Company develop its policies and procedures in accordance with laws and International Bill of Human Rights?	~		(I)	The Company abides by relevant labor laws and regulations to protect employee rights and interests, with two-way communication which includes advocating on company policies and understanding employee opinions. In addition, the Company formulated the human rights policies, which are disclosed on the company website.	(I)	No difference.
(II)	Does the Company adopt and implement reasonable employee benefits policies (including remuneration, vacation, and other benefits, etc.), and reflect the operating performance or results to the remuneration to employees adequately?	*		(II)	The Company attaches great importance to employee care, the employee retirement system, and a friendly working environment. The Company provides a comprehensive employee welfare system, which includes salary, incentives, and bonuses, in order to increase employees' dedication to work and devotion to the performance of their duties. Relevant employee welfare measures include: Providing labor insurance/health insurance/group insurance and festival gifts for employees, conducting employee health check-ups and domestic and international travel activities, and providing employees with food subsidies, condolences and disability benefits. In addition, we also established a welfare committee to provide employees with marriage gifts, maternity subsidies, travel allowances, injury compensation, death condolences, and birthday celebration activities. Employees are also allowed to apply for parental leave.	(II)	No difference.

Items			Status	Deviation from Sustainable Development Best Practice	
TO THE	Yes			Principles for TWSE/TPEx Listed Companies and causes thereof	
 (III) Does the Company provide employees with a safe and healthy work environment, and provide safety and health education to employees regularly? (IV) Does the Company have an effective career capacity development training program established for employees? (V) Does the Company comply with laws and international standards with respect to the issues including customers' health, safety, privacy, marketing, and labeling in all products and services offered, and adopt consumer or customer interest protection policies and grievance procedures? (VI) Does the Company adopt any specific supplier management policy demanding that the suppliers should comply with the related regulations governing environmental protection, occupational safety, and health or laborers' human rights, and how the policy is implemented? 	✓		In addition, the employee compensation reflected the Company's business achievements. Under the dividends policy as set forth in the Company's Articles of Incorporation, if the Company made a profit in a fiscal year, it shall distribute no less than 1% and no higher than 15% as employee compensation, while the remuneration for directors and supervisors shall be no higher than 5% of profit. However, a reserve is allotted to be used to make up for the company's accumulated losses, and then employee compensation and the remuneration for directors and supervisors shall be set aside in accordance with the percentage mentioned in the preceding paragraph. Employee compensation also includes performance bonuses calculated based on the Company's annual operating performance. (III) The Company provides employees with a safe and healthy work environment, and timely make announcements and advocacy related to safety and health education to employees. (IV) To cultivate professionalism and employee development, the Company holds internal training courses and professional training courses for dispatched personnel on an irregular basis. (V) The Company's products are not directly supplied to general consumers. The Company attaches great importance to product quality, and has established the Procedure for "Handling Customer Complaints" and "Customer Satisfaction Survey Procedures" and other relevant regulations, dedicating efforts to deal with customer complaints immediately. (VI) The Company has established a supplier management policy, and will send out a warning for any violation of environment within a limited time period. In accordance with relevant regulations, the Company will no longer cooperate with the supplier for serious circumstances.	(III) No difference. (IV) No difference. (V) No difference.	
Does the Company prepare the sustainable development report or any report on non-financial information based on international reporting		✓	The Company has not yet prepared the sustainable development report.	Not applicable.	
standards or guidelines? Does said report have been assured or guaranteed by a third party certification unit?					

VI. If the Company has established sustainable development best practice principles in accordance with "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies," please describe the current practices and any deviations thereof from such principles: No difference.

VII. Other important information that facilitates the understanding of the promotion of sustainable development:

1. Formulate practical and executable operational strategies, such as supplier management, environmental protection, and occupational safety and health policies.

2. Organized safety and health employee education and training courses.

3. Organized integrity management employee education and training courses.

Organize insider trading prevention education and training courses for employees, directors and supervisors.
 Statistical analysis of the Company's 2021 and 2022 GHG emissions, carbon reduction, and water consumption data.

Note 1: The materiality principle refers to environmental, social and corporate governance issues that are of material impact on the Company's investors and stakeholders.

6. The state of the Company's implementation of ethical corporate management and deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and causes thereof:

	Item			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEx	
		Yes No Summary		Summary	Listed Companies and causes thereof
I. (I)	Establishment of ethical management policies and plans Does the Company state in its regulations or external correspondence about the ethical management policies and practices passed by the Board of Directors and the commitment of the Board of Directors and senior management to actively implement the operating policies?	*		(I) The Company has established the "Ethical Corporate Management Best Practice Principles" and "Codes of Ethical Conduct for Directors and Managerial Officers", which were disclosed on the Company's internal regulations and the MOPS after approval of the Board of Directors, and implemented accordingly. On March 25, 2020, the Board of Directors passed the formulation of the "Integrity Management Procedures and Behavior Guidelines". The Company's Audit Office will conduct audits on an irregular basis.	(I) No difference.
(II)	Does the Company establish the assessment mechanism about unethical conduct to analyze and assess the operating activities with higher risk of unethical conduct in the scope of business periodically, and adopt the unethical conduct prevention program based on the mechanism, which shall at least cover the prevention measures referred to in the subparagraphs of Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies"? Does the Company expressly state the SOP, guidelines for conduct and reward & punishment and grievance	✓		(II) The Company's "Ethical Corporate Management Best Practice Principles" specifically stipulated that the Company's employees shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty.	
	systems in the unethical conduct prevention program, implement the same precisely, and review	✓		(III) The Company's "Ethical Corporate Management Best Practice Principles" clearly stipulated that the Company shall provide a	(III) No difference.

	Item			Status	Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEx
	nem	Yes	No	Summary	Listed Companies and causes thereof
	amendments to said program?			proper whistleblowing channel, and ensure confidentiality of the identity of whistle-blowers and the content of reported cases. The penalty appeals system for violation of ethical management regulations shall be implemented according to the Company's relevant rules. Illegal activities (including corruption) and immoral behaviors of internal and external personnel can be reported via the whistleblower e-mail: fce_contact@yahoo.com.	mereor
II. (I)	Implementation of ethical management Does the Company evaluate the ethical record of all counterparts it has business relationships with? Are there any ethical management clauses in the agreements it signs with business partners?	✓		(I) Before business transactions, the Company evaluates the legitimacy of the trading counterparty and whether there has been dishonest behavior, so as to ensure fair and transparent business operations, with no requesting, offering or accepting	(I) No difference.
(II)	Does the Company have a unit that specializes in business integrity? Does this unit report ethical corporate management policies and preventive measures for unethical conduct to the Board of Directors on a regular basis (at least once every year), and supervise the implementation status?	~		bribes. (II) The Company has designated the Management Dept. as a dedicated unit (hereinafter referred to as "the Company's responsible unit") under the Board of Directors. The responsible unit shall conduct regular audits on the implementation of ethical management, and are responsible for the monitoring and reporting of various operations in order to achieve ethical management. The responsible unit shall report to the Board of	
(III)	Does the Company have any policy that prevents conflict of interest, and channels that facilitate the report of conflict of interest?	~		Directors on the implementation status of ethical management at least once a year. (III) We have formulated the "Rules of Procedure for Board of Directors Meetings" which stipulated the directors' duties to avoid conflict of interest. Those who have personal interest or the interest of the juridical person they represent involved in the proposals on the agenda of the board meetings, which may be detrimental to the Company's interest, may state their opinions and answer questions and should recuse themselves from the discussion and voting on a given proposal, and may not act as another director's proxy to exercise voting rights on that matter. The avoidance of conflict of interest has been conducted in accordance with the Rules of Procedure for Board of Directors Meetings at the board of directors meetings on January 18, 2022, February 25, 2022, April 15, 2022, December 26, 2022,	(III) No difference.
(IV)	Does the Company fulfill the ethical management by establishing an effective accounting system and internal control system, and have an internal audit unit research and adopt related audit plans based on the unethical conduct risk assessment result, conducting audits on the compliance by the unethical conduct			and January 13, 2023. (IV) To ensure the fulfillment of ethical management, the Company has established an effective accounting system and internal control system, and has the internal auditors to conduct audits on a regular basis on the compliance with the aforementioned system. Currently, there is no need to appoint a CPA to conduct the audits.	(IV) No difference.
(V)	prevention program, or appoint a CPA to conduct the audits? Does the Company organize internal or external training on a regular basis to maintain ethical management?	v		(V) The Company has formulated internal communication and investor relationship handling procedures, and organized education and training courses and advocacy on an irregular basis. On November 30, 2022, the Company has conducted a 2-hour internal education training related to the [Implementation f Ethical Management], with a total of 17 participants.	(V) No difference.
III.	Implementation of the Company's whistleblowing system	✓		(I) The Company has a whistleblowing system for internal and	(I) No difference.
(I)	Does the Company have a specific whistleblowing and reward system stipulated, a convenient whistleblowing channel established, and a responsible staff designated to deal with the accused party?	✓		external personnel to report on illegal activities (including corruption) and immoral behaviors, with a whistleblower e-mail as a convenient reporting channel. The Management Dept. is designated to deal with relevant matters. Complaints mailbox: fce_contact@yahoo.com (II) Any employee in violation of ethical management rules shall be punished according to relevant reward and punishment	(II) No difference.
(II)	Does the Company define the standard operating procedure, follow-up measures to be taken upon completion of the investigation, and non-disclosure mechanism toward the investigation of reported cases as accepted? Does the Company take proper measures to protect	√		regulations stipulated in the Company's work rules. In 2022, there were no internal or external reporting incidents. (III) The Company will protect whistleblowers and those who participate in the investigations related to the violations of integrity management regulations, so as to avoid unfair treatment or retaliation in the workplace.	(III) No difference.
/	the whistleblowers from suffering any consequence of reporting an incident?				
IV. (I)	Enhanced information disclosure Does the Company disclose the contents of its ethical management best practice principles and the result of implementation on its official website and MOPS?	*		(I) The Company has established a website to disclose the Company's "Ethical Management Best Practice Principles". The Company's ethical management status was disclosed in the annual report, which is available for downlo	(I) No difference.

If the Company has formulated its own Corporate Governance Best Practice Principles as per the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies", please specify the difference between its operation and the principles: For sustainable development, the Company has established the corporate culture of ethical management, and formulated the "Ethical Management Best Practice Principles" in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies", with service rules to ensure better management. There were no significant difference between the Company's operation and the principles.

VI. Other information material to the understanding of ethical management operation:

1. Transactions between the Company and related parties are disclosed on the MOPS in accordance with relevant laws and regulations.

2. The Company has set up an audit office to review the implementation of various business activities, and submit audit summary reports to the Board of Directors on a regular basis.

7. If the Company has established corporate governance principles or other relevant guidelines, the access to such principles must be disclosed:

The Company has formulated the "Corporate Governance Best Practice Principles" and related regulations including the "Articles of Incorporation", "Regulations Governing the Prevention of Insider Trading", and "Ethical Corporate Management Best Practice Principles", which have been disclosed on the Company's website (http://www.fce.fce. com.tw).

- 8. Other information material to the understanding of corporate governance within the Company: None.
- 9. Implementation of internal control system:
 - $\langle \bar{1} \rangle$ Declaration for Statement of Internal Control: Please refer to page 42.
 - \langle 2 \rangle The external auditor's report issued by the CPA commissioned to conduct an internal control audit, if any: None.
- 10. Punishments received by the Company and its internal personnel pursuant to laws and punitive actions issued by the Company against its internal employees in violation of the internal control system provisions for the latest year until the date of publication of the annual report, major deficiency, and correction status: None.
- 11. Important resolutions made by the shareholders' meeting and board of directors meeting in the most recent year until the date of publication of the annual report:

1) Important resolutions made by the shareholders' meeting in 2022 until the date of publication of the annual report:

(1)	important resolu	·	meeting in 2022 until the date of publication of the annua	. *
Date		Content	Resolution	Implementation
	Ratification	2021 Business Report and Financial Statements	Pass the motion per the resolution adopted based on the present shareholders' voting results. Votes: 70,643,391 votes; approval votes: 68,129,128 votes (96.44%); disapproval votes: 33,440 votes (0.04%), invalid votes: 0 votes (0.00%), abstention votes/no votes: 2,480,823 votes (3.51%)	Compliance with the resolution
matters		2. 2021 Loss Compensation Plan.	Pass the motion per the resolution adopted based on the present shareholders' voting results. Votes: 70,643,391 votes; approval votes: 68,123,501 votes (96.43%); disapproval votes: 36,624 votes (0.05%), invalid votes: 0 votes (0.00%), abstention votes/no votes:2,483,266 votes (3.51%)	Implemented according to the approved content.
August 18, 2021		Amendments to the "Articles of Incorporation".	Pass the motion per the resolution adopted based on the present shareholders' voting results. Votes: 70,643,391 votes; approval votes: 68,050,413 votes (96.32%); disapproval votes: 33,153 votes (0.04%), invalid votes: 0 votes (0.00%), abstention votes/no votes: 2,559,825 votes (3.62%)	Submitted to the competent authority for amendments.
	Discussion "F matters A	2. Amendments to the "Procedures for the Acquisition and Disposal of Assets".	Pass the motion per the resolution adopted based on the present shareholders' voting results. Votes: 70,643,391 votes; approval votes: 68,047,491 votes (96.32%); disapproval votes: 37,955 votes (0.05%), invalid votes: 0 votes (0.00%), abstention votes/no votes: 2,557,945 votes (3.62%)	Already operated per the amended Procedures.
		Termination of the non-competition restriction imposed on director representatives.	Pass the motion per the resolution adopted based on the present shareholders' voting results. Votes: 70,643,391 votes; approval votes: 68,063,262 votes (96.34%); disapproval votes: 98,007 votes (0.13%), invalid votes: 0 votes (0.00%), abstention votes/no votes: 2,482,122 votes (3.51%)	
	Extraordinary Motions	None.		

$\left\langle\,2\,\right\rangle\,\text{Important resolutions of the Board of Directors in 2022 and until the date of publication of the annual report and the contraction of the contrac$

Date	Contents	Resolutions
January 18, 2022	 Formulation and amendment of the Company's internal control system. Amendments to the Company's Articles of Incorporation. Ratification of long-term equity investment. Matters to be reviewed at 2nd meeting of the 6th term Remuneration Committee 	Proposals 1-3 were approved unanimously. For Proposal 4, except for directors Yu-Ming Chang, Shuo-Wen Chang and Peng-Kuang Tseng who recused themselves from the resolution for conflict of interest, the matters were approved unanimously after discussion by attending directors.
February 25, 2022	 2021 financial statements and business report. Formulation and amendment of the Company's relevant regulations. Amendments to the Company's Articles of Incorporation. CPA Independence and Professional Fees to the CPA in 2022. Termination of the non-competition restriction imposed on director representatives. 2021 loss compensation plan. 2021 Declaration for Statement of Internal Control System. Organization of 2022 shareholders' meeting and acceptance of proposals submitted by shareholders. 	Proposals 1-4 were approved unanimously. Proposal 5 was approved by all of the present directors, other than director Peng-Kuang Tseng who recused himself from the resolution for conflict of interest, unanimously. Proposals 6-8 were approved unanimously.
April 1, 2022	1. Election of the Company's Chairman.	Proposal 1 for electing Y-Ming Chang as the

Date	Contents	Resolutions
		Company's Chairman was voted by all attending directors, and was adopted by 6 votes to 2.
April 15, 2022	 Appointment of the President concurrently acting as spokesperson. Appointment of Finance and Accounting Manager concurrently acting as deputy spokesperson. Appointment of Audit Manager. Formulation of the organizational rules and establishment of the Corporate Governance Committee. Amendments to regulations related to the remuneration for directors and managers. Change of business address. Rental of office premises from a related party. Disposal of real property to a related party. Amendment of organizational rules and regulations of the Audit Committee. Addition of time deposits pledge loan from Sunny Bank. Setting the issue price, number of shares, and the base date of cash capital increase by private placement. Formulation of 2022 audit plan. Setting of the Company's 2022 Business Objectives. Change of the responsible person for Feei Cherng Luzu Farm. Amendment of the Risk Management Policy and Procedure. Formulation and amendment of the Company's internal control system. Amendments to the Company's Articles of Incorporation. Ratification of long-term equity investment. 2021 financial statements and business report. Formulation and amendment of the Company's relevant regulations. Amendments to the Company's Articles of Incorporation. CPA Independence and Professional Fees to the CPA in 2022. Termination of the non-competition restriction imposed on director representatives. 2021 loss compensation plan. 2021 Declaration for Statement of Internal Control System. Organization of 2022 shareholders' meeting and acceptance of proposals submitted by shareholders' meeting and acceptance of proposals submitted by shareholders' meeting and acceptance of proposals submitted by shareholde	Proposals 1-22 were approved unanimously. Proposal 23 was approved by all of the present directors, other than director Peng-Kuang Tseng who recused himself from the resolution for conflict of interest, unanimously. Proposals 24-29 were approved unanimously. For Proposal 30, except for directors Yu-Ming Chang, Peng-Kuang Tseng, Chien-Hsien Tsai, Ching-Hsi Hu, Yu-Wen Chen, and Hsuan Chi who took turns recusing themselves from the resolution for conflict of interest, the matters were approved unanimously after discussion by attending directors.
May 10, 2022	Formulation of the Company's GHG inventory and verification schedule. Second of the Company's GHG inventory and verification schedule. The Company's GHG inventory and verification schedule.	Approved unanimously.
July 5, 2022	 Application to Land Bank of Taiwan Co., Ltd. for land loan. Application to Mega Bills Finance Co., Ltd. for a commercial paper limit of guarantee of NT\$150 million. Application to China Bills Finance Corp. for a commercial paper limit of guarantee of NT\$100 million. 	Approved unanimously.
August 11, 2022	 Replacement of the CPAs starting from the second quarter of 2022. Financial statements for the second quarter of 2022. Formulation and amendment of the Company's relevant regulations. Purchased land at Bailun Section, Rende District, Tainan City. Application to SinoPac Securities Corp. for a commercial paper limit of guarantee of NT\$50 million. 	Approved unanimously.
November 9, 2022	 Financial statements for the third quarter of 2022. Amendments to the internal control system's "Procurement and Payment Cycle". Formulation of the organizational rules and establishment of the Company's functional committees. 	Approved unanimously.
December 12, 2022	Election of the Company's Chairman.	The election of Yu-Ming Chang as the Company's Chairman was voted by 6 attending directors, and was approved unanimously.
December 26, 2022	 Appointment of the President concurrently acting as spokesperson. Appointment of Finance and Accounting Manager concurrently acting as deputy spokesperson. Appointment of Audit Manager. Formulation of the organizational rules and establishment of the Corporate Governance Committee. Amendments to regulations related to the remuneration for directors and managers. Change of business address. Rental of office premises from a related party. 	Proposals 1-22 were approved unanimously. Proposal 23 was approved by all of the present directors, other than director Peng-Kuang Tseng who recused himself from the resolution for conflict of interest, unanimously. Proposals 24-48 were approved unanimously. For Proposal 49, except for directors Yu-Ming Chang, Peng-Kuang Tseng, Chien-Hsien Tsai, Ching-Hsi Hu, Yu-Wen Chen, and Hsuan Chi who took turns recusing themselves from the resolution

Date	Contents	Resolutions
	 Disposal of real property to a related party. Amendment of organizational rules and regulations of the Audit Committee. Addition of time deposits pledge loan from Sunny Bank. Setting the issue price, number of shares, and the base date of cash capital increase by private placement. Formulation of 2022 audit plan. Setting of the Company's 2022 Business Objectives. Change of the responsible person for Feei Cherng Luzu Farm. Amendment of the Risk Management Policy and Procedure. Formulation and amendment of the Company's internal control system. Amendments to the Company's Articles of Incorporation. Ratification of long-term equity investment. 2021 financial statements and business report. Formulation and amendment of the Company's relevant regulations. Amendments to the Company's Articles of Incorporation. CPA Independence and Professional Fees to the CPA in 2022. Termination of the non-competition restriction imposed on director representatives. 2021 Declaration for Statement of Internal Control System. Organization of 2022 shareholders' meeting and acceptance of proposals submitted by shareholders. Purchased land at No. 1164 and 8 others in Beihua Section, North District, Tainan City. Addition of time deposits pledge loan from the United Bank of Taiwan. Formulation of the Company's GHG inventory and verification schedule. Application to Land Bank of Taiwan Co., Ltd. for land loan. Application to Mega Bills Finance Co., Ltd. for a commercial paper limit of guarantee of NT\$100 million. Replacement of the CPAs starting from the second quarter of 2022. Financial statements for the second quarter of 2022. Formulation and amendment of the Company's relevant regulations. Pu	for conflict of interest, the matters were approved unanimously after discussion by attending directors.
January 13, 2023	Matters to be reviewed at 5th meeting of the 6th term Remuneration Committee.	Approved by all of the present directors, other than director Yu-Ming Chang who recused himself from the resolution for conflict of interest, unanimously.
February 24, 2023	 Amendment of the Company's relevant regulations. Amendments to the Company's Articles of Incorporation. Ratification of the Company's acquisition of equity (shares) of Samtec Engineering Co., Ltd. 2022 financial statements and business report. 2022 loss compensation plan. The Company's replacement of accounting firm and CPAs. CPA independence and appropriateness and professional fees to the CPA in 2023. Formulation of the general principles of the Company's pre-approved non-assurance services policy. 2022 Declaration for Statement of Internal Control System. 	Proposals 1-2 were approved unanimously. After voting for Proposal 3, Yu-Ming Chang, Peng-Kuang Tseng, Ching-Hsi Hu, Yu-Wen Chen, and Hsuan Chi voted for the proposal, whereas Chien-Hsien Tsai voted against the proposal. The proposal was approved. After voting for Proposal 4, Yu-Ming Chang, Peng-Kuang Tseng, Ching-Hsi Hu, Yu-Wen Chen, and Hsuan Chi voted for the proposal, whereas Chien-Hsien Tsai expressed qualified opinion. The proposal was approved. After voting for Proposal 5, Yu-Ming Chang,

Date	Contents	Resolutions
	10. By-election of One Director.	Peng-Kuang Tseng, Ching-Hsi Hu, Yu-Wen Chen,
	11. Nomination and resolution of the Directors and Independent	and Hsuan Chi voted for the proposal, whereas
	Directors Candidates List.	Chien-Hsien Tsai expressed qualified opinion. The
	12. Termination of the Non-competition Restriction Imposed on	proposal was approved.
	Directors and its Representatives.	Proposals 6-13 were approved unanimously.
	13. Organization of 2023 shareholders' meeting and acceptance of	
	proposals submitted by shareholders.	

- 12. The main contents of important resolutions of the Board of Directors passed but with directors voicing opposing opinions on the record or in writing during the most recent year and up to the date of publication of the annual report:
 - < 1 > At the board of directors meeting on February 24, 2023, there were disapproval votes from the representative Chien-Hsien Tsai of the legal person director Chi Fu Investment Co., Ltd. for the ratification of the Company's acquisition of equity (shares) of Samtec Engineering Co., Ltd..
 - 4 At the board of directors meeting on February 24, 2023, the representative Chien-Hsien Tsai of the legal person director Chi Fu Investment Co., Ltd. expressed qualified opinion for the Company's 2022 financial statements and business report.
 - 4 3 At the board of directors meeting on February 24, 2023, the representative Tsai Chien-Hsien of the legal person director Chi Fu Investment Co., Ltd. expressed qualified opinion for the Company's 2022 loss compensation plan.
- 13. Resignation or dismissal of personnel related to financial statement preparations (including the chairman, president, head of finance, head of accounting, chief internal auditor, and corporate governance officer) in the most recent year (2022) up till the publication date of annual report (March 31, 2023): None.

Feei Cherng Enterprise Co., Ltd. Declaration for Statement of Internal Control System

Date: February 24, 2023

The following declaration is made based on the 2022 self-appraisal on the Company's control policies:

- I. The Company acknowledges and understands that the establishment, implementation, and maintenance of the internal control system are the responsibility of the Board of Directors and managers, and that such a system has been implemented within the Company. The purpose of this system is to provide reasonable assurance in terms of business performance, efficiency (including profitability, performance and asset security etc), reliable, timely and transparent financial reporting, and regulatory compliance.
- II. The internal control system is designed with inherent limitations. No matter how perfect the internal control system is, it can only provide reasonable assurance of the fulfillment of the three objectives referred to above. Moreover, the effectiveness of the internal control system could be affected by the changes in the environment and circumstances. However, a self-monitor mechanism is installed in the internal control system of the Company. The Company will make corrections once the deficiencies are identified.
- III. The Company has assessed the effectiveness of the internal control system design and implementation in accordance with the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "the Regulations"). The criteria introduced by the Regulations consist of five major elements, each representing a different stage of internal control: 1. Control environment; 2. Risk assessment; 3. Control operation; 4. Information and communication; and 5. Supervision. Each element further encompasses several sub-elements. Please refer to "the Regulations" for details.
- IV. The Company has adopted said criteria to assess the effectiveness of its internal control system design and implementation thereof.
- V. Based on the assessment result referred to in the preceding paragraph, the Company believes that the design and implementation of the internal control system (including monitoring and management of subsidiaries) as of December 31, 2022, including the achievement rate of effectiveness and efficiency of operations and reliability, timeliness, transparency, and regulatory compliance of reporting, as well as the compliance with applicable laws, regulations, and bylaws, are effective and may reasonably ensure the achievement of said goals.
- VI. The Declaration will be the major contents of the annual report and prospectus of the Company and to be publicly disclosed. Any illegalities such as misrepresentations or concealments in the published contents mentioned above will be considered a breach of Articles 20, 32, 171, and 174 of the Securities and Exchange Act and incur legal liability.
- VII. The Declaration was passed unanimously without objection by all 6 directors present at the Board meeting dated February 24, 2023.

Feei Cherng Enterprise Co., Ltd.



Chairman: Yu-Ming Chang

袖張

Seal/Signature

President: Shuo-Wen Chang



Seal/Signature

IV. Information about CPA's Audit Fees:

Information about CPA's Audit Fees

Unit: NT\$ Thousand Name Name of **Non-Audit** of CPA **Audit Period Audit Fees Total** Remark **CPA Fees** Firm PwC Tzu-Yu Lin January 1, Taiwan Non-audit fees: Tax 2023~December 31, 1,400 300 1,700 visa 300 Chung-Yu 2023 Tien

- (I) When the Company pays non-audit fees to the certified public accountant, to the accounting firm of the certified public accountant, and/or to any affiliated enterprise of such accounting firm are one quarter or more of the audit fees paid thereto: None.
- (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: 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 audit fees paid for 2022 are lower than those for 2021 by 12 percent.

V. Information on the replacement of CPA:

If the company has replaced its certified public accountant within the last 2 fiscal years or any subsequent interim period, it shall disclose the following information:

(I) Regarding the former CPA:

Replacement date	February 24, 2023				
Reasons for replacement and details	(Comply	with the Com	pany's overall busi	ness planning
Specify whether it was the CPA that voluntarily ended the engagement or declined	Status		Parties involved	СРА	Mandating party
further engagement	Termina	ted the er	ngagement		V
	Disconti		~ ~		
	engagem	ent			
Opinion and reason for the issuance of an audit report expressing other than an unqualified opinion during the 2 most recent years	None				
Any disagreements with			Accounting	Principles or Practi	ices
the issuer	Yes		Disclosure of	of financial reports	
	108		Audit scope	or procedures	
			Other		
	None	V			
	Descript	ion			
Other Disclosed Items	None				
(Those that should be					
disclosed as stipulated in					
Article 10, subparagraph 5,					
item 1(4) of the					
Regulations)					

- 1. Where the former certified public accountant has advised the company that it lacked the sound internal controls necessary for the preparation of reliable financial reports: None.
- 2. Where the former certified public accountant has advised the company that he or she was unable to rely on the company's written representations, or was unwilling to be associated with the financial report prepared by the company: None.
- 3. Where the former certified public accountant has advised the company of the need to expand the scope of the audit, or of information showing that an expanded audit might impact the reliability of either a previously issued financial report or the financial report to be issued but, due to replacement of the certified public accountant or for any other reason, the former certified public accountant did not expand the scope of the audit: None.
- 4. Where the former certified public accountant has advised the company that information collected might impact the reliability of either a previously issued financial report or the financial report to be issued but, due to the replacement of the certified public accountant or for any other reason, the certified public accountant did not deal with the issue: None.

(II) Regarding the successor CPA:

Accounting firm	KPMG
Name of CPA	Hsu, Cheng-Lung and Chen, Kuo-Tsung
Appointment date	February 24, 2022
If prior to the formal engagement of the successor certified public accountant, the company consulted the newly engaged accountant regarding the accounting treatment of or application of accounting principles to a specified transaction, or the type of audit opinion that might be rendered on the company's financial report, the company shall state and identify the subjects discussed and the consultation results.	None
Successor CPA vs. predecessor CPA Writing of dissenting opinions	None

(III) Reply from the former CPAs to the matters under Article 10, subparagraph 5, items 1 and 2(3) of the Regulations: None.

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

Assessment on the independence and competence of external auditors Name of external auditor: PwC Taiwan

	Factors Affecting CPA Independence	Yes	None
1.	The CPA has direct or significant indirect financial interest in the Company.		>
2.	Financing or guarantee activities between the CPA and the Company or its directors and supervisors.		V
3.	The CPA takes into account the possibility that the Company will experience loss.		V
4.	There is close business relationship between the auditor and the Company.		V
5.	There is possible employment relationship between the auditor and the Company.		V
6.	The auditor requests on contingent fees related to the audit.		V
7.	The members of the audit service team are the Company's directors, supervisors, managers or personnel who have exerted significant influence on audit cases in the current year or within the past two years.		v
8.	Non-audit services provided by the auditor to the Company will directly affect the main audit items.		>
9.	The auditors promote or act as brokers for the shares or other securities issued by the Company.		V
10.	The auditors act as the Company's defender, or representative of the Company in third-party coordination and conflict resolution.		>
11.	The auditor has kinship ties with the Company's directors, supervisors, managers, or personnel who have exert significant influence on audit cases.		V
12.	Practicing CPAs, who have resigned within one year, serving as directors, supervisors, managers, or personnel who have exert significant influence on audit cases.		>
13.	CPA has received valuable gifts from the Company or its directors, supervisors and managers.		V
14.	CPA has been requested to accept management's improper selection of accounting policies or improper disclosure in financial statements.		V
15.	In the aim to reduce public expenses, the Company has exerted pressure on the CPA to reduce the audits that ought to be implemented.		>

- VII. Any transfer of equity interests and/or pledge of or change in equity interests by a director, manager, or shareholder with a stake of more than 10 percent during the most recent fiscal year and up to the date of publication of the annual report
 - (I) Changes of the directors, supervisors, managers or shareholders holding:

Unit: Shares

		20)22	2023		
			1	Ending on March 28		
Job Title	Name	Increase	Increase	Increase	Increase	
		(decrease) in	(decrease) in	(decrease) in	(decrease) in	
		shares held	shares pledged	shares held	shares pledged	
	U-BEST INNOVATIVE	0	0	0	0	
Chairman	TECHNOLOGY CO., LTD.	U	U	U	U	
Chairman	Representative: Yu-Ming	0	0	0	0	
	Chang	U	U	U	U	
	U-BEST INNOVATIVE	0	0	0	0	
Director	TECHNOLOGY CO., LTD.	U	U		U	
Director	Representative:	0	0	0	0	
	Peng-Kuang Tseng	U	U		U	
	Chi Fu Investment Co., Ltd.	0	0	0	0	
Director	Representative:	0	0	0	0	
	Chien-Hsien Tsai	U	U	U	U	
Independent Director	Ching-Hsi Hu	0	0	0	0	
Independent Director	Yu-Wen Chen	0	0	0	0	
Independent Director	Hsuan Chi	0	0	0	0	
President	Shuo-Wen Chang	0	0	0	0	
Major Charahaldara	U-BEST INNOVATIVE	0	0	0	0	
Major Shareholders	TECHNOLOGY CO., LTD.	0	U	0	0	
Accounting Manager	Han Yuan-Hsiang	0	0	0	0	

- (II) Information about transfer of equity: None.
- (III) Information about pledge of equity: None.

Name	Shares held ur	nder own name		by spouse or e children		eld in the names	If there is relationship relative within the sec kinship, among the to please disclose the de- relationship.	ond degree of	Remark			
	Quantity of shares	Share holding ratio (Note 1)	Quantity of shares	Share holding ratio (Note 1)	Quantity of shares	Share holding ratio (Note 1)	Name	Relationship				
U-BEST INNOVATIVE TECHNOLOGY CO., LTD.	29,041,121	24.45	0	0	0	0	Yu-Ming Chang	Chairman of that company	None			
U-BEST INNOVATIVE TECHNOLOGY CO., LTD. Representative: Yu-Ming Chang	10,000,000	8.42	0	0	0	0	None	None	None			
Chi Fu Investment Co., Ltd.	10,000,000	8.42	0	0	0	0	Chih-Ming Yang	Chairman of that company	None			
Chi Fu Investment Co., Ltd. Representative: Chih-Ming Yang	2,330,576	1.96	0	0	0	0	None	None	None			
							U-BEST INNOVATIVE TECHNOLOGY CO., LTD.	Chairman of that company				
Yu-Ming Chang	10,000,000	8.42	8.42	8.42	0		0	0	0	Sun Yad Construction Co., Ltd.	Chairman of that company	None
							Myson Century, Inc.	Chairman of that company				
Sun Yad Construction Co., Ltd.	10,000,000	8.42	0	0	0	0	Yu-Ming Chang	Chairman of that company	None			
Sun Yad Construction Co., Ltd. Representative: Yu-Ming Chang	10,000,000	8.42	0	0	0	0	None	None	None			
Glory Ford Investment Ltd.	3,600,000	3.03	0	0	0	0	None	None	None			
Glory Ford Investment Ltd. Representative: Yang Shih-Chang	0	0	0	0	0	0	Chih-Ming Yang	Relative within the second degree of kinship	None			
Metropolis Internet Technology	3,000,000	2.53	0	0	0	0	Shuo-Wen Chang	Chairman of that company	None			
Metropolis Internet Technology Representative: Shuo-Wen Chang	0	0	0	0	0	0	Yu-Ming Chang	Relative within the second degree of kinship	None			
Chih-Ming Yang	2,330,576	1.96	0	0	10,000,000	8.42	Chi Fu Investment Co., Ltd. Shih-Chang Yang	Chairman of that company Relative within the second degree of kinship	None			
Shun-Cheng Wu	2,002,000	1.69	0	0	0	0	None	None	None			
Capital Securities Corp. entrusted to Capital HK Stocks Investment Account	1,845,000	1.55	0	0	0	0	None	None	None			
Wen-Liang Su	1,154,000	0.97	0	0	0	0	None	None	None			

Note 1: Shareholding ratio is calculated based on the outstanding shares of 118,770,776 shares as of March 28, 2023.

IX. The total number of shares and total equity stake held in any single investee by the Company, its directors, managers, and any enterprises controlled either directly or indirectly by the Company

					December 31, 2	2022; Unit: Shares
Investee (Note 1)	The Company	y's investments	Investment by d and enterprises of directly or indirectly Company		Comprehensive investments	
	Quantity of shares	Share holding ratio (%)	Quantity of shares	Share holding ratio (%)	Quantity of shares	Share holding ratio (%)
Samtec Engineering Co., Ltd.	25,172 shares	82.53	100 shares	0.33	25,272 shares	82.86

Note 1: The Company's investment under equity method.

Four. Funding Status

I. Capital and Outstanding Shares

(I) Source of capital share

Unit: NT\$

		Authoriz	ed capital	Total Paid	-in Capital	Remark		nark
Year/ Month	Issue price	Quantity of shares	Amount	Quantity of shares	Amount	Source of capital share	Offset share capital via properties other than cash	Others
December 1998	10	2,095,000	20,950,000	2,095,000	20,950,000	Cash capital increase	None	Gao-Shi-Fu-Chien-2-Kung-Zi No. 08711659900 dated December 18, 1998
April 2000	10	5,028,000	50,280,000	5,028,000	50,280,000	Recapitalization of earnings	None	Gao-Shi-Fu-Chien-2-Kung-Zi No. 0891528180 dated April 7, 2000.
December 2001	10	15,028,000	150,280,000	12,028,000	120,280,000	Cash capital increase	None	Jin-Shou-Shang-Zi No. 09101006700 dated January 15, 2002
April 2002	10	15,028,000	150,280,000	15,028,000	150,280,000	Cash capital increase	None	Jin-Shou-Shang-Zi No. 09101128050 dated April 15, 2002.
July 2002	10	32,000,000	320,000,000	22,028,000	220,280,000	Cash capital increase	None	Jin-Shou-Shang-Zi No. 09101278350 dated July 22, 2002
June 2003	10	32,100,000	321,000,000	32,100,000	321,000,000	Recapitalization of earnings	None	Gao-Shi-Fu-Chien-2-Kung-Zi No. 09205271300 dated June 20, 2003
June 2004	10	68,000,000	680,000,000	41,926,500	419,265,000	Recapitalization of earnings	None	Jin-Guan-Zheng-1-Zi No. 0930139639 dated December 8, 2004
June 2005	10	68,000,000	680,000,000	44,546,000	445,460,000	Recapitalization of earnings	None	Jin-Guan-Zheng-1-Zi No. 0940126062 dated July 4, 2005
May 2006	10	68,000,000	680,000,000	49,714,000	497,140,000	Cash capital increase	None	Jin-Guan-Zheng-1-Zi No. 0950112935 dated April 18, 2006
August 2006	10	68,000,000	680,000,000	56,150,000	561,500,000	Recapitalization of earnings	None	Jin-Guan-Zheng-1-Zi No. 0950124233 dated June 15, 2006
September 2007	10	100,000,000	1,000,000,000	60,484,000	604,840,000	Recapitalization of earnings	None	Jin-Guan-Zheng-1-Zi No. 0960035481 dated July 10, 2007
May 2010	10	100,000,000	1,000,000,000	61,519,196	615,191,960	Convertible corporate bonds converted to new shares	None	Jin-Shou-Shang-Zi No. 09901098520 dated May 14, 2010
July 2010	10	100,000,000	1,000,000,000	84,899,196	848,991,960	Private placement	None	Jin-Shou-Shang-Zi No. 09901155600 dated July 22, 2010
November 2010	10	100,000,000	1,000,000,000	83,899,196	838,991,960	Cancellation of treasury stock	None	Jin-Shou-Shang-Zi No. 09901244560 dated November 1, 2010
April 2011	10	100,000,000	1,000,000,000	83,684,196	836,841,960	Cancellation of treasury stock	None	Jin-Shou-Shang-Zi No. 10001067730 dated April 7, 2011
February 2014	10	100,000,000	1,000,000,000	83,770,776	837,707,760	Convertible corporate bonds converted to new shares	None	Jin-Shou-Shang-Zi No. 10301019920 dated February 6, 2014
April 2020	10	160,000,000	1,600,000,000	98,770,776	987,707,760	Private placement	None	Jin-Shou-Shang-Zi No. 10901074860 dated May 22, 2020
December 2021	10	160,000,000	1,600,000,000	118,770,776	1,187,707,760	Private placement	None	Jin-Shou-Shang-Zi No. 11001241210 dated January 14, 2022

March 28, 2023; Unit: Shares

Share categories	Outstanding shares (Note 1)	Unissued shares	Total	Remark
Registered shares	118,770,776	41,229,224	160,000,000	

Note 1: OTC-listed company.

Relevant information on issuing securities by shelf registration: Not applicable.

(II) Shareholders structure

March 28, 2023; Unit: Shares

Shareholders structure Quantity		Financial institutions	Other juristic persons	Natural person	Foreign institutions and foreigners	Total		
Number of persons	0	2	135	25,240	26	25,403		
Shares held	0	3,316	57,456,447	59,058,960	2,252,053	118,770,776		
Shareholding %	0.00%	0.00%	48.38%	49.73%	1.89%	100.00%		
Disclosure of shareholding percentage of Mainland Chinese investors: None.								

(III) Diversification of equity

1. Common shares

March 28, 2023

Shareholding levels	Number of	Shares held	Shareholding
1~999	20,025	1,439,336	1.21%
1,000~5,000	4,210	8,508,873	7.16%
5,001~10,000	544	4,228,822	3.56%
10,001~15,000	154	1,943,445	1.64%
15,001~20,000	124	2,295,219	1.93%
20,001~30,000	2018	2,709,602	2.28%
30,001~40,000	47	1,685,196	1.42%
40,001~50,000	30	1,386,008	1.17%
50,001~100,000	91	6,700,820	5.64%
100,001~200,000	29	4,128,126	3.48%
200,001~400,000	24	6,248,032	5.26%
400,001~600,000	5	2,293,000	1.93%
600,001~800,000	2	1,396,600	1.18%
800,001~1,000,000	1	835,000	0.70%
Over 1,000,001	10	72,972,697	61.44%
Total	25,403	118,770,776	100.00%

2. Preferred shares: None.

(IV) List of major shareholders

The names of shareholders with a stake of 5 percent or greater, and shareholders who rank in the top 10 in shareholding percentage, specifying the number of shares and stake held by each shareholder on the list:

March 28, 2023; Unit: Shares

Name of major shareholder	Shares held	Shareholding %
U-Best Innovative Technology Co., Ltd.	29,041,121	24.45%
Chi Fu Investment Co., Ltd.	10,000,000	8.42%
Yu-Ming Chang	10,000,000	8.42%
Sun Yad Construction Co., Ltd.	10,000,000	8.42%
Glory Ford Investment Ltd.	3,600,000	3.03%
Metropolis Internet Technology	3,000,000	2.53%
Chih-Ming Yang	2,330,576	1.96%
Shun-Cheng Wu	2,002,000	1.69%
Capital Securities Corp. entrusted to Capital HK Stocks Investment Account	1,845,000	1.55%
Wen-Liang Su	1,154,000	0.97%

(V) Information relating to market price, net worth, earnings, and dividends per share

Unit: NT\$ Thousand; thousand shares

				Clift. 1414 Thouse	ilia, iliousalia silales
Item		Year	2021	2022	As of March 31, 2023 (Note 8)
Market		Highest	13.7	15.25	11.00
price per share		Lowest	10.4	9.5	9.85
(Note 1)		Average	11.62	11.17	10.26
Net worth	Bet	fore payout	9.92	8.46	-
per share (Note 2)	Af	ter payout	9.92	(Note 9)	-
		verage outstanding housand shares)	99,593	118,771	-
Earnings per share	Earnings j	per Before adjustment	0.42	(1.46)	-
	(Note 3	After adjustment	0.42	(Note 9)	(Note 9)
	Cas	sh dividend	-	-	
Dividend	Bonus	Allotment of shares from earnings	-	-	N
per share	shares	Allotment of shares from capital surplus	-	-	Not Applicable
	Accumulated unpaid dividends (Note 4)		-	-	
Analysis	on P/D ratio (Note 6)		-	-	
on investment			-	-	
returns		end yield (Note 7)	-	-	
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^{*} If shares are distributed in connection with a capital increase out of earnings or capital reserve, further disclose information on market prices and cash dividends retroactively adjusted based on the number of shares after distribution.

- Note 1: Please identify the highest and lowest market price for each fiscal year and calculate each fiscal year's average market price based on the trading value and trading volume of each year.
- Note 2: Please apply the number of the outstanding issued shares at the end of year as the basis and specify it based on the distribution resolved by the shareholders' meeting of next year.
- Note 3: If retroactive adjustment is needed due to allocation of stock bonus, please identify the earnings per share before and after the adjustment.
- Note 4: If the equity securities issue terms and conditions require that the stock dividends undistributed in the year may be accumulated and distributed until the year in which earnings are generated, please disclose the stock dividends accumulated and undistributed until the end of the year separately.
- Note 5: P/E ratio = Average closing price per share for the year/Earnings per share.
- Note 6: P/D ratio = Average closing price per share for the year/Cash dividend per share.
- Note 7: Cash dividend yield = Cash dividend per share/Average closing price per share for the year.
- Note 8: The net value per share and earnings per share shall be audited (reviewed) by the accountants in the most recent quarter up to the date of publication of the annual report. Other columns shall be filled in with financial information of the current fiscal year up to the date of publication of the annual report.
- Note 9: As of the publication date of the 2022 annual report, the loss compensation plan has been approved by the board of directors, but has not yet been passed by the shareholders' meeting.

(VI) Dividend policy and implementation thereof:

1. Dividend policy:

The Company belongs to a highly competitive industry. To achieve corporate sustainability based on capital expenditure needs and comprehensive financial planning, the Company's dividend policy is as follows:

- A. Where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit. However, where such legal reserve amounts to the total paid-in capital, this provision shall not apply. In accordance with Article 41 of the Securities and Exchange Act, the Company shall set aside or reverse a special reserve together with any undistributed earnings in the beginning of the year based on the Company's business needs and balanced dividend policy, which shall be used as the basis by the Company's board of directors for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders.
- B. Terms and schedule for dividend distribution:

For long-term business development, the Company's dividend distribution policy uphold the principle of meeting future business development, and after comprehensively considering conditions such as sound financial structure, stable dividends, and reasonable shareholder return. The surplus earnings distribution plan was proposed by the board of directors in accordance with the Articles of Incorporation, and dividends were distributed after it is approved by the shareholders' meeting and the competent authority.

C. Cash dividend and stock dividend payout ratio:

In accordance with Article 24-1 of the Company's Articles of Incorporation, since the Company is currently at growth stage, it takes into account the environment and industry growth, and corresponding to future capital needs and long-term financial planning, the Company adopts the residual dividend policy for dividend distribution. After the Company provides for the projected capital needs by using retained earnings, the remaining shall be distributed in the form of cash dividends or stock dividends, but cash dividends shall be no less than 20% of the total dividends.

- 2. 2023 dividend distribution proposed in the 2022 shareholders' meeting: As of December 31, 2022, the amount of accrued loss was NT\$854,102 thousand, and there is no available surplus for distribution.
- (VII) The effects of bonus shares proposed at this shareholders' meeting on the Company's business performance and earnings per share:

 Not applicable as there were no stock dividend distribution proposed in the current fiscal year.
- (VIII) Employee compensation and remuneration for directors:
 - A. The percentages or ranges with respect to employee and director compensation, as set forth in the Company's Articles of Incorporation:

 If the Company's earned profits in the current fiscal year, a reserve is allotted to be used to make up for the company's accumulated losses, and then 1%-15% shall be allocated as employee compensation, while the Company shall set aside no more than 3% for the remuneration of directors. The form and amount of distribution of the compensation for employees and directors shall be reported to the shareholders' meeting after resolution by the board of directors. The receivers of employee compensation shall include employees of affiliated companies that meet certain conditions. The relevant regulations shall be established by the Board of Directors. Where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit, setting aside a special reserve according to relevant laws and regulations or the competent authority. Any remaining profit shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends.
 - B. The basis for estimating the amount of employee, director, and supervisor compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period: The amount of employee, director, and supervisor compensation are estimated based on the percentage of employee/director remuneration stated in the Articles of Incorporation. If there is any discrepancy between the actual distributed amount and estimated amount of compensation for employees, directors, or supervisors, it will be considered an accounting estimation, and recognized as profit/loss in current year of distributions made.
 - C. The distribution of earnings has been approved by the Board of Directors yet has not yet been determined by resolution of the shareholders' meeting: As of December 31, 2022, the amount of accrued loss was NT\$854,102 thousand, and there is no available surplus for distribution.
 - D. Actual payment of employees'/ directors' remuneration in the previous year (including the number of shares to be distributed, amount and stock price) In the case of any differences between the distributed amount and that already recognized, the difference, cause and resolution thereof shall be stated: As of December 31, 2022, the amount of accrued loss was NT\$854,102 thousand, and there is no available surplus for distribution.
- (IX) Share repurchases: Not applicable as there were no share repurchase in the most recent year as of the publication date of the annual report.
- II. Corporate bonds: The Company has not issued corporate bonds.
- III. Preferred shares: The Company has not issued preferred shares.
- IV. Global Depositary Receipts: The Company has not issued global depositary receipts.
- V. Names and acquisition status of top-level company executives holding employee share subscription warrants and the number of such warrants exercised by said executives, and the names and acquisition status of the ten employees holding employee subscription warrants authorizing purchase of the most shares: There were no employee share subscription warrants.
- VI. Names and acquisition status of managerial officers who have acquired new restricted employee shares and of employees who rank among the top ten in the number of new restricted employee shares acquired: None.
- VII. Issuance of New Shares in Connection with Mergers or Acquisitions or with Acquisitions of Shares of Other Companies: The Company has not handled mergers, stock split or acquisitions of shares.
- VIII. Implementation of Capital Utilization Plan:

- (I) As of the quarter before the printing date of this annual report, the plan content of the previous issuance or private placement of marketable securities that has not been completed or has been completed within the last three years and the plan benefits have not yet appeared: The 2021 cash capital increase by private placement has been approved by the shareholders' meeting on August 18, 2021. The number of shares of the first issue shall not exceed 20,000,000 shares, with two issues over a period of 1 year from the date of the shareholders resolution. On December 3, 2021, the Company issued 10,000,000 shares in both the first and second issuance of shares by resolution of the board of directors, with a total of 20,000,000 shares, which will be subscribed to by a specific person or persons. The allotment of shares is fully paid up on December 17, 2021.
- (II) As of the quarter before the publication date of the annual report, the Company has no capital allocation plans that were not completed or capital allocation plans that were completed in the past three years but the expected benefits have not yet materialized: Please refer to p.186 on the Annual Report for the 2021 cash capital increase by private placement.

Five. Overview of Operation

I. Business Activities

- (I) Business scope
 - 1. Main business activities:

The Company's main businesses in 2022 include the trading of bulk raw materials.

2. The Company's sales breakdown by product in 2022:

Unit: NT\$ Thousand

Year	2022	
Item	Sales value	Business ratio (%)
Bulk raw materials	8,922	100.00
Consolidated operating revenue, net	8,922	100.00

3. The Company's products

Bulk raw materials: Import and sale of bulk grains such as corn, soybeans and wheat.

- (II) Overview of industry
 - 1. Status and development of the industry

Bulk raw materials

Since Trump signed an executive memorandum in 2017 and triggered U.S.-China trade war, the bulk commodities such as soybeans, steel, and aluminum have been incorporated in the import sanctions lists of both countries. In addition to large fluctuations in market price, which may impact the corporate supply chain, and indirectly drag down global economic growth.

As Russia and Ukraine are major food export countries, the Russia-Ukraine war may easily affect bulk commodity prices. Taking wheat price as an example, the price level hit peak on March 7, 2022 after the Russia-Ukraine war began, which was 62.7% higher than the price level before the war (February 23, 2022). Given rising tensions between Russia and Ukraine, the subsequent impact remains to be observed.

2. Correlation of the upstream, midstream and downstream segments of the industry
In the subsequent period, the Company's has switched to the trading of bulk raw
materials in the upstream segments of the livestock industry.

Correlation of the upstream, midstream and downstream segments of the livestock industry



3. Trends in Product Development and Product Competition Procurement of bulk raw materials

Given Russia-Ukraine war, the market is concerned about restrictions on Ukraine's grain exports in the long term. As a result, corn prices hit new high in May 2022 compared to historical results in the past decade. With the resumption of grain exports via the Black Sea, corn prices fell by 23.8% on August 18, 2022 compared to the peak level on May 12, 2022. Recently, dry and hot weather in the U.S. and European heat waves are unfavorable to crop development, while the USD depreciation has led to rising crop price. However, the upcoming corn harvest in the U.S. will help stabilize price trend.

More than 90% of the pig feed used in Taiwan are imported, of which 70% is corn. Despite recent decline in international corn price and freight rates, the overall price level continues to be high, with an uptrend for feed price. The drop in international corn price is expected to mitigate the pressure on feed costs.

Given upbeat demand in China, the price of soybeans has continued to rise since the second half of 2020, and only started to decline since May 2021 when weather conditions were favorable to the supply chain. However, since June 2022, the market is concerned about the economic slowdown owing to interest rate hikes, weakening of China's import demand given the impact of COVID-19 pandemic, and tensions between the U.S. and China, which may affect China's purchases of soybeans from the U.S., and lead to price decline. In late July 2022, due to high temperature and dry weather in the U.S. agricultural production area and USD depreciation, we expect price rebound in the future.

(III) Overview of technology and R&D

Given that the Company does not currently have a R&D department, and is mainly engaged in the purchase and sale of commodities, R&D investment is not applicable.

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

- 1. Short-term planning:
 - (1) Continue to expand new business to boost the growth momentum
 - (2) Seek for bulk raw materials with better pricing and quality.
 - (3) Continue to develop competitive and value-added products in response to customer needs, in the aim to improve company profits.

2. Long-term planning

- (1) Continue to develop new businesses.
- (2) Improvement of quality control to protect customer rights and interests.
- (3) Integration of commonly used internal resources to strengthen operational efficiency.
- (4) Timely adjust business strategies and plans, and gradually expand into other businesses.

II. Overview of Market and Production & Marketing

(I) Market analysis

1. Territories where the main products are sold

Unit: NT\$ Thousand

Year	20	21	2022		
Areas/regions of sales	Sales value	%	Sales value	%	
Domestic sale	71,875	100.00	8,922	100.00	
Export sale	-	-	-	-	
Net sales	71,875	100.00	8,922	100.00	

2. Market share

Procurement of bulk raw materials

It is impossible to obtain market share information as the company is in a special industry, and the government has not conducted investigations on the bulk raw material trading companies.

3. Future market demand and supply, and market's growth potential Procurement of bulk raw materials

In the second half of 2021, the world has entered the post-pandemic era, with strong rebound in global bulk commodity demands thanks to global economic recovery. However, supply chain bottlenecks caused by insufficient production capacity and restricted transportation, which led to imbalance between market supply and demand, and rapid increase in price levels. Coupled with recurrent outbreak of the pandemic, geopolitical risks, extreme weather and other factors, manufacturers have passed on rising costs to consumers, and global inflation has repeatedly hit record highs. Under the war, rising food insecurity and widening gap between rich and poor have led to heightened geopolitical risks.

Looking ahead, with rising market concerns on economic recession, although the international bulk commodity prices have dropped from high levels, the Russia-Ukraine war and climate change have caused structural changes in global supply and demand, and it is unlikely that prices will return to previous levels. Since Taiwan relies on imported energy, agricultural and industrial raw materials, the stabilization of import prices and lower risk of supply chain disruptions can be achieved via inventory of key materials and establishing a price monitoring system.

4. Competitive niche

(1) Professional business team

The Company's management team has established stable cooperation with customers in this industry, and was well-recognized and trusted by customers for its professional services and excellent product quality, so as to improve livestock breeding.

(2) Strong supplier relationship

Given economies of scale of the Company's affiliates in the feed sales market, the Company has a relatively competitive advantage in the purchasing bulk raw materials, so as to effectively reduce production costs and raise the gross profit of its products.

- 5. Analysis on positive and negative factors for future development and responsive measures:
 - (1) Favorable factors:
 - A. Strong customer and supplier relationships.
 - B. Expand marketing channels and improve marketing services.
 - C. Providing consumers with safe, healthy, convenient and high-quality livelihood products, which are well-recognized by consumers.

(2) Unfavorable factors:

Fluctuations in international prices for raw materials

The Company has imported bulk raw materials such as corn and soybeans, and the purchase price is based on the international futures price. Considering uncertainties such as the global economic environment, climate, foreign exchange market and futures, it is hard to control the raw materials price, which may directly influence the gross profit of the product.

Countermeasures

The Company's management team has rich experience in futures trading, and has become sensitive to price fluctuations, keeping track of changes in the raw material market, and timely adjusting response measures to reduce the risk of raw material price fluctuations.

(II) Important purposes and production processes of main products

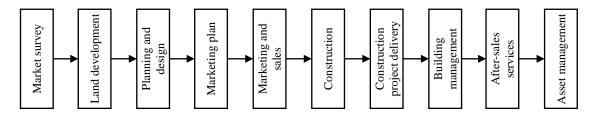
- 1. Important purposes of main products:
 - (1) Procurement of bulk raw materials:

 The Company is engaged in the trading of bulk raw materials corn, with the main purpose of assisting the manufacturers' processing into feed.
 - (2) Construction industry:

Main products' important functions: Residential and office buildings.

2. Production processes of main products:

Construction industry



(III) Supply of main raw materials

1. Procurement of bulk raw materials:

To reduce costs and stabilize supply, the Company's main products have been purchased from various affiliates and cooperative strategic partners. The suppliers of other product lines are all major international manufacturers, and the Company has maintained close cooperation with the suppliers to secure the supply.

2. Construction industry:

- (1) Land: We actively developed and searched suitable areas in Tainan City or other metropolitan areas for urban construction planning, and cooperated with landowners in joint development, formed strategic alliances with industry peers, or participate in urban renewal projects according to business needs, in order to ensure that there will be no shortage of supply.
- (2) Construction project: The Company has strict contracting and construction specifications to effectively control, from contracting to acceptance, the progress and quality of the construction project, so that there is no possibility of supply shortage or being affected by joint monopoly.
- (3) Construction materials: To save costs and comply with the construction schedule, the Company's originally conducted price comparison and self-purchasing of raw materials. To achieve flexible and controllable operations during contracting, we gradually switched to contract for labor and materials, or joint contracting, so as to maintain a stable supply of construction materials.

A list of any suppliers accounting for 10 percent or more of the consolidated net purchase amount in either of the most recent two years, the amounts purchased form each, and the percentage of total purchases accounted for by each:

Unit: NT\$ Thousand; %

	2021					2022			2023 as of the previous quarter			
Item	Name	Amount	To the annual net procurement amount (%)	Relationship with the issuer	Name	Amount	To the annual net procurement amount (%)	Relationship with the issuer	Name	Amount	To the annual net procurement amount (%)	Relationship with the issuer
1	Supplier A	17,009	26.10	None	Supplier D	8,901	1.82	None	Supplier D	10	0.93	None
2	Supplier B	15,725	24.13	None	-	-	-	-	Supplier E	1,066	July 2010	None
3	Supplier C	13,580	20.83	None	-	-	-	-	-	-	-	-
4	Others	18,863	28.94	None	Others	480,400	98.18	None	-	-	-	-
5	-	-	-	-	-	-	-	-	-	-	-	-
	Net purchase	65,117	100		Net purchase	489,301	100		Net purchase	1,076	100	

Note 1: List the names of any suppliers that have supplied 10 percent or more of the company's procurements in either of the preceding 2 fiscal years, and the monetary amount and the proportion of such procurements as a percentage of total procurements; provided however, that where the Company is prohibited by contract from revealing the name of a trading counterpart, a code may be used in place of such trading counterpart's actual name.

(IV) Information on major clients

A list of any customers accounting for 10 percent or more of the consolidated net sales amount in either of the most recent two years, the amounts sold to each, and the percentage of total sales accounted for by each:

Unit: NT\$ Thousand; %

	2021				2022			2023 as of the previous quarter				
Item	Name	Amount	To the annual net sales amount (%)	Relationship with the issuer	Name	Amount	To the annual net sales amount (%)	Relationship with the issuer	Name	Amount	To the annual net sales amount (%)	Relationship with the issuer
1	Shin Agri Tech Co., Ltd.	56,578	78.72	Related party	Shin Agri Tech Co., Ltd.	8,922	100.00	Related party	Shin Agri Tech Co., Ltd.	1,079	100.00	Related party
2	Supplier F	8,602	11.97	None	-	-	-	-	-	1	-	-
3	Others	6,695	9.31	-	-	-	-	-	-	-	-	-
4	-	-	-	=	-	-	-	-	1	-	-	-
	Total	71,875	100		Total	8,922	100		Total	1,079	100	

Note 1: List the names of any customers that have purchased 10 percent or more of the company's sales in either of the preceding 2 fiscal years, and the monetary amount and the proportion of such products as a percentage of total sales; provided however, that where the Company is prohibited by contract from revealing the name of a trading counterpart, a code may be used in place of such trading counterpart's actual name.

(V) Production volume and value in the last two years

The Company's production volume and value by product:

Units: Thousand kg/thousand heads; NT\$thousand Year 2021 2022 Production volume/ value Production Production Production Production Production Production Main volume capacity value capacity volume value products (or department) Bulk raw materials 2,040 39,008 193 8,902 Animal husbandry 29,166 (poultry and pigs) Total 2,049 68,174 193 8,902

^{*}Reason for change: The Company's business transformation has affected the net purchases of its original suppliers.

^{*}Reason for the change: The Company's business transformation has dragged down the net sales of its original customers.

(VI) Sale volume and value in the last two years

Units: Thousand kg/thousand heads; NT\$thousand

					ousuna ng		, - \ - 4		
Year		2021				2022			
Sale volume/	Domes	tic sale	Expo	rt sale	Domes	tic sale	Expo	rt sale	
Main products (or department)	Volume	Value	Volume	Value	Volume	Value	Volume	Value	
Bulk raw materials	2,040	39,192	-	-	193	8,922	-	-	
Animal husbandry (poultry and pigs)	9	32,683	-	-	=	-	-	-	
Total	2,049	71,875	-	-	193	8,922	-	-	

III. The Number of Employees Employed for the 2 Most Recent Fiscal Years

Units: Persons; Year

	Year	2021	2022	As of March 31, 2023
	Direct labors	-	-	-
	Salesperson	1	1	1
Number of employees	Administration personnel	13	18	5
	R&D personnel	-	-	-
	Total	14	19	6
Ave	erage age	40.85	40.85	42.05
Average	years of service	4.78	4.78	4.3
	PhD	-	-	-
	Master	-	5.26%-	16.67%-
Academic background	College (University)	92.86%	84.21%	83.33%
(%)	Senior high school	7.14%	10.53%	
	Below senior high school	-	-	-

Source: Feei Cherng Enterprise Co., Ltd.

IV. Information about Environment Protection Expenditure

Losses related to environmental pollution in the recent years or as of the date of publication of the annual report: None.

V. Labor-Management Relations

- (I) The Company's employee benefit policy, continuing education, training, retirement system, and the implementation status thereof, and labor agreements as well as the various employee rights protection measures:
 - 1. Employee benefit policy:
 - (1) All of the Company's employees participated in labor insurance, while the insurance benefits in the event of maternity, injury, medical care, disability, aging care or death are handled in accordance with the Labor Insurance Act.
 - (2) Employee welfare matters are supervised by the Employee Welfare Committee.
 - A. We established an Employee Welfare Committee in accordance with the Employee Welfare Fund Act, and monthly employee welfare funds are allocated to support various employee welfare measures.
 - B. Sound employee welfare measures cover the provision of daily meals, while the Company has also set up a cultural and recreational center to provide employees with leisure activities after work, and organize birthday celebrations, dinner parties, travel and outdoor recreational activities on a regular basis. In addition, group accident insurance is also provided for the safety of employees.

2. Employees' continuing education and training

To train talents to meet the Company's business needs and improve work performance, the Company has established an Employee Education and Training Program for new employees, which provide education and training on pre-employment training, management training, professional training and others, so as to cultivate employees' professional knowledge and skills for them to perform their functions effectively, increase work efficiency and work quality, and achieve the Company's goal on corporate sustainability and sustainable development.

2-1 External training:

Trainees	Course	Training	
Trainees	Course	hours	
	Chief Accounting Officer Continuing Education		
Han Yuan-Hsiang	(Case Studies for Corporate Governance, Legal Ethics	1011	
(Accounting Manager)	and Professional Responsibilities, Accounting and	12H	
	Auditing)		
	Analysis of the Preparation of the Financial Report and		
II. Chan Tana	Corporate Sustainability Report and Discussions on	6H	
Hsu Cheng-Tsung	Internal Audit and Internal Control		
(Audit Manager)	Analysis of financial statements and corporate fraud	CH	
	and scams	6H	

- 3. Employees' retirement system and implementation thereof
 - (1) The Company's employee retirement system is implemented in accordance with relevant laws and regulations.
 - (2) The Company mainly focuses on individual pension fund accounts, with supplemental annuity benefits system.
 - (3) The Company has been making monthly contributions equal to 6% of monthly salary for employees whom the new pension scheme stipulated in the Labor Pension Act is applicable. These contributions are credited into the employees' personal pension accounts.
 - (4) The employee pension contributions and claims for pension benefits shall be implemented in accordance with the Labor Pension Act.
 - (5) No employee applied for retirement in 2022.
- 4. Labor-management negotiation

Since its establishment, the Company has maintained a harmonious labor-management relationship, humanized its management of businesses, and has regularly held labor-management meetings in accordance with the procedures for the convening of labor-management meetings, in order to strengthen labor-management communication. Up until now, there have been no labor disputes that require reconciliation.

- 5. Protection of various employee interests
 - (1) Employee rights and interests were protected in accordance with the Labor Standards Act.
 - (2) The Company provides a working environment with gender equality and no sexual harassment in accordance with the Act of Gender Equality.
- (II) Losses arising as a result of employment disputes in the last year up until the publication date of annual report. Please quantify the estimated losses and state any response actions, and state reasons if losses cannot be reasonably estimated: None.

VI. Cybersecurity:

- (I) Describe the cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management: In response to the networking technology progress and cross-platform networking trend, the Company uses information security tools to take effective protection strategies at the right moment; train employees' awareness toward information security and to be more cautious about the messages in emails or communication software, in order to mitigate the risk over phishing scams, and help protect personal data and trading safety by installing anti-virus software. Meanwhile, in addition to updating password periodically, the Company uses multi-factor authentication account protection measures and password management tools to protect relevant authentication information and help protect personal confidential data and establish a backup mechanism to ensure the data security.
- (II) List any losses suffered by the company in the most recent 2 fiscal years and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.

VII. Major Contracts:

Nature of	Trading	Duration of Contract	Main Contents	Restrictive
Contract	counterpart	Duration of Contract	Main Contents	Clauses
Real estate contract	Ching-Tsung Yang	September 6, 2021	Sold land at No. 738, Dajiaotuei Section, Liuying District, Tainan City, and buildings and equipment No. 00178-00 and 00182-00 Dajiaotuei Section, Liuying District, Tainan City	None
Real estate contract	Fang Shun-Liang	October 25, 2021	Purchased construction land and building at No. 294, Xinsheng Section, Qianzhen District, Kaohsiung City	None
Real estate contract	Wu Su-Yun and 5 other counterparts	December 6, 2021	Purchased construction land and building at No. 1038, Ziqiang Section, North District, Tainan City	None
Real estate contract	Su Chun-Ping	December 7, 2021	Purchased construction land at No. 1034, Ziqiang Section, North District, Tainan City	None
Real estate contract	Sheng Jhong Syue International Co., Ltd.	December 1, 2021	Purchased construction land at No. 1780, 1781, 1782, 1783, 1784 in Xin Zhuan Section, West Central District, Tainan City	None
Real estate contract	Li Mao-Bin	January 28, 2022	Purchased construction land at No. 301, 302, 305, 306, Xinsheng Section, Qianzhen District, Kaohsiung City	None
Real estate contract	Ma Yi-Ting	February 9, 2022	Purchased construction land at No. 68, Bailun Section, Rende District, Tainan City	None
Real estate contract	Yang Chueh-Chen	April 15, 2022	Purchased construction land at No. 1164, 1186-2, 1187-1, 1193, 1194-1, 1196, 1198, 1199 in Beihua Section, North District, Tainan City	None
Loan contract	Land Bank of Taiwan Co., Ltd.	July 11, 2022 - July 11, 2017	[Beihua Section] Land loan of NT\$200,680,000; interest paid monthly; principal paid at maturity.	None
Loan contract	Chang Hwa Commercial Bank, Ltd.	December 27, 2022 - April 27, 2016	[Xingzuan Section] Land loan of NT\$70,000,000; interest paid monthly; principal paid at maturity.	None
Loan contract	Shanghai Commercial and Savings Bank Ltd.	December 28, 2022 - December 28, 2023	[Ziqiang Section] Land trust revolving loan of NT\$2,155,000; interest paid monthly; principal paid at maturity.	None
Loan contract	Shanghai Commercial and Savings Bank Ltd.	December 28, 2022 - December 28, 2023	[Xinsheng Section] Land trust revolving loan of NT\$18,000,000; interest paid monthly; principal paid at maturity.	None

Six. Overview of Finance

- I. Condensed Balance Sheet and Comprehensive Income Statement (IFRS) for the Latest Five Years
 - (I) Condensed balance sheet parent company only financial statement

Unit: NT\$ Thousand

						115 Thousand
	Year	Finar	ncial Analysis	for the Latest	Five Years (No	ote 1)
Item		December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022
Current Asset	S	686,356	756,946	669,231	913,201	1,560,023
Property, plan	nt and equipment	170,027	63,448	113,421	86,107	81,549
Intangible ass	ets	322	-	-	-	97
Other assets		18,514	25,005	173,033	193,654	153,127
Total assets		875,219	845,399	955,685	1,192,962	1,794,796
Current	Before payout	31,318	5,016	3,370	14,165	790,142
Liabilities	After payout (Note 2)	31,318	5,016	3,370	14,165	790,142
Non-Current	Liabilities	2,667	12,059	300	1,081	324
Total	Before payout	33,985	17,075	3,670	15,246	790,466
liabilities	After payout (Note 2)	33,985	17,075	3,670	15,246	790,466
Share capital		837,708	837,708	987,708	1,187,708	1,187,708
Capital surplu	ıs	622,396	622,396	622,396	605,796	605,796
Retained	Before payout	(616,195)	(628,282)	(656,697)	(614,396)	(787,782)
Earnings	After payout (Note 2)	(616,195)	(628,282)	(656,697)	(614,396)	(787,782)
Other equity		(2,675)	(3,498)	(1,392)	(1,392)	(1,392)
Treasury stock		-	-	-	-	-
Territor in	Before payout	841,234	828,324	952,015	1,177,716	1,004,330
Total Equity	After payout (Note 2)	841,234	828,324	952,015	1,177,716	1,004,330
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Note 1: Said financial data are audited and certified by the CPA.

Note 2: Filled in based on the resolution of the shareholders meeting held in the following year. After the resolution of the Company's board of directors on February 24, 2023, the deficit compensation for 2022 shall be approved by the shareholders' meeting scheduled to be held on May 26, 2023. Therefore, it shall be the amount before payout.

(II) Condensed Statement of Comprehensive Income - parent company only financial statement

Units: NT\$thousand, except earnings per share

Year	Financial Analysis for the Latest Five Years (Note 1)						
Item	2018	2019	2020	2021	2022		
Operating Revenue	238,930	254,719	72,396	71,875	8,922		
Operating profits	26,322	7,295	438	3,594	21		
Operating profit (loss)	(135,381)	(22,293)	(21,277)	(27,830)	(40,203)		
Non-operating income and expenses	111,739	6,366	(10,417)	74,569	(133,180)		
Income (loss) before tax	(23,642)	(15,927)	(31,694)	46,739	(173,383)		
Income from continuing operations	(27,688)	(12,087)	(28,415)	42,301	(173,386)		
Loss from discontinued operations	-	-	-	-	-		
Income (loss)	(27,688)	(12,087)	(28,415)	42,301	(173,386)		
Other comprehensive income (net after tax)	63	(823)	2,106	-	-		
Other comprehensive income/loss for the year	(27,625)	(12,910)	(26,309)	42,301	(173,386)		
Earnings (loss) per share	(0.33)	(0.14)	(0.30)	0.42	(1.46)		

Note 1: Said financial data are audited and certified by the CPA.

(III) Condensed balance sheet - consolidated financial statement

Unit: NT\$ Thousand

	Year	Financial Analysis for the Latest Five Years (Note 1)					
Item		December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022	
Current Assets		690,914	760,167	669,231	913,201	1,592,735	
Property, plant	and equipment	170,027	63,448	113,421	86,107	82,599	
Intangible asset	ts	322	-	-	-	17,526	
Other assets		13,956	21,784	173,033	193,654	109,959	
Total assets		875,219	845,399	955,685	1,192,962	1,802,819	
Current	Before payout	31,318	5,016	3,370	14,165	790,365	
Liabilities	After payout (Note 2)	31,318	5,016	3,370	14,165	790,365	
Non-Current L	iabilities	2,667	12,059	300	1,081	2,924	
Total	Before payout	33,985	17,075	3,670	15,246	793,289	
liabilities	After payout (Note 2)	33,985	17,075	3,670	15,246	793,289	
Equity attribute	ed to owners of the parent	841,234	828	952,015	1,177,716	1,004,330	
Share capital		837,708	837,708	987,708	1,187,708	1,187,708	
Capital surplus		622,396	622,396	622,396	605,796	605,796	
Retained	Before payout	(616,195)	(628,282)	(656,697)	(614,396)	(787,782)	
Earnings	After payout (Note 2)	(616,195)	(628,282)	(656,697)	(614,396)	(787,782)	
Other equity		(2,675)	(3,498)	(1,392)	(1,392)	(1,392)	
Treasury stock		-	-	-	-	-	
Non-controlling	g equity	-	-	-	-	5,200	
T-4-1 E	Before payout	841,234	828,324	952,015	1,177,716	1,009,530	
Total Equity	After payout (Note 2)	841,234	828,324	952,015	1,177,716	1,009,530	

Note 1: Said financial data are audited and certified by the CPA.

Note 2: Filled in based on the resolution of the shareholders meeting held in the following year. After the resolution of the Company's board of directors on February 24, 2023, the deficit compensation for 2022 shall be approved by the shareholders' meeting scheduled to be held on May 26, 2023. Therefore, it shall be the amount before payout.

(IV) Condensed Statement of Comprehensive Income - consolidated financial statement Units: NT\$thousand, except earnings per share

Year	Financial Analysis for the Latest Five Years (Note 1)						
Item	2018	2019	2020	2021	2022		
Operating Revenue	238,930	254,719	72,396	71,875	8,922		
Operating profits	26,322	7,295	438	3,594	21		
Operating profit (loss)	(136,793)	(23,580)	(21,277)	(27,830)	(40,264)		
Non-operating income and expenses	113,151	7,653	(10,417)	74,569	(133,129)		
Income (loss) before tax	(23,642)	(15,927)	(31,694)	46,739	(173,393)		
Income from continuing operations	(27,688)	(12,087)	(28,415)	42,301	(173,396)		
Loss from discontinued operations	-	-	-	-	-		
Income (loss)	(27,688)	(12,087)	(28,415)	42,301	(173,396)		
Other comprehensive income (net after tax)	63	(823)	2,106	-	-		
Other comprehensive income/loss for the year	(27,625)	(12,910)	(26,309)	42,301	(173,396)		
Net profit attributable to owners of the parent	(27,688)	(12,087)	(28,415)	42,301	(173,386)		
Net profit attributable to non-controlling equity	-	1	ı	ı	(10)		
Total comprehensive income attributable to owners of the parent	(27,625)	(12,910)	(26,309)	42,301	(173,386)		
Total comprehensive income attributable to non-controlling equity	-	-	-	-	(10)		
Earnings (loss) per share	(0.33)	(0.14)	(0.30)	0.42	(1.46)		

Note 1: Said financial data are audited and certified by the CPA.

(V) CPA Audits

1. Consolidated Financial Statements

Year	Name of CPA Firm	Name of CPA	Audit Opinion	
2018	PwC Taiwan	Tzu-Meng Liu, Tzu-Yu Lin	Unqualified opinion	
2019	PwC Taiwan	Tzu-Meng Liu, Tzu-Yu Lin	Unqualified opinion	
2020	PwC Taiwan	Tzu-Meng Liu, Tzu-Yu Lin	Unqualified opinion	
2021	PwC Taiwan	Tzu-Meng Liu, Tzu-Yu Lin	Unqualified opinion	
2022	PwC Taiwan	Tzu-Shu Lin and Chung-Yu Tien	Unqualified opinion	

2. Parent Company Only Financial Statements

Year	Name of CPA Firm	Name of CPA	Audit Opinion	
2018	PwC Taiwan	Tzu-Meng Liu, Tzu-Yu Lin	Unqualified opinion	
2019	PwC Taiwan	Tzu-Meng Liu, Tzu-Yu Lin	Unqualified opinion	
2020	PwC Taiwan	Tzu-Meng Liu, Tzu-Yu Lin	Unqualified opinion	
2021	PwC Taiwan	Tzu-Meng Liu, Tzu-Yu Lin	Unqualified opinion	
2022	PwC Taiwan	Tzu-Shu Lin and Chung-Yu Tien	Unqualified opinion	

II. Financial Analysis for the Past 5 Fiscal Years - IFRS

(I) Financial Analysis - IFRS (Parent Company Only Financial Statements)

Year		Financial Analysis for the Latest Five Years				
Scope of ana	lysis	2018	2019	2020	2021	2022
Financial	Liability to asset ratio	3.88	2.02	0.38	1.28	44.04
structure (%)	Ratio of long-term fund to property, plant and equipment	496.33	1,324.52	839.63	1,368.99	1231.96
Solvency (%)	Current ratio (%)	2,191.57	15,090.63	19,858.49	6,446.88	197.44
	Quick ratio (%)	2,180.98	14,039.49	19,570.27	5,356.53	117.10
()	Interest coverage ratio	-	(21.59)	(1,583.70)	3,339.50	(31.04)
Operational ability	Receivables turnover (times)	1.68	22.57	97.44	68.88	3.71
	Average cash collection days	217.00	16.00	4.00	6.00	99.00
	Inventory turnover (times)	8.33	57.71	18.85	0.89	0.02
	Payables turnover (times)	4.01	24.27	119.73	68.11	15.10
	Average inventory turnover days	44.00	6.00	19.00	410.00	18,250.00
	Property, plant and equipment turnover (times)	1.56	2.18	0.82	0.72	0.11
	Total assets turnover (times)	0.26	0.30	0.08	0.07	0.01
	ROA (%)	(2.97)	(1.34)	(3.15)	3.94	(11.32)
	ROE (%)	(3.20)	(1.45)	(3.19)	3.97	(15.89)
Profitability	Income before tax to paid-in capital (%)	(2.82)	(1.90)	(3.21)	3.94	(14.60)
	Profit margin (%)	(11.59)	(4.75)	(39.25)	58.85	(1,943.35)
	Earnings (loss) per share (NT\$)	(0.33)	(0.14)	(0.30)	0.42	(1.46)
	Cash flow ratio (%)	270.50	(343.00)	(1,309.17)	(2,503.12)	(66.94)
Cash flow	Cash flow adequacy ratio (%)	309.15	303.34	119.51	45.62	111.52
	Cash reinvestment ratio (%)	10.00	(2.04)	(4.59)	(29.83)	(51.91)
T	Operating leverage	(0.98)	(10.75)	(3.18)	(2.52)	(0.14)
Leverage	Financial leverage	1,00	1.00	1.00	1.00	0.88

The reasons that caused the changes in the financial ratios in the last two years (analysis is not required for changes by less than 20%):

- 1. The increase in debt ratio was mainly due to the rise in bank borrowings in 2022 compared to 2021.
- 2. Decrease in current ratio: Mainly due to increase in accounting items such as short-term borrowings, short-term notes payable, and other payables in 2022.
- 3. Increase in quick ratio: Mainly due to increase in accounting items such as short-term borrowings, short-term notes payable, and other payables in 2022.
- 4. As real estate construction and development is incorporated in the Company's main operating activities in 2022, its long-term development timeline will cause the following financial ratios to change by more than 20%:
 - (1) Decline in receivables turnover (times)
 - (2) Decline in inventory turnover (times)
 - (3) Decline in payables turnover
 - (4) Decline in property, plant and equipment turnover
 - (5) Decline in total assets turnover
- 5. The following profitability changes by more than 20% due to recognition of valuation losses of financial assets:
 - (1) Decline in ROA
 - (2) Decline in ROE
 - (3) Decline in profit margin
- 6. Increase in cash flow ratio: This was mainly because the increase in net cash flow from operating activities in the current period was lower than the increase in current liabilities, which resulted in a increase in cash flow ratio.

(II) Financial Analysis - IFRS (Consolidated Financial Statements)

Scope of analysis 2018 2019 2020 2021	
Financial structure (%) Liability to asset ratio 3.88 2.02 0.38 1.2 Ratio of long-term fund to property, plant and equipment 496.33 1,324.52 839.63 1,368.9 Current ratio 2,206.12 15,154.84 19,858.49 6,446.8 Solvency (%) Quick ratio 2,195.53 14,039.49 19,570.27 5,356.5	
(%) Ratio of folig-term fund to property, plant and equipment 496.33 1,324.52 839.63 1,368.9 Current ratio 2,206.12 15,154.84 19,858.49 6,446.8 Quick ratio 2,195.53 14,039.49 19,570.27 5,356.5	1,225.75
Solvency (%) Quick ratio 2,195.53 14,039.49 19,570.27 5,356.5	
(%) Quick ratio 2,195.53 14,039.49 19,570.27 5,356.5	8 201.52
	3 121.21
	0 (31.04)
Receivables turnover (times) 1.68 22.57 97.44 68.8	3.71
Average cash collection days 217.00 16.00 4.00 6.0	99.00
Inventory turnover (times) 8.33 57.71 18.85 0.8	9 0.02
Operational ability Payables turnover (times) 4.01 24.27 119.73 68.1	1 15.10
Average inventory turnover days 44.00 6.00 19.00 410.0	0 18,250.00
Property, plant and equipment turnover (times) 1.56 2.18 0.82 0.7	2 0.11
Total assets turnover (times) 0.25 0.30 0.08 0.0	7 0.01
ROA (%) (2.94) (1.34) (3.15) 3.9	4 (11.29)
ROE (%) (3.20) (1.45) (3.19) 3.9	7 (15.86)
Profitability Income before tax to paid-in capital (%) (2.82) (1.90) (3.21) 3.9	4 (14.60)
Profit margin (%) (11.59) (4.75) (39.25) 58.8	5 (1,943.47)
Earnings (loss) per share (NT\$) (0.33) (0.14) (0.30) 0.4	2 (1.46)
Cash flow ratio (%) 277.52 (367.24) (1,309.08) (2,503.12) (66.92)
Cash flow Cash flow adequacy ratio (%) 223.47 258.50 93.68 (53.51) (111.39)
Cash reinvestment ratio (%) 10.26 (2.19) (4.59) (29.83) (51.52)
Operating leverage (0.97) (10.16) (3.18) (2.52	(0.14)
Leverage Financial leverage 1.00 0.97 1.00 1.0	0.88

The reasons that caused the changes in the financial ratios in the last two years (analysis is not required for changes by less than 20%):

- 1. The increase in debt ratio was mainly due to the rise in bank borrowings in 2022 compared to 2021.
- 2. Decrease in current ratio: Mainly due to increase in accounting items such as short-term borrowings, short-term notes payable, and other payables in 2022.
- 3. Increase in quick ratio: Mainly due to increase in accounting items such as short-term borrowings, short-term notes payable, and other payables in 2022.
- 4. As real estate construction and development is incorporated in the Company's main operating activities in 2022, its long-term development timeline will cause the following financial ratios to change by more than 20%:
 - (1) Decline in receivables turnover (times)
 - (2) Decline in inventory turnover (times)
 - (3) Decline in payables turnover
 - (4) Decline in property, plant and equipment turnover
 - (5) Decline in total assets turnover
- 5. The following profitability changes by more than 20% due to recognition of valuation losses of financial assets:
 - (1) Decline in ROA
 - (2) Decline in ROE
 - (3) Decline in profit margin
- 6. Increase in cash flow ratio: This was mainly because the increase in net cash flow from operating activities in the current period was lower than the increase in current liabilities, which resulted in a increase in cash flow ratio.

Note 1: Said financial data are audited and certified by the CPA.

Note 2: The calculation is as follows:

1. Financial structure

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

2. Solvency

- (1) Current ratio=Current assets/Current liabilities.
- (2) Quick ratio=(Current assets-Inventory-Prepaid expenses)/Current liabilities.
- (3) Interest coverage ratio=Income tax and income before interest expenses/Current interest expenses.

3. Operational ability

- (1) Receivables (including accounts receivable and notes receivable resulting from operation) turnover = net sales / balance of average accounts receivable (including accounts receivable and notes receivable resulting from operation).
- (2) Average cash collection days=365/Receivables turnover.
- (3) Inventory turnover=Cost of goods sold/Average inventory.
- (4) Payables (including accounts payable and notes payable resulting from operation) turnover = cost of goods sold / balance of average accounts payable (including accounts payable and notes payable resulting from operation).
- (5) Average inventory turnover days=365/Inventory turnover.
- (6) Property, plant and equipment = Net sales/Average property, plant and equipment, net
- (7) Total assets turnover=net sales/average total assets.

4. Profitability

- (1) ROA=[Profit or loss after tax+interest expenses \times (1- tax rate)]/average total assets.
- (2) ROE=Profit or loss after tax/Average total shareholders' equity.
- (3) Profit margin=Profit or loss after tax/Net sales.
- (4) Earnings per share= (profits attributable to owners of the parent Preferred stock dividend)/Weighted average number of outstanding shares. (Note 3)

5. Cash flow

- (1) Cash flow ratio =Net cash flow from operating activities/Current liabilities.
- (2) Net cash flow adequacy ratio=Net cash flow from operating activities during the most recent five years/(Capital expenses+Increase in inventory+Cash dividends) during the most recent five years.
- (3) Cash reinvestment ratio=(Net cash flow from operating activities-Cash dividends)/(Gross property, plant and equipment+Long-term investments+Other non-current assets+working capital). (Note 4)

6. Leverage:

- (1) Operating leverage=(Net operating revenues-Variable operating costs and 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 for the calculation of earnings per share:

- 1. The calculation shall be based on the weighted average number of common shares instead of the total number of outstanding shares at the end of the year.
- 2. In case of cash capital increase or trading of treasury shares, its period of circulation shall be considered when calculating the weighted average number of shares.
- 3. Where there is capital increase out of earnings or capital reserve, retrospective adjustments should be made during the calculation of annual and semi-annual earnings per share in the past according to the percentage of capital increase, regardless of the period of shares issuance for capital increase.
- 4. For non-convertible cumulative preferred stocks, the preferred stock dividends for the current year (whether issued or not) shall be deducted from the net profit, or added to net loss. For non-cumulative preferred stocks, if there is net profit, preferred stock dividends shall be deducted from the net profit; if there is a loss, adjustments and deductions are not required.

Note 4: During cash flow analysis, the Company should pay close attention to the following matters:

- 1. Net cash flow from operating activities refers to the net amount of cash inflow generated from operating activities in the cash flow statement.
- 2. Capital expenditure refers to the annual cash outflows of capital investment.
- 3. The increase in inventory will be included when the closing balance is greater than the opening balance, whereas a decrease in inventory at the end of the year shall be considered as zero.
- 4. The cash dividends include those for common shares and preferred shares.
- 5. Gross property, plant and equipment refers to the total property, plant and equipment before deducting accumulated depreciation.

Note 5: Various operating costs and operating expenses shall be classified as fixed or variable by the issuer according to their nature. For estimates involving subjective judgments, the Company keep in line

with its rationality and maintain its consistency.

Note 6: If the stock has no par value or the par value per share is other than NT\$10, for the aforementioned provision regarding percentage of paid-in capital, the equity attributable to owners of the parent company in the balance sheet shall be substituted.

Feei Cherng Enterprise Co., Ltd. Audit Committee's Review Report

The Company's 2022 business report, financial statements (including consolidated financial statements) and loss compensation proposals, of which the financial statements (including consolidated financial statements) have been audited by accountants Tzu-Yu Lin and Tien Chung-Yu of PwC Taiwan entrusted by the board of directors. After review, the audit committee found that there were no discrepancies in the above-mentioned accounting books and statements, and prepared a report in accordance with Article 14-4 of the Securities and Exchange Act, and Article 29 of the Company Act.

To:

Feei Cherng Enterprise Co., Ltd. 2023 Shareholders' Meeting

Convener of the Audit Committee hing-Hsi



IV. Consolidated Financial Statement for 2022, Certified by a CPA

Auditor's Report

(112)-Tsai-Shen-Bao-Zi No. 22004148

To: Feei Cherng Enterprise Co., Ltd.

Opinions

We have audited the accompanying standalone balance sheet of Feei Cherng Enterprise Co., Ltd. and its subsidiaries (hereinafter referred to as "the Group") as of December 31, 2022 and 2021, and Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement, and the notes to the consolidated financial statements on January 1 to December 31, 2022 and 2021 (including a summary of significant accounting policies).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, Feei Cherng Group's consolidated financial position as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for January 1 to December 31, 2022 and 2021, and are in compliance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and announced by the FSC.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards 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 consolidated financial statements of the Group for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters of the Group's 2022 consolidated financial statements are as follows:

Inventory - Construction Land Evaluation

Explanation

For the accounting policies, estimates and assumptions associated to inventory evaluation, please refer to Note IV(X) Inventories and Note V(II) Major Accounting Estimates and Assumptions in the Consolidated Financial Statements for details. For the accounting items, please refer to Note VI(IV) Definition of Inventories. As of December 31, 2022, the Company's inventories totaled NT\$634,398,000.

The Group is mainly engaged in raising livestock and poultry, trading of bulk raw materials, and development, rental and sale of housing and buildings. Among them, the construction industry has a high capital investment and long payback period, while the industry is significantly affected by politics, the economy, local aspects and property tax reforms. Given significant amount of Inventory - Construction Land and uncertainties in the estimation of net realizable value, it is also an audit area that requires judgement. Therefore, the Inventory - Construction Land Evaluation is one of this year's key audit items.

Corresponding audit procedures

The CPA's main response procedures for specific aspects described in the aforementioned key audit matters are summarized as follows:

- 1. Understand the nature of business and industry, and the reasonableness of policies and procedures adopted in estimating the allowance for impairment losses on inventory.
- 2. Obtain data to estimate the net realizable value for construction land evaluation, confirm the data source, and test the data to ensure proper recognition of depreciation loss.

Other matters - standalone financial statements

Feei Cherng Enterprise Co., Ltd. has prepared the individual financial statements of the 2011 and 2011 years of the Republic of China, and the audit report issued by our accountant with unqualified opinions is on file for reference.

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 that are properly expressed in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and announced by the FSC, 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 ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including supervisors, are responsible for overseeing the financial reporting process of the Group.

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 auditing standards 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 users economic decisions taken on the basis of the consolidated financial statements.

As part of an audit in accordance with the auditing standards of the Republic of China, we exercise professional judgment with 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group.

- 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 ability of the Group 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 and appropriate audit evidence regarding the financial information of 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 audit of the Group. We remain solely responsible for our audit opinion on consolidated financial statements.

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 statements 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 (including 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 Group for the year ended December 31, 2022 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.

PwC Taiwan

Tzu-Yu Lin

CPA

Tien Chung-Yu

林安岭田中玉

Former Securities Regulatory

Approval No.: (82)-Tai-Tsai-Zheng-(6) No. 44927

Financial Supervisory Commission

Approval No.: Jing-Guan-Cheng-Shen No. 1070323061

February 24, 2023



Units: NT\$thousand

			December 31, 202		2	December 31, 20		.021	
	Assets	Note		Amount	%		Amount	%	
	Current Assets								
1100	Cash and Cash Equivalents	VI(I)	\$	248,046	14	\$	162,373	14	
1110	Financial assets at fair value through other comprehensive income - current	VI(II) and VIII		234,882	13		271,869	23	
1136	Financial assets at amortized cost - current	VI(I) and VIII		472,000	26		322,000	27	
1180	Accounts Receivables (Net) - Related Party	VI(III) and VII		2,727	-		2,087	-	
1200	Other Receivables			331	-		423	-	
130X	Inventory	V(II), VI(IV) and VIII		634,398	35		153,998	13	
1410	Prepayments			351			451		
11XX	Total Current Assets			1,592,735	88		913,201	77	
	Total Non-Current Assets								
1510	Financial assets at fair value through other comprehensive income -	VI(II)							
	non-current			106,641	6		189,507	16	
1600	Property, plant and equipment	VI(VI) and VII		82,599	5		86,107	7	
1755	Right-of-use assets	VI(VII)		769	-		1,795	-	
1780	Intangible assets	VI(IX) and VI(XXV)		17,526	1		-	-	
1840	Deferred tax assets	VI(XXIII)		762	-		765	-	
1920	Refundable Deposits			1,787			1,587		
15XX	Total non-current assets			210,084	12		279,761	23	
1XXX	Total Assets		\$	1,802,819	100	\$	1,192,962	100	

(Continued)

Units: NT\$thousand

			Б	December 31, 2022			December 31, 2021	021	
	Liabilities and Equity	Note		Amount	%	Amount		%	
	Current Liabilities					-	_		
2100	Short-term borrowings	VI(X) and VIII	\$	751,227	42	\$	-	-	
2110	Short-term notes payable	VI(XI) and VIII		25,000	1		-	-	
2150	Notes payables			-	-		446	-	
2170	Accounts payables			376	-		357	-	
2200	Other Payables			12,552	1		7,632	1	
2220	Other Payables - Related Party	7		-	-		4,281	-	
2280	Lease liabilities - current			781	-		1,020	-	
2310	Advance Receipts			429			429	_	
21XX	Total Current Liabilities			790,365	44		14,165	1	
	Non-Current Liabilities								
2570	Deferred tax liabilities	VI(XXIII)							
		(XXV)		2,600	-		-	-	
2580	Lease liabilities - non-current			-	-		781	-	
2645	Deposits received			324			300	_	
25XX	Total Non-Current Liabilities			2,924			1,081	_	
2XXX	Total Liabilities			793,289	44		15,246	1	
	Equity attributed to owners of the parent								
	Share Capital								
3110	Ordinary Share Capital	VI(XIII)		1,187,708	66		1,187,708	99	
3200	Capital surplus	VI(XIII),(XIV)		605,796	33		605,796	51	
	Retained Earnings	VI(XV)							
3310	Legal reserve			66,320	4		66,320	6	
3350	Accumulated deficits		(854,102) (47)	(680,716) (57)	
3400	Other equity		(1,392)	_	(1,392)	_	
31XX	Total equity attributable to owners of the parent			1,004,330	56		1,177,716	99	
36XX	Non-controlling equity			5,200					
3XXX	Total Equity			1,009,530	56		1,177,716	99	
3X2X	Total Liabilities and Equity		\$	1,802,819	100	\$	1,192,962	100	

Accompanying notes to Consolidated Financial Statements as reference.

Chairman: Yu-Ming Chang



Managerial Officer:



counting Manager: Yuan-Hsia



Feei Cherng Enterprise Co., Ltd. and Subsidiaries

Consolidated Statement of Comprehensive Income

December 31, 2022 and 2021

Units: NT\$thousand (Except for earnings (loss) per share)

				2022			2021	
	Item	Note		Amount	%		Amount	%
4000	Operating Revenue	VI(XVI) and VII	\$	8,922	100	\$	71,875	100
5000	Operating Costs	VI(IV), VI(XX),						
		VI(XXI) and VII	(8,901) (100)	(68,281) (<u>95</u>)
5900	Operating profits			21			3,594	5
	Operating expenses	VI(IX), VI(XII), VI(XXI), VI(XXI) and VII						
6100	Marketing expenses		(443) (5)		-	-
6200	Administrative expenses		(39,842) (446)	(31,424) (44)
6900	Loss from operations		(40,264) (451)	(27,830) (39)
	Non-operating income and expenses							
7100	Interest income	VI(XVII)		4,296	48		780	1
7010	Other revenue	VI(II), VI(VIII), VI(XVIII) and		22.040	247		5.024	7
7020	04	VII		22,049	247		5,034	7
7020	Other gains and losses	VI(II), VI(V), VI(XIX), VII and XII	(154,063) (1727)		68,769	96
7050	Financial costs	VI(VIII) and VI(XX)	(5,411) (60)	(14)	
7000	Total non-operating income and expenses		(133,129) (1492)		74,569	104
7900	Profit (loss) before income tax		(173,393) (1943)		46,739	65
7950	Income tax expense	VI(XXIII)	(3)		(4,438) (<u>6</u>)
8200	Profit (loss) for the current period		(\$	173,396) (1943)	\$	42,301	59
8500	Other comprehensive						_	
	income/loss for the year Current period net profit (loss) attributable to:		(<u>\$</u>	173,396) (1943)	\$	42,301	59
8610	Parent company		(\$	173,386) (1943)	\$	42,301	59
8620	Non-controlling equity		(Ψ (10)	1743)	Ψ	-2,301	-
0020	Tron condoming equity		(\$	173,396) (1943)	\$	42,301	59
	Current period other comprehensive income/loss attributable to:		<u>Ψ</u>	173,370)	<u> 1743</u>)	Ψ	42,501	
8710	Parent company		(\$	173,386) (1943)	\$	42,301	59
8720	Non-controlling equity		(_	10)		_		
			(\$	173,396) (1943)	\$	42,301	59
0750	Earnings (loss) per share	VII/VIVVV	/ ((((((((((1.40	Φ		0.42
9750	Basic	VI(XXIV)	(\$		1.46)	\$		0.42

Accompanying notes to Consolidated Financial Statements as reference.

Chairman: Yu-Ming Chang



Managerial Officer: Shuo-



Accounting Manager: Yuan



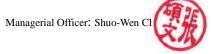


Units: NT\$thousand

					F	equity at	tributed to ow										
							Retained	l Earning	gs		ner equity easurement						
	Note		inary Share Capital	Cap	oital surplus	Leg	al reserve	Accum	nulated deficits		defined nefit plan	То	tal amount		controlling equity	To	otal Equity
<u>2021</u>																	
Balance as of January 1, 2021		\$	987,708	\$	622,396	\$	66,320	(\$	723,017)	(\$	1,392)	\$	952,015	\$	<u> </u>	\$	952,015
Net profit in 2021		-			<u>-</u>				42,301				42,301	-			42,301
Total comprehensive income/loss in 2021			<u>-</u>		-		<u>-</u>		42,301		<u>-</u>		42,301		<u> </u>		42,301
Cash capital increase	VI(XIII),(XIV)		200,000	(16,600)		<u>-</u>		<u>-</u>		<u>-</u>		183,400		<u> </u>		183,400
Balance as of December 31, 2021		\$	1,187,708	\$	605,796	\$	66,320	(\$	680,716)	(\$	1,392)	\$	1,177,716	\$		\$	1,177,716
<u>2022</u>																	
Balance as of January 1, 2022		\$	1,187,708	\$	605,796	\$	66,320	(\$	680,716)	(\$	1,392)	\$	1,177,716	\$	<u> </u>	\$	1,177,716
Net loss in 2022					<u>-</u>		<u>-</u>	(173,386)		<u>-</u>	(173,386)	(10)	(173,396)
Total comprehensive income/loss in 2022					<u>-</u>		<u>-</u>	(173,386)		<u>-</u>	(173,386)	(10)	(173,396)
Business combination	VI(XXV)				<u>-</u>				<u>-</u>		<u>-</u>			-	5,210		5,210
Balance as of December 31, 2022		\$	1,187,708	\$	605,796	\$	66,320	(\$	854,102)	(\$	1,392)	\$	1,004,330	\$	5,200	\$	1,009,530

Accompanying notes to Consolidated Financial Statements as reference.





Accounting Manager: Yuan-Hsiang Han





					Units: NT\$thousand
	Note		2022	2021	
Cash Flows from Operating Activities					
Profit (loss) before income tax for the current					
period		(\$	173,393)	\$	46,739
Adjustments					
Profit/loss					
Net (gains) losses on financial assets at fair value through other comprehensive income	VI(II),(XIX)		154,063	(72,196)
Gains from changes in fair value (less costs to sell) of disposal of biological assets in the current period	VI(V),(XIX)		_	(735)
Depreciation expense	VI(VI), VI(VII) VI(XXI),		5,674		5,835
Gains from disposal of property, plant and	VI(XIX) and VII				
equipment			-	(364)
Amortization expenses	VI(IX) and VI(XXI)		25		-
Interest income	VI(XVII)	(4,296)	(780)
Dividend income	VI(XVIII)	(13,760)	(3,232)
Interest expenses	VI(XX)		5,411		14
Changes in assets/ liabilities relative to operating activities					
Changes in assets relative to operating activities					
Current financial assets at fair value through profit or loss		(34,513)	(189,768)
Accounts Receivables - Related Party		(640)	(2,087)
Other Receivables			92		736
Inventory		(480,400)	(153,997)
Biological Assets - Current			-		1,220
Prepayments			101		72
Changes in liabilities relative to operating activities					
Notes payables		(446)	(31)
Accounts payables			19	(91)
Accounts Payables - Related Party			_	(277)
Other Payables			4,758		5,893
Other Payables - Related Party		(4,281)		4,281
Cash generated from operating activities		(541,586)	(358,768)
Interest received			4,296		975
Dividends received			13,760		3,232
Income tax returned			-		8
Interest paid		(5,411)	(_	14)
Cash Flows from Operating Activities		(528,941)	(354,567)

(Continued)



	Note		2022		Units: NT\$thousand 2021
Cash Flows from Investment Activities					
Decrease in other receivables		\$	32,710	\$	-
Increase in financial assets at amortized cost - current		(150,000)	(282,128)
Decrease in other financial assets - current			-		8,704
Acquisition of financial assets at fair value through other comprehensive income - non-current			-	(9,595)
Disposal of financial assets at fair value through other comprehensive income - non-current			303		12,600
Purchase of property, plant and equipment	VI(VI)	(90)		-
Proceeds from disposal of property, plant and equipment	7		-		22,100
Acquisition of intangible assets	VI(IX)	(122)		-
Increase in refundable deposits		(200)	(1,519)
Net cash payments for business combination	VI(XXV)	(43,218)		<u>-</u>
Cash Flows from Investment Activities		(160,617)	(249,838)
Cash Flows from Financing Activities					
Increase in short-term borrowings	VI(XXVII)		751,227		-
Increase in short-term notes payable	VI(XXVII)		25,000		-
Repayment of the principal portion of lease liabilities	VI(XXVII)	(1,020)	(251)
Increase in deposits received	VI(XXVII)		24		-
Cash capital increase	VI(XIII)				183,400
Cash Generated from Financing Activities			775,231		183,149
Increase (decrease) in Cash and Cash Equivalents			85,673	(421,256)
Cash and Cash Equivalents as of January 1	VI(I)		162,373		583,629
Cash and Cash Equivalents as of December 31	VI(I)	\$	248,046	\$	162,373

Accompanying notes to Consolidated Financial Statements as reference.

Chairman: Yu-Ming Chang



Managerial Officer: Shuo-W



Accounting Manager: Yuar Han





Units: NT\$thousand (Unless Stated Otherwise)

I. General Information

- (I) Feei Cherng Enterprise Co., Ltd. (hereinafter referred to as "the Company") was established on December 2, 1993 in accordance with the Company Act and other relevant laws and regulations. The original businesses of the Company and its subsidiaries (collectively referred to as "the Group") mainly include manufacturing, trading and import / export of electronic products, electrical products, and computer components and equipment. However, since the second half of 2018, the Company has changed to the operation of livestock farm, bulk raw material trading, and housing and building development and rental.
- (II) The Company's shares are traded in the TPEx since May 29, 2006.
- (III) U-Best Innovative Technology Co., Ltd. is the Company's parent company, with 24.45% shareholding. Sun Yad Construction Co., Ltd is the Company's ultimate parent.

II. Approval of Dates and Procedures of Financial Statements

The consolidated financial statements were authorized for issue by the Board of Directors on February 24, 2023.

III. Application of New, Amended, and Revised Standards and Interpretations

(I) <u>Impact of new and amended IFRS endorsed and announced by the Financial Supervisory</u> Commission (FSC)

The following table summarizes the new, amended and revised standards and interpretations of IFRS endorsed and announced by FSC in 2022:

	Effective Date Announced
New, Amended and Revised Standards and Interpretations	by IASB
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022
Amendments to IAS 16 "Property, Plant and Equipment: Proceeds	January 1, 2022
before Intended Use"	
Amendments to IAS 37 "Onerous Contracts - Costs of Fulfilling	January 1, 2022
Contracts"	
Annual Improvements to IFRS Standards 2018-2020	January 1, 2022

The Group has assessed that the application of other standards and interpretations will not have a material impact on the Group's financial position and financial performance.

(II) <u>Impact of new and amended IFRSs endorsed by the FSC but not yet adopted by the Company</u>

The following table summarizes the new, amended, and revised standards and interpretations of IFRS endorsed by FSC in 2023:

	Effective Date Announced
New, Amended and Revised Standards and Interpretations	by IASB
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	January 1, 2023
Liabilities arising from a Single Transaction"	

The Group has assessed that the application of other standards and interpretations will not have a material impact on the Group's financial position and financial performance.

(III) Impact of new IFRSs in issue by IASB but not yet endorsed by the FSC

The following table summarizes the new, amended, and revised standards and interpretations of IFRS in issue by IASB but not yet endorsed by the FSC:

	Effective Date Announced by
New, Amended and Revised Standards and Interpretations	IASB
Amendments to IFRS10 and IAS 28 "Sales or contributions of	To be determined by IASB
assets between investors and their affiliates or joint ventures"	
Amendments to IFRS 16 "Lease liabilities in sale and leaseback	January 1, 2024
transactions"	
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "Initial application of IFRS 17 and	January 1, 2023
IFRS 9 - Comparative Information"	
Amendments to IAS 1 "Current or non-current classification of	January 1, 2024
liabilities"	
Amendments to IAS 1 "Non-current liabilities with contractual	January 1, 2024
terms"	

The Group has assessed that the application of other standards and interpretations will not have a material impact on the Group's financial position and financial performance.

IV. Summary of Significant Accounting Policies

The significant accounting policies adopted in the preparation of the consolidated financial statements are as follows. The policies have been consistently applied to all the years presented, unless otherwise stated.

(IV) Statement of compliance

This consolidated financial report is prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and announced by the FSC.

(V) Basis of preparation

- 1. The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of defined benefit obligation less the fair value of plan assets.
- 2. The preparation of consolidated financial statements that comply with the IFRSs requires the management to make judgments for major accounting estimates and application of the Group's accounting policies. This involves items that involve the exercise of high degree of judgment or complexity, or involve significant assumptions or estimates in the consolidated financial statements. For details, please refer to Note V: Major sources of uncertainty in significant accounting judgments, estimates, and assumptions.

(VI) Consolidated basis

1. Principles for Preparation of the Consolidated Financial Statements

(1) The consolidated financial statements show aggregated financial results for all of the Group's subsidiaries. A subsidiary refers to an entity (including a structured entity) that is owned or controlled by the Group. The Group controls the entity when it 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. The consolidation of the subsidiary in the consolidated financial report shall begin from the date the Group

- obtains control of the subsidiary, and cease when the Group loses control of the subsidiary.
- (2) Intragroup transactions, intragroup balances, and unrealized gains and losses have been eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.
- (3) Profit or loss and other comprehensive income shall be allocated between that attributable to owners of the parent and that attributable to 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.
- (4) Changes in a parent's ownership interest in a subsidiary that do not result in a loss of control (and 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 recognized directly in equity.
- (5) When the Group loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value. For financial assets and financial liabilities initially measured at fair value or costs of associates and joint ventures initially recognized, the difference between the fair value and the carrying amount is recognized as profit or loss. The Group shall account for all amounts recognized in other comprehensive income in relation to that associate on the same basis as would be required if the associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by an associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the investor reclassifies the gain or loss from equity to profit or loss when it loses significant influence over the associate.

2. Subsidiaries included in the consolidated financial report:

			Percentage sh	areholding (%)	<u>-</u>
Name of Investing					
Company	Name of subsidiary	Nature of business	31-Dec-22	31-Dec-21	Description
The Company	Samtec Engineering Co.,	Construction and	82.53%	_	(Note 1)
	Ltd.	engineering			
The Company	Perfect Bass Co., Ltd.	General investment	_	100.00%	(Note 2)

(Note 1) In December 2022, the Group acquired 82.53% shareholding of Sentai Construction Engineering Co., Ltd. by cash payment of \$43,218 to obtain control of the company.

(Note 2) Liquidation was completed in 2022.

- 3. Subsidiaries not included in the consolidated financial report: None.
- 4. The adjustment method and treatment adopted if the accounting period of the subsidiary are different: None.
- 5. Significant restrictions: None.
- 6. Any subsidiary in which the Group has a non-controlling interest of materiality: None.

(VII) Foreign Currency Translation

Items listed in the standalone financial report of each of the Group's entities are measured in the main currency that each entity conducts its business (i.e. functional currency). The "NT dollar" is the functional and presentation currency in the consolidated financial statements.

1. Foreign currency transactions are translated in the Company's functional currency using the spot exchange rate at the transaction date or measurement date, and the exchange differences which arise on the translation of these transactions are recognized in profit or loss.

- 2. The balance of monetary assets and liabilities denominated in foreign currencies shall be evaluated and adjusted according to the spot exchange rate on the balance sheet date, and the exchange differences which arise on the adjustment shall be recognized in profit or loss
- 3. The balance of non-monetary assets and liabilities measured at fair value through profit or loss denominated in foreign currencies are adjusted according to the spot exchange rate on the balance sheet date, and the exchange differences which arise on the adjustment shall be recognized in profit or loss. Those measured at fair value through other comprehensive income shall be adjusted according to the spot exchange rate on the balance sheet date, and the exchange differences which arise on the adjustment shall be recognized in other comprehensive income, while those not measured at fair value shall be measured in terms of historical cost translated using the exchange rate at the initial date of transaction.
- 4. All foreign exchange gains and losses are recognized as "other gains and losses" in the consolidated statement of comprehensive income.

(VIII) Current and non-current assets shall be classified as follows:

- 1. Classification of assets and liabilities in the consolidated financial statements takes into account whether each asset and liability is related to the construction business, and classified to current and non-current based on the operating cycle period of the construction business; or one year if it is not related to the construction business.
- 2. Current assets shall include one of the following asset line items:
 - (1) The entity expects to realize the asset, or intends to sell or consume it, in its normal operating cycle.
 - (2) The asset is held primarily for the purpose of trading.
 - (3) The asset is expected to be realized within 12 months after the balance sheet date.
 - (4) The asset is cash or a cash equivalent, unless the asset is to be used for an exchange or to settle a liability, or otherwise remains restricted, at more than 12 months after the balance sheet date.

Non-current assets refer to assets that do not meet any of the above-mentioned asset line items.

- 3. Current liabilities shall include one of the following liability line items:
 - (1) The entity expects to settle the liability in its normal operating cycle.
 - (2) The asset is held primarily for the purpose of trading.
 - (3) The liability is expected to be settled within 12 months after the balance sheet date.
 - (4) The entity does not have an unconditional right to defer settlement of the liability for at least 12 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.

Non-current liabilities refer to liabilities that do not meet any of the above-mentioned asset line items.

(IX) Financial assets at fair value through other comprehensive income

- 1. Financial assets not measured at amortized cost or measured at fair value through other comprehensive income.
- 2. Financial assets measured at amortized cost or measured at fair value through other comprehensive income which may be designated as financial assets measured at fair value through profit or loss according to accounting standards.
- 3. On initial recognition, the financial assets are measured at fair value, and relevant transaction costs are recognized as profit/loss, and subsequently measured at fair value, while relevant gains or losses are recognized as profit/loss.
- 4. When the Group's right to receive the dividends is established, there may likely be gross inflow of economic benefits associated with the dividends, and the amount of dividends

can be reliably measured, and recognized as dividend income in the consolidated statement of comprehensive income.

(X) Financial assets at amortized cost

- 1. Refers to financial assets that meet all of the following conditions:
 - (1) Holding the financial assets within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
 - (2) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- 2. The Group's time deposits do not comply with the terms of cash equivalents, as the short-term notes receivables with no stated interest rate may be measured at the original invoice amount if the effect of discounting is immaterial.

(XI) Notes and trade receivables

- 1. Means the entity has an unconditional contractual right to consideration for goods or services that have been transferred.
- 2. Short-term trade receivables with no stated interest rate may be measured at the original invoice amount if the effect of discounting is immaterial.

(XII) <u>Lessor's Lease Transactions - Lease Receivables/Operating Leases</u>

Lease income from operating leases, net of any incentives received from the lessor, is recognized in income on a straight-line basis over the lease term, and recognized in profit or loss.

(XIII) <u>Inventory</u>

Construction industry:

The acquisition of land and construction in progress shall be recorded at cost, and measured at the lower of cost and net realizable value at the end of the period. The compare method is adopted when comparing the lower of cost and net realizable value. Net realizable value refers to the expected selling price of something in the ordinary course of business, minus a reasonable estimation of the costs necessary to make the sale and related variable selling expenses. Interest is capitalized during construction in accordance with IAS 23.

Manufacturing industry:

Inventories are measured at the lower of cost and net realizable value, of which costs are calculated using the weighted average method. The cost of finished goods and work-in-progress includes raw materials, direct labor, other direct costs, and production overheads (allocated on the basis of normal production capacity), but does not include borrowing costs. The compare method is adopted when comparing the lower of cost and net realizable value. Net realizable value refers to the expected selling price of something in the ordinary course of business, minus a reasonable estimation of the costs necessary for completion and related variable selling expenses. If the cost is greater than net realizable value, the loss on market value decline shall be recognized as operating cost for the current period; when the net realizable value rebounds, the evaluation item will offset within the credit balance and recognized as deduction from the operating costs for the current period.

(XIV) Biological assets

A biological asset shall be measured on initial recognition and at the end of each reporting period at its fair value less costs to sell, except where the fair value cannot be measured reliably. A gain or loss arising on initial recognition of a biological asset at fair value less costs to sell and from a change in fair value less costs to sell of a biological asset shall be included in profit or loss for the period in which it arises. A biological asset shall be measured at its cost less any accumulated depreciation and any accumulated impairment losses when fair value measurements are determined to be clearly unreliable.

(XV) Impairment loss recognized on financial assets

On each balance sheet date, in the consideration of reasonable and supportable forward-looking information for financial assets measured at amortized cost, the loss allowance shall be measured according to the 12-month expected credit losses if no significant increase in credit risk has occurred since initial recognition, and measured according to lifetime expected credit losses if a significant increase in credit risk has occurred since initial recognition. As for the accounts receivable that do not contain any significant financing component, the loss allowance shall be measured according to lifetime expected credit losses.

(XVI) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire.

(XVII) Property, plant and equipment

- 1. The acquisition of property, plant and equipment shall be recorded at cost, and relevant interest during the acquisition and construction period is capitalized.
- 2. Subsequent costs are added to the carrying amount of the asset or recognized as an asset only if it is probable that future economic benefits associated with the item will flow to the entity; and the cost of the item can be measured reliably. The carrying amount of the part that need to be replaced shall be deducted. All other repairs and maintenance expenses are recognized in profit or loss in the period in which it occurs.
- 3. The Company adopts the cost model for subsequent measurement of property, plant and equipment, with depreciation (except for land) under the straight-line method according to the estimated useful lives. Each component of property, plant and equipment that is significant shall be depreciated separately.
- 4. The Group reviews the residual value and the useful life and depreciation method of an asset at each financial year-end and, if there is a change in the estimated useful life, or a significant change in the pattern of economic benefits being generated from the asset shall account for a change in an accounting estimate in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" from the date of change. The useful lives of various assets are as follows:

Asset Name	Useful Lives
Housing and construction	8-18 years
Machinery	10-15 years
Leasehold improvements	20 years
Office equipment	1-5 years
Other equipment	5 years

(XVIII) <u>Lease transactions for lessor - right-of-use assets/lease liabilities</u>

- 1. The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease. The lease payments of short-term leases and low-value asset leases are recognized as expenses on a straight-line basis over the lease terms.
- 2. Lease liability is the present value of lease payments that are not paid at lease commencement date that they shall be discounted using the Group's incremental borrowing rate. The lease payments include:
 - (1) fixed payments less any lease incentives receivable;
 - (2) payments of penalties for terminating a lease if the lease term reflects the lessor's option of such termination.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. The lease liability will be reassessed and the right-of-use asset will be remeasured when there is a change in lease

term or lease payments that do not represent lease modifications.

- 3. Right-of-use assets are initially measured at cost at the commencement date of a lease. The costs comprise of:
 - (1) the initial measurement of lease liabilities;
 - (2) any lease payments made at or before the commencement date;
 - (3) any initial direct costs incurred; and
 - (4) the estimated costs of dismantling and removing the item and restoring the site on which it is located, or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The lease liabilities shall be subsequently measured using the cost model. Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms. For the reassessment of lease liabilities, the right-of-use assets are adjusted for any remeasurement of the lease liabilities.

4. The lessee reduces the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, and the lessee shall recognize the amount of the remeasurement of the lease liability in profit or loss.

(XIX) Intangible assets

1. Computer software

Recognized as acquisition costs, and amortized on a straight-line basis over the estimated useful life of 5 years.

2. Licensing

The qualification for Class A Comprehensive Construction Activities was obtained due to business combination, which was recognized at the fair value on the acquisition date, with straight-line amortization over the estimated useful life of 10 years.

3. Goodwill

Goodwill arises from business combinations recorded using the acquisition method.

(XX) Impairment loss recognized on non-financial assets

At the end of each reporting period, the Group shall estimate the recoverable amount if there are any indication that assets have suffered impairment loss. If the recoverable amount is estimated to be less than its carrying amount, the resulting impairment loss shall be recognized in profit or loss. The recoverable amount is the higher of fair value less costs to sell and value in use. A reversal of an impairment loss shall be recognized when the previously recognized impairment loss for an asset no longer exists or the assessed impairment amount may have decreased. However, the increase in the carrying amount of the asset by reversing impairment losses shall not exceed the carrying amount that would have been after the deduction of depreciation or amortization if impairment loss had not been recognized.

(XXI) Borrowings

Refers to long-term or short-term amount borrowed from a bank. Measured at fair value minus transaction costs at initial recognition, and any difference between the proceeds, net of transaction costs, and the redemption value are subsequently amortized as interest expenses in the income statement over the period of the borrowings using the effective interest method.

(XXII) Notes and trade payables

- 1. Liabilities incurred for purchase of materials or supplies, goods, or services on credit, notes payables arising from operating activities and non-operating activities.
- 2. Short-term trade payables with no stated interest rate may be measured at the original invoice amount if the effect of discounting is immaterial.

(XXIII) Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability agreement is discharged or cancelled or expires.

(XXIV) Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset only when the company has a current and legally enforceable right to set off the recognized amounts and when there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The offsetting of financial assets and financial liabilities is subject to various netting arrangements in the balance sheet.

(XXV) Employee benefits

1. Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services, which shall be recognized as expenses.

2. Retirement benefits

Defined contribution retirement benefit plans

For a defined contribution retirement benefit plan, the pension-related amount is recognized as pension cost in the accrual basis. The advance payments are recognized as assets that are refundable in cash terms or are reductions to future payments.

3. Employee compensation and the remuneration for directors

Employee compensation and the remuneration for directors are recognized as an expense and liability when a reliable estimate can be made of the amount of legal obligation or constructive obligation. If there is a discrepancy between the actual distribution amount and the estimated figure, it shall be considered as change in accounting estimate. In addition, for employee stock compensation, the number of shall be calculated based on the closing price on the day before board resolution.

(XXVI) Income tax

- 1. Income tax expenses include the tax currently payable and deferred tax. The tax currently payable and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.
- 2. The Group's current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the country where the Group operates and generates taxable income. Management regularly assesses the status of income tax returns with respect to income tax provisions and, where applicable, assesses income tax liabilities based on estimated tax payments to taxation authorities. The additional tax on unappropriated earnings of the Company and its consolidated subsidiaries in Taiwan is provided for in accordance with the Income Tax Act, and the undistributed income tax expense shall be recognized after the proposal for earnings distribution is approved by the shareholders' meeting in the year following the year the earnings is generated.
- 3. Deferred tax is provided using the balance sheet liability method, providing for

temporary differences between the carrying amount of the assets and liabilities in the consolidated statement of financial position and its tax base. No deferred tax liability shall be recognized from initial recognition of asset or liability in a transaction (that is not a business combination) and at the time of the transaction it affects neither accounting nor taxable profit (loss). For taxable temporary differences associated with investments in subsidiaries and associates, deferred tax liabilities shall not be recognized if the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

- 4. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Unrecognized and recognized deferred income tax assets are reassessed at each balance sheet date.
- 5. The Company shall current tax assets and current tax liabilities if it has a legally enforceable right to set off the recognized amounts, and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Company shall offset deferred tax assets and deferred tax liabilities if it has a legally enforceable right to set off current tax assets against current tax liabilities, and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity, or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously.

(XXVII) Share capital

Common stock is a form of corporate equity ownership. Incremental costs directly attributable to issuing new shares or stock options are accounted for as a deduction from equity, net of any related income tax benefit.

(XXVIII) Recognition of revenue

- 1. The Group specializes in livestock and meat, poultry and pork, and bulk raw materials. Its sales revenue is recognized when control is transferred to the customer, which means that when the product is delivered to the buyer, the Group has no performance obligations that may affect the buyer's acceptance of the product. Delivery occurs when the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customers, and either the customers have accepted the products, in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.
- 2. Revenue from sale of goods is recognized net of sales taxes, rebates and discounts. The payment terms for sales of goods are generally within 30-150 days end of the month. Since the time period between the transfer of the promised goods or services and the payment is less than one year, the Company has not adjusted transaction prices to reflect the time value of money.
- 3. Accounts receivables are recognized when the goods are delivered to the customer, as the Group's right to the contract price is unconditional upon delivery, and the consideration can be collected from the customer only after the passage of time.

(XXIX) Business combination

1. The Group applied the acquisition method for business combination. The consideration transferred in a business combination is measured at fair values of assets given, liabilities incurred or assumed, and equity instruments issued. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration

arrangement. Acquisition-related costs are recognized are expensed as incurred. The identifiable assets acquired and the liabilities assumed in a business combination are measured at their acquisition-date fair values. Based on individual acquisition transactions, the Group chooses to measure non-controlling interests at the acquisition date fair values or non-controlling interest to a proportionate share of the acquiree's identifiable net assets if the component part of the non-controlling interest presents the current ownership interests in the acquiree that entitle holders to a proportionate share of the entity's net assets in the event of a liquidation. Other components of non-controlling interests shall be measured at acquisition date fair values.

2. If the accumulated fair values of the transfer consideration, the acquiree's non-controlling equity, and the previously held equity interest in the acquiree exceeds the fair value of identifiable assets acquired and liabilities assumed, it shall be recognized as goodwill on the acquisition date. If the fair values of identifiable assets acquired and liabilities assumed exceeds the accumulated fair values of the transfer consideration, the acquiree's non-controlling equity, and the previously held equity interest in the acquiree, the difference shall be recognized as current profit/loss on the acquisition date.

(XXX) Operating segment

Information on the Group's operating segments is reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is responsible for allocating resources to operating segments and assessing their performance.

V. Major sources of uncertainty in significant accounting judgments, estimates and assumptions

When preparing the consolidated financial report, the Group's management makes judgments on the accounting policies to be adopted, and made accounting estimates and assumptions based on reasonable expectations about future events and conditions as of the balance sheet date. Significant accounting estimates and assumptions made may differ from actual results, and thus are continually evaluated and adjusted based on historical experience and other factors. These estimates and assumptions have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year. Please explain in detail the uncertainties in significant accounting judgments, estimates, and assumptions:

(I) Important judgments used in accounting policies

None.

(II) Major accounting estimates and assumptions

Inventory valuation

- 1. Since inventories are stated at the lower of cost or net realizable value, the Group determines the net realizable value by use of judgments and estimates on the balance sheet date. We expect that there may be a significant change as there is high capital investment and long payback period in the construction industry, with impacts from the political, economic, local issues and property tax reform, while the inventory value is estimated based on selling prices in the market.
- 2. As of December 31, 2022, the carrying amount of the Group's inventories was NT\$634,398.

VI. Description of major accounting items

(I) Cash and Cash Equivalents

	Decei	mber 31, 2022	December 31, 202		
Cash:					
Cash	\$	82	\$	82	
Checking accounts and demand deposits	-	247,964		162,291	
	\$	248,046	\$	162,373	

- 1. The Group transacts with several financial institutions with good credit ratings to diversify credit risks. Therefore, we expect that the default risk is very low.
- 2. As of December 31, 2022 and 2021, the pledge and term deposit with an initial maturity of more than three months (recognized as Financial assets at amortized cost current) was NT\$472,000 and NT\$322,000, respectively.
- 3. As of December 31, 2022, the Group has pledged cash and cash equivalents as collateral for short-term borrowings (financial assets at amortized cost current) which totaled NT\$472,000. Please refer to Note VIII Pledged Assets. None as of December 31, 2021.

(II) Financial assets at fair value through other comprehensive income

Item	Decer	mber 31, 2022	December 31, 2021		
Current items:					
Financial assets mandatorily measured at fair					
value through other comprehensive income					
Listed securities	\$	163,955	\$	153,522	
Convertible corporate bonds		73,605		52,474	
Beneficiary Certificates		35,087		32,953	
		272,647		238,949	
Remeasurement	(37,765)		32,920	
	\$	234,882	\$	271,869	
Non-current items:					
Financial assets mandatorily measured at fair					
value through other comprehensive income					
Listed securities	\$	170,129	\$	170,373	
Remeasurement	(63,488)		19,134	
	\$	106,641	\$	189,507	

- 1. As of December 31, 2022 and 2021, the net gains (losses) (recognized as other gains and losses) was (NT\$154,063) and NT\$72,196, respectively.
- 2. As of December 31, 2022 and 2021, the Group's dividend income from financial assets at fair value through other comprehensive income (recognized as other income) was NT\$13,760 and NT\$3,232, respectively.
- 3. For details of the pledged financial assets at fair value through other comprehensive income as collateral as of December 31, 2022, please refer to Note VIII Pledged Assets. None as of December 31, 2021.
- 4. Please refer to Note XII(II) Financial Instruments for details of financial assets at fair value through other comprehensive income.

(III) Accounts receivables (net)

	Decemb	per 31, 2022	Decem	per 31, 2021
Accounts Receivables - Related Party	\$	2,727	\$	2,087
1. Accounts receivable aging analysis:				
	Decemb	ber 31, 2022	Decemb	per 31, 2021
	Account	s Receivables	Account	s Receivables
Not overdue	\$	2,727	\$	2,087

The above is an aging analysis based on the number of days the amounts are overdue.

2. The Group's accounts receivable balance as of December 31, 2022 and 2021 all arise from contracts with customers, and the balance of accounts receivable from contracts with customers as of January 1, 2021 was NT\$-.

- 3. As of December 31, 2022, there were no pledged accounts receivables.
- 4. As of December 31, 2022 and 2021, there were no accounts receivables pledged as collaterals.
- 5. Please refer to Note XII(II) Financial Instruments for credit risk details.

(IV) Inventory

	Decer	mber 31, 2022	December 31, 2021		
Land for construction:					
Tainan City	\$	606,155	\$	130,741	
Kaohsiung City		27,317		23,257	
Transferable floor area - Tainan City		926			
	\$	634,398	\$	153,998	

The Group's inventory costs recognized as expenses in the current period:

	 2022	 2021
Cost of inventories sold (including biological assets)	\$ 8,901	\$ 68,174
Less allocation of fixed manufacturing overhead costs	 <u>-</u>	 107
	\$ 8,901	\$ 68,281

For details of the inventory pledged as collateral as of December 31, 2022, please refer to Note VIII Pledged Assets. None as of December 31, 2021.

(V) Biological Assets - Current

1. Adjustment of the carrying amount of biological assets:

		2021
Balance as of January 1	\$	485
Increase due to purchase		20,736
Input costs and expenses		7,210
Decrease due to sales	(29,166)
Gains from changes in fair value		
(less costs to sell)		735
Balance as of December 31	\$	

None as of December 31, 2022.

- 2. The Group's biological assets include pork and poultry. Pork and poultry are measured at fair value less the costs of sale at the end of each reporting period. The cost of biological assets includes all costs incurred in raising and growing the asset, such as swine, poultry, feed, labor and other direct costs.
- 3. There were no biological assets as of December 31, 2022 and 2021.

(VI) Property, plant and equipment

	Housing and				Leasehold						
	 Land	co	nstruction		Machinery	iı	mprovements	Of	fice equipment		Total
<u>January 1, 2022</u>											
Costs	\$ 36,260	\$	55,214	\$	1,753	\$	2,349	\$	165	\$	95,741
Accumulated depreciation	 -	(8,721)	(229)	(519)	(165)	(9,634)
	\$ 36,260	\$	46,493	\$	1,524	\$	1,830	\$	_	\$	86,107
<u>2022</u>											
January 1	\$ 36,260	\$	46,493	\$	1,524	\$	1,830	\$	-	\$	86,107
Costs of addition	-		-		-		-		90		90
Acquired in a business combination	1,050		-		-		-		-		1,050
Depreciation expense	 	(4,373)	(155)	(117)	(3)	(4,648)
December 31	\$ 37,310	\$	42,120	\$	1,369	\$	1,713	\$	87	\$	82,599
<u>December 31, 2022</u>											
Costs	\$ 37,310	\$	55,214	\$	1,753	\$	2,349	\$	255	\$	96,881
Accumulated depreciation	 -	(13,094)	(384)	(636)	(168)	(14,282)
	\$ 37,310	\$	42,120	\$	1,369	\$	1,713	\$	87	\$	82,599

			Н	Iousing and				Leasehold				
		Land	C	onstruction		Machinery	ir	mprovements	Off	ice equipment		Total
January 1, 2021												
Costs	\$	46,444	\$	70,286	\$	2,522	\$	2,349	\$	165	\$	121,766
Accumulated depreciation		-	(7,591)	(187)	(402)	(165)	(8,345)
	\$	46,444	\$	62,695	\$	2,335	\$	1,947	\$		\$	113,421
<u>2021</u>												
January 1	\$	46,444	\$	62,695	\$	2,335	\$	1,947	\$	-	\$	113,421
Depreciation expense		-	(5,257)	(204)	(117)		-	(5,578)
Costs of disposal	(10,184)	(15,072)	(769)		-		-	(26,025)
- Accumulated depreciation		-		4,127		162						4,289
December 31	\$	36,260	\$	46,493	\$	1,524	\$	1,830	\$		\$	86,107
December 31, 2021												
Costs	\$	36,260	\$	55,214	\$	1,753	\$	2,349	\$	165	\$	95,741
Accumulated depreciation			(8,721)	(229)	(519)	(165)	(9,634)
	\$	36,260	\$	46,493	\$	1,524	\$	1,830	\$	-	\$	86,107

- 1 For the years ended December 31, 2022 and 2021, there were no property, plant and equipment associated borrowing costs eligible for capitalization.
- 2. The carrying amount of the Group's operating leases of property, plant and equipment on December 31, 2022 and 2021 is as follows:

	Decen	nber 31, 2022	December 31, 2021			
	Carr	ying amount	Carrying amount			
Land	\$	28,210	\$	28,210		
Housing and construction - net	\$	36,226	\$	40,126		
Machinery - net	\$	1,369	\$	1,524		
Leasehold improvements - net	\$	1,713	\$	1,830		

3. Since the Group's land acquisition covers agricultural land, the Group shall not be registered as nominee due to legal factors, and the ownership of these lands is registered under the Company's Chairman Chang Yu-Ming. Relevant details and preservation measures are described as follows:

Land Section	December	31, 2022	December 31, 2021		Security measures
Fushan Section, Luzhu District, Kaohsiung City	\$	28,210	\$	28.210	Holding mortgage agreement and pledged collateral
Fanshu Section, Shuilin Village,	Ψ	20,210	Ψ	20,210	Holding mortgage agreement
Yunlin County		8,050		8,050	and pledged collateral
	\$	36,260	\$	36,260	

4. On December 31, 2022 and December 31, 2021, there were no pledges or collaterals for the Group's property, plant, and equipment.

(VII) Lease transactions - lessor

- 1. The leased assets include official vehicles, with lease period of 1-2 years. The lease agreement was negotiated individually on various terms and conditions, and no other restrictions are imposed except that the leased assets shall not be used as loan guarantees.
- 2. The carrying amount of right-of-use assets and the depreciation expense recognized are as follows:

	December 31, 2022	December 31, 2021
	Carrying amount	Carrying amount
Transport equipment	\$ 769	\$ 1,795
	2022	2021
	Depreciation expense	Depreciation expense
Transport equipment	\$ 1,026	<u>\$</u> 257

- 3. The increase in right-of-use assets for the years ended December 31, 2022 and 2021 were NT\$- and NT\$2,052, respectively.
- 4. The profit/loss information related to the lease agreement is as follows:

	 2022	 2021
Items that affect profit or loss		
Interest expense on the lease liability	\$ 32	\$ 12
Expenses from short-term rental agreements	\$ 1,133	\$ 489
Expenses from leases of low-value assets	\$ 14	\$ 5

5. The cash outflow of rental property for the years ended December 31, 2022 and 2021 were NT\$2,199 and NT\$757, respectively.

(VIII) Operating Lease - Lessor

1. The Group has leased the land, buildings, and ancillary equipment in the Fushan Section, Luzhu District, Kaohsiung City by operational leasing. The lease period is 4 years, and the lessee shall have the option to renew the lease for an additional term. If the Group plans to sell the object, the lessee has an unconditional obligation to terminate the lease yet has the first purchasing right, with the same purchasing price and conditions as others. The expiry date of the lease payment is as follows:

	Decemb	December 31, 2021		
Within 1 year	\$	1,800	\$	1,800
1-5 years				1,800
	\$	1,800	\$	3,600

2. For the years ended December 31, 2022 and 2021, the rental income from the operating lease agreement (recognized as other income) were NT\$1,717 and NT\$1,716, respectively, with no changes in lease payments.

(IX) Intangible assets

	Compt	iter software	Franchise rights		Goodwill		Total	
January 1, 2022								
Costs	\$	-	\$	-	\$	-	\$	-
Accumulated amortization				-		-		-
	\$		\$		\$		\$	_
2022								
January 1	\$	_	\$	-	\$	_	\$	_
Addition - individually								
acquired		122		-		-		122
Addition - acquired in a								
business combination		-		13,000		4,429		17,429
Amortization expenses	(<u>25</u>)					(25)
December 31	\$	97	\$	13,000	\$	4,429	\$	17,526
December 31, 2022								
Costs	\$	122	\$	13,000	\$	4,429	\$	17,551
Accumulated amortization	(25)		_		-	(25)
	\$	97	\$	13,000	\$	4,429	\$	17,526

1. The amortization of intangible assets are as follows:

2022	
\$	25

Administrative expenses

- 2. In 2022, the Group had no interest capitalization recognized on intangible asset-collateralized loans.
- 3. On December 31, 2022, there were no collateral or guarantee for intangible assets.
- 4. The Group assesses the recoverable amount of goodwill for impairment on an annual basis, with the apportioning of goodwill to the Group's cash-generating units identified by operating segments. The recoverable amount is assessed based on the value in use, which is calculated based on the future cash flows derived from the financial budget of the cash-generating unit. The cash flow of the financial budget is an estimation of annual revenue growth, gross profit, and capital expenditure as the basis of preparation. The management makes decisions on gross margin budgets and growth rate based on market expectations. The discount rate reflects both the risks specific to relevant operating segments and current market assessments of the time value of money.
- 5. Since the calculated recoverable amount based on the value in use exceeds the carrying amount, no impairment loss was recognized for goodwill in 2022.
- 6. None as of December 31, 2021.

(X) Short-term borrowings

Nature of the borrowing	December 31, 2022		Interest range	Collateral
Bank borrowings				
Guaranteed bank borrowings	\$	751,227	1.47%~4.00%	(Note)

(Note) For the details of collaterals for borrowings, please refer to Note VIII Pledged Assets.

- 1. For the interest expenses recognized as profit/loss in 2022, please refer to Note VI (XX) Financial Costs for details.
- 2. None as of December 31, 2021.

(XI) Short-term notes payable

Nature of the borrowing	December 31, 2022		Interest range	Collateral
Commercial paper payable	\$	25,000	2.15%~2.20%	(Note)

(Note) For the details of collaterals for commercial paper payables, please refer to Note VIII Pledged Assets.

- 1. The commercial paper payable listed above obtained guarantee from the bills finance companies for short-term funding.
- 2. For the interest expenses recognized as profit/loss in 2022, please refer to Note VI (XX) Financial Costs for details.
- 3. None as of December 31, 2021.

(XII) Retirement benefits

Since July 1, 2005, the Company and its subsidiaries in Taiwan adopted a defined contribution plan under the "Labor Pension Act (LPA)" for native workers. The pension plan of the Company and its subsidiaries in Taiwan, formulated under the "Labor Pension Act (LPA)", makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages. The principal and accrued dividends from an employee's

individual labor pension account are to be paid in monthly installments, or to be claimed in a lump sum at one time. For the years ended December 31, 2022 and 2021, the pension costs (recognized as operating expenses) based on the above-mentioned pension plan were NT\$501 and NT\$316, respectively.

(XIII) Share capital

1. The number of shares outstanding at the beginning and end of the period is adjusted as follows: (unit: thousand shares)

	2022	2021
Number of shares at the beginning of		
the period	118,771	98,771
Cash capital increase by private		
placement	<u> </u>	20,000
Number of shares at the end of the		
period	118,771	118,771

- 2. On August 18, 2021, the Company conducted cash capital increase by private placement after resolution of the shareholders' meeting. The purpose of cash capital increase is to improve the working capital and meet the capital needs for the future development of new businesses. The upper limit of private equity shares is set at 20,000,000 shares. On December 3, 2021, the board resolution was passed for setting December 17, 2021 as the benchmark date for capital increase by way of private placement. The subscription price per share was NT\$9.17, and the capital increase was NT\$183,400, with a total of 20,000 thousand shares, while the change of registration has been completed.
- 3. As of December 31, 2022, the Company's total capital was NT\$1,600,000, with paid-in capital of NT\$1,187,708 (of which NT\$583,800 was by private placement; in accordance with the Securities and Exchange Act, apart from restricting that the transfer of shares and application for being traded on the OTC market shall only be conducted after 3 years from the delivery date and after supplemental procedures for public issuance have been carried out, the remaining rights and obligations of common shares through private placement shall be the same as those of other common shares issued), divided into 118,771 thousand shares at NT\$10 per share, and issued in installments. The Company has received payment in full of all such moneys in respect of the shares.

(XIV) Capital surplus

1. Changes in capital surplus:

		Capital in exc	ess	Treasury stoc	ck				
2022		of par		transactions		Other		Total	
Beginning and ending balan	nce	\$ 597,3	\$ 597,363 \$ 72		722	\$ 7,71	1	\$ 605,796	
Capital in excess Treasury stock									
2021		of par		transactions		Other		Total	
2021 Beginning balance	\$	of par 613,963	\$	transactions 722	\$	Other 7,711	\$	Total 622,396	
-	\$ (\$		\$ (_		

2. In accordance with the Company Act, the income derived from the issuance of new shares at a premium and the income from endowments received by the company can be used to make up for losses, or shall be distributable as dividend shares to its original shareholders in proportion to the number of shares being held by each of them or by cash. In addition, in accordance with the provisions in the Securities and Exchange Act, when the above-mentioned capital reserve is set aside as equity capital, its total shall not exceed ten (10%) percent of paid-in capital in each year. The Company shall not use the capital reserve to make good its capital loss, unless the surplus reserve is insufficient to make good such loss.

(XV) Retained Earnings

1. The legal reserve and the capital reserve shall not be used except for making good the deficit (or loss) of the company or distributable as dividend shares to its original shareholders in proportion to the number of shares being held by each of them or by cash. However, where legal reserve is distributed by issuing

- new shares or by cash, only the portion of legal reserve which exceeds 25 percent of the paid-in capital may be distributed.
- 2. According to the Company's Articles of Incorporation, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit, where such legal reserve amounts to the total paid-in capital, this provision shall not apply. In addition, a special reserve shall be set aside according to relevant laws and regulations or the competent authority. Any remaining profit shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends. The Company is currently at growth stage. It takes into account the environment and industry growth, and corresponding to future capital needs and long-term financial planning, the Company adopts the residual dividend policy for dividend distribution. After the Company provides for the projected capital needs by using retained earnings, the remaining shall be distributed in the form of cash dividends or stock dividends, but cash dividends shall be no less than 10% of the total dividends.
- 3. According to relevant laws, the debit balance of other equity items on the balance sheet date shall be set aside as a special surplus reserve before distribution. The reversal amount of debit balance of other equity items may be recognized as surplus for distribution.
- 4. The Company has accumulated losses in 2022 and 2021, and thus there is no need to disclose the information related to earnings distribution.
- 5. According to Article 211 of the Company Act, in case the loss incurred by a company aggregates to one half of its paid-in capital, the Board of Directors shall convene and make a report to the most recent meeting of shareholders.

2022

2021

(XVI) Operating Revenue

Revenue from contracts with customers	<u>\$</u>	8,9	922 \$	71,875
The Group's revenue is recognized o can be subdivided into main product	_	goods at a poir	nt in time	. The revenue
		2022		2021
Bulk raw materials	\$	8,922	\$	39,192
Poultry and pork		_		32,683
	\$	8,922	\$	71,875
(XVII) <u>Interest income</u>				
		2022		2021
Bank deposit interests	\$	3,941	\$	684
Other interests	-	355		96
	\$	4,296	\$	780
(XVIII) Other revenue				
		2022		2021
Dividend income	\$	13,760	\$	3,232
Rental income		1,717		1,716
Other revenue (Note)		6,572	-	86
	\$	22,049	\$	5.034

(Note) The Company recognized other revenue of NT\$5,543 in 2022 owing to the payment of business allowance in 2021 after the election of the Company's original director, Ho Jui Investment Co., Ltd. was declared invalid.

(XIX) Other gains and losses

		2022		2021
Net gains (loss) of financial assets measured at	(\$	154,063)	\$	72,196
fair value through profit or loss				
Foreign exchange loss		-	(4,526)
Gains from disposal of property, plant and		-		364
equipment				
Gains from changes in fair value (less costs to				
sell) of disposal of biological assets in the				
current period				735
	(<u>\$</u>	154,063)	\$	68,769

(XX) Financial costs

	 2022	2021		
Interest expenses:				
Bank borrowings	\$ 5,377	\$	-	
Interest recognized on the lease liability	32		12	
Others	 2	-	2	
	\$ 5,411	\$	14	

(XXI) Additional information in the nature of expenditures

	2022					
	Operati	ng Costs	Operat	ting expenses		Total
Employee benefit expense	\$	-	\$	25,587	\$	25,587
Depreciation expense		-		5,674		5,674
Amortization expenses				25		25
	\$	_	\$	31,286	\$	31,286
				2021		
	Opera	ting Costs	Opera	ting expenses		Total
Employee benefit expense	\$	-	\$	19,716	\$	19,716
Depreciation expense		931		4,904		5,835
	\$	931	\$	24,620	\$	25,551

(XXII) Employee benefit expense

	2022					
	Operat	ting Costs	Operating expenses		Total	
Salary expense	\$	-	\$	23,336	\$	23,336
Insurance expense		-		1,181		1,181
Retirement benefit expense		-		501		501
Other employment expenses				569		569
	\$		\$	25,587	\$	25,587
				2021		
	Oper	ating Costs	Opera	ting expenses		Total
Salary expense	\$	-	\$	18,236	\$	18,236
Insurance expense		-		676		676
Retirement benefit expense		-		316		316
Other employment expenses	-	-		488		488
	\$	-	\$	19,716	\$	19,716

- According to the Company's Articles of Incorporation, if the Company's earned profits in the current fiscal year, a reserve is allotted to be used to make up for the company's accumulated losses, and then 1%-15% shall be allocated as employee compensation, while the Company shall set aside no more than 5% for the remuneration of directors.
- 2. The Company has accumulated losses in 2022 and 2021, and thus there is no need to estimate employee compensation and remuneration for directors. Please search on the MOPS for information related to the Company's employee compensation and remuneration for directors after approval by the Board of Directors.

(XXIII) Income tax

1. Income tax expense:

Composition of income tax expense:

	20	022	2021	
Current income tax:				
Income tax overestimation for previous	\$		(\$	8)
years				
Deferred Income tax expense:				
Temporary differences and its reversal		3		4,446
Income tax expense	\$	3	\$	4,438

2. The relationship between income tax expenses and accounting profits:

		2022	2021
Income tax levied on net profit (loss)	(\$	34,677) \$	9,348
before taxes calculated based on the			
statutory income tax rate			
Income tax effects on adjusting items		26,812 (11,057)
according to laws and regulations			
Loss (gains) exempted from tax under		151 (3,249)
the provisions of the Income Tax Act			
Tax losses not recognized as deferred tax		7,717	9,404
assets			
Income tax overestimation for previous		- (8)
years			
Income tax expense	\$	3 9	4,438

3. The amount of deferred tax assets (liabilities) that arise from temporary differences is as follows:

	2022						
			Recogniz	Recognized as			
	Jan	uary 1	profit/le	oss	combination	De	cember 31
Deferred tax assets							
Temporary difference:							
Bad and doubtful debts reserve							
beyond the specified limits	\$	762	\$	-	\$ -	\$	762
Unrealized foreign exchange loss		3	(3)			
	\$	765	(\$	3)	\$ -	\$	762
Deferred tax liabilities							
Temporary difference:							
Identifiable intangible assets in							
business combination	\$	-	\$		(\$ 2,600) (\$	2,600)
	\$	765	(\$	3)	(\$ 2,600) (\$	1,838)
					2021		
				Re	cognized as		
		Jai	nuary 1		rofit/loss	Dec	ember 31
Deferred tax assets							
Temporary difference:							
Loss on valuation of financial a	ssets	\$	779	(\$	779)	\$	-
Bad and doubtful debts reserve	;						
beyond the specified limits			762		-		762
Unused vacation bonus			16	(16)		-
Unrealized foreign exchange los	20		3,507	(3,504)		3
	55		3,307	(3,304)		3
Loss on valuation of biological			1.47	,	1.47		
assets			147	(147)		
		\$	5,211	(<u>\$</u>	4,446)	\$	765

4. The validity period of the Group's unused tax losses and the unrecognized deferred income tax assets are as follows:

	Nι	imber of reports /	An	nount not yet	U	nrecognized	Year of the last
Year		approvals		deducted	defe	rred tax assets	tax deduction
2013	\$	80,465	\$	80,465	\$	80,465	2023
2014		2,277		2,277		2,277	2024
2015		234,659		234,659		234,659	2025
2017		21,694		21,694		21,694	2027
2018		594,723		594,723		594,723	2028
2020		15,440		15,440		15,440	2030
2021		43,787		43,787		43,787	2031
2022		24,828		24,828		24,828	2032
			\$	1,017,873	\$	1,017,873	

December 31, 2021 Number of reports / Unrecognized Year of the last Amount not yet deferred tax assets Year approvals deducted tax deduction \$ 2012 35,534 35,534 \$ 35,534 2022 \$ 2013 80,465 80,465 80,465 2023 2014 2,277 2,277 2,277 2024 2015 234,659 234,659 234,659 2025 21,694 21,694 2017 21,694 2027 594,723 2018 594,723 594,723 2028 2020 15,440 15,440 15,440 2030 2021 43,787 43,787 43,787 2031

5. The Company's profit-seeking enterprise income taxes until 2020 have been approved by the tax collection authority, and there was no administrative relief as of February 24, 2023.

1,028,579

1,028,579

(XXIV) Earnings (loss) per share

armings (1088) per snare						
	2022					
	Weighted average					
	Amount after	of outstanding	Loss per share			
	tax	shares (thousands)	(NT\$)			
Basic loss per share						
Net loss for the period attributable to						
ordinary equity holders of the parent						
company	(\$ 173,386.00)	118,771	<u>(\$ 1.46)</u>			
		2021				
		Weighted averag	e			
	Amount afte	C 1'	- .			
	Amount and	er of outstanding	Earnings per			
	tax	shares (thousands				
Basic earnings per share		\mathcal{E}	0 1			
Basic earnings per share Net profit for the period attributable to ordinary equity holders of the parent		\mathcal{E}	0 1			

(XXV) Business combination

- 1. In December 2022, due to business development strategies, the Group acquired 82.53% shareholding of Sentai Construction Engineering Co., Ltd. by cash payment of \$43,218 to obtain control of the company. The Company is engaged in various construction, engineering and management businesses. Relevant equity has been settled, and the contract price has been paid up in full in December 2022.
- 2. Information on the consideration paid in the acquisition of Sentai Construction Engineering Co., Ltd., the fair value of assets acquired and liabilities assumed on the acquisition date, and the fair value of non-controlling equity on the acquisition date are as follows:

Tender offer consideration		
Cash	\$	43,218
Fair value of non-controlling equity		5,210
		48,428
Fair value of identifiable assets acquired and liabilities		
incurred		
Cash and Cash Equivalents	\$	-
Other Receivables		32,710
Prepayments		1
Property, plant and equipment		1,050
Identifiable intangible assets		13,000
Other Payables	(162)
Identifiable deferred tax liabilities	(2,600)
Identifiable total assets		43,999
Goodwill	\$	4,429

- 3. The fair value of non-controlling equity of Sentai Construction Engineering Co., Ltd. is based on the fair value of the company's identifiable net assets, taking into consideration the discount for lack of marketability and lack of control.
- 4. Since the Group acquired Sentai Construction Engineering Co., Ltd. in December 2022, the Group's operating revenue and pre-tax loss that arise from Sentai Construction Engineering Co., Ltd. were \$- and (\$60) respectively. Assuming that Sentai Construction Engineering Co., Ltd. has been included in the consolidated financial report since January 1, 2022, the Group's 2022 operating revenue and pre-tax loss are estimated at \$8,922 and (\$176,599), respectively.

(XXVI) Supplemental Cash Flow Disclosures

Please refer to Note 6(25) Business Combination for the amount of cash paid upon initial consolidation.

(XXVII) Changes in liabilities from financing activities

						2022				
	S	hort-term	Sh	ort-term		Lease	De	posits	Total	liabilities from
	bo	orrowings	note	s payable	li	abilities	rec	eived	finan	cing activities
	\$	-	\$	-	\$	1,801	\$	300	\$	2,101
Balance as of January 1, 2022										
Change in cash flow from financing activities		751,227		25,000	(1,020)		24		775,231
Balance as of December 31, 2022	\$	751,227	\$	25,000	\$	781	\$	324	\$	777,332
						20	21			
									Total l	iabilities from
		I	Lease l	iabilities		Deposits	recei	ved	financ	ing activities
Balance as of January 1, 2021		\$			- \$;		300	\$	300
Change in cash flow from financactivities	cing	(251	l)			- (251
Change in other non-cash items				2,052	ļ			-		2,052
Balance as of December 31, 20		\$		1,80	1 \$;		300	\$	2,101

VII. Transactions with Related Parties

(I) Name and relationship of the related party

Name of related party	Relationship with the Group
U-Best Innovative Technology Co., Ltd.	Parent company
Hsin-Li Chemical Industrial Corp.	Subsidiary of the parent company
Ho Jui Investment Co., Ltd. (Note 1)	Controlled by key management
Shin Agri Tech Co., Ltd. (Note 2)	Other related party
Shin Agri PingTong Co., Ltd. (Note 2)	Other related party
Yu-Ming Chang	Key management
Ching-Tsung Yang (Note 2)	Other related party

- (Note 1) The original key management position has become invalid after the election, yet in terms of its relationship with the Company, it has become an individual controlled by key management given that it has the same management personnel as that of the Company.
- (Note 2) The relationships of individuals or management that were originally controlled by key management shall be changed to "other related parties" after the election of directors at the shareholders' meeting on August 18, 2021.

(II) Significant transactions with related parties

1. Operating Revenue

	2022		-	2021	
Commodity Sales:					
Shin Agri Tech Co., Ltd.	\$	8,922	\$	56,578	
Controlled by key management				3,145	
	\$	8,922	\$	59,723	

The price of the Group's products sold to related parties is roughly the same as that of general customers, and wire transfers will be paid in accordance with payment terms of 30-90 days after monthly settlement, which is roughly the same as that of general customers.

2. Purchases

	20	022	2021
Commodity Procurement:			
Controlled by key management	\$	- \$	5,033
Other related party			401
	\$	\$	5,434

The purchase price paid to related parties is roughly the same as that paid to general suppliers. Wire transfers will be paid in accordance with payment terms of 30 days after monthly settlement, which are roughly the same as general suppliers.

3. Property transactions

Disposal of property, plant and equipment:

	2021				
	Disposal p	roceeds	Disposal (loss) gains		
Ching-Tsung Yang	\$	22,100	\$	364	

2021

- (1) On August 27, 2021, the Group signed the sales agreement for the land and buildings in Dajiaotui Section, Liuying District, Tainan City by resolution of the Board of Directors from the other related party Ching-Tsung Yang, with contract amount of NT\$22,100, which was determined by the Board of Directors with reference to the appraisal report.
- (2) None as of December 31, 2022.

4. Lease transactions - lessor

- (1) The Group's office was rented out to U-Best Innovative Technology Co., Ltd., with lease period of one year, and the rent payments are due at the beginning of each month.
- (2) Rental expense

	 2022	 2021
U-Best Innovative Technology	\$ 693	\$ 231
Co., Ltd.		

5. Other revenue

	2022	2021		
Ho Jui Investment Co., Ltd.	\$	5,543	<u>\$</u>	

Please refer to Note 6(18) Other Income for details.

6. Other expenses

	2022		2021	
Ho Jui Investment Co., Ltd.	\$	400	\$	4,281

7. Trade receivables from related parties

Accounts Receivables:		
Shin Agri Tech Co., Ltd.	\$ 2,727 \$	2,087

December 31, 2022

December 31, 2021

8. Payable to related parties

	December 3	31, 2022 Decem	December 31, 2021	
Other payables:				
Ho Jui Investment Co., Ltd.	\$	- \$	4,281	

(III) Compensation of key management personnel

	2022		2021	
Salary and other short-term employee benefits	\$	8,706	\$	11,264
Retirement Benefits		73		49
	\$	8,779	\$	11,313

VIII. Assets pledged as collateral

The Group's assets pledged as collaterals are as follows:

Asset Name	December 31, 2022		Purpose			
Time deposit (Note 1)	\$	472,000	Short-term guarantee			
Financial assets at fair value through other comprehensive income - current		210,502	Short-term borrowing and commercial paper payable guarantee			
Land for construction (Note 2)	<u> </u>	578,862 1,261,364	Short-term guarantee			

None as of December 31, 2021.

(Note 1) "Financial assets at amortized cost - current".

(Note 2) "Inventory".

IX. Significant Contingent Liabilities and Unrecognized Commitments

None.

X. Major Disaster Losses

None.

XI. Events after the Reporting Period

None.

XII. Other

(I) Capital management

TheGroup's capital management objectives are to ensure that the Group can continue as a going concern, reduce capital costs by maintaining an optimal capital structure, and deliver optimal shareholder returns. To maintain or adjust the capital structure, the Group may adopt management strategies such as adjusting the dividend amount paid to shareholders, returning capital to shareholders, issuing new shares, or selling assets to clear debts.

(II) Financial instruments

1. Types of financial instruments

Please refer to Note XII(III) Fair Value Measurement for the types of financial instruments in the Group.

2. Risk management policy

- (1) The Group's daily operations are affected by financial risks, including market risk (such as exchange rate risk, price risk and interest rate risk), credit risk and liquidity risk.
- (2) The Group's finance department is responsible for risk management according to the policies approved by the Board of Directors. TheGroup's finance department is responsible for the identification, assessment and avoidance of financial risks by closely cooperating with various operating units. The Board has stipulated risk management principles, and formulated policies on specific matters such as exchange rate risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments, and investments by use of excess liquidity.

3. The nature and degree of material financial risks

(1) Market risks

A. Exchange risks

(A) The Group's purchase and sale of goods and other transactions are mainly denominated in NT dollars, and since there were no major assets

- and liabilities denominated in foreign currencies, there should be no significant exchange rate risks.
- (B) The total amount exchange losses (realized and unrealized) recognized in 2022 and 2021 due to changes in exchange rates which have a substantial influence on the Group's monetary items is NT\$- and NT\$4,526 respectively.

B. Price risks

- (A) The Group's equity instruments and convertible corporate bonds exposed to price risk refers to the Group's financial assets measured at fair value through profit or loss. To manage the price risks from investments in equity instrument and convertible corporate bonds, the Group has a diversified investment portfolio based on the limit on the investment amount.
- (B) The Group mainly invests in equity instruments and convertible corporate bonds issued by domestic companies, of which prices will be affected by uncertainties in the future value of the underlying asset. For the years ended December 31, 2022 and 2021, if the price of these equity instruments and convertible corporate bonds increases/decreases by 1%, and all other factors remain unchanged, the net profit that arises from equity instruments and convertible corporate bonds measured at fair value through profit or loss will increase/decrease by NT\$2,732 and NT\$V3,691 respectively.

C. Cash flow and fair value interest rate risks

- (A) The Group's interest rate risks mainly arise from bank borrowings with floating rates, which led to exposure of cash flow interest rate risk. The floating interest rate bank borrowings in 2022 were denominated in NT dollars.
- (B) For the sensitivity analysis of interest rate risk, assuming that the interest rate rise or decline by 10% while all other factors remain unchanged, the Group's 2022 net profit will increase or decrease by NT\$430 mainly due to the floating interest rate bank borrowings, which led to changes in interest expenses.

(2) Credit risks

- A. The Group's credit risk is the possibility of a financial loss resulting from failure of the customer or counterparty to meet contractual obligations. This risk mainly arise from the inability of the counterparty to pay the accounts receivable in accordance with agreed terms.
- B. The Group conducted credit risk management from a group perspective. The Group transacts with several banks and financial institutions with good credit ratings to diversify risks. According to the internal credit policy, each of the Group's operating unit shall conduct management and credit risk analysis before negotiating with a new customer the terms and conditions of payment and delivery. Internal risk control is to assess customer credit ratings by taking into account their financial status, past experience and other factors, and to monitor credit line usage on a regular basis.
- C. Based on credit risk management and the agreed payment terms, when the contract payment is 180 days overdue, it is deemed that the credit risk of the financial asset has increased significantly since initial recognition. Any assets past due more than 365 days are classified as in default.
- D. According to the geographical location and customer type, the Group will estimate the expected credit losses on customer accounts receivable by use of

- the loss ratio method under the simplified approach.
- E. After the recourse, the Group will write off the amount of financial assets with no reasonable expectation of recovery. However, the Group will continue to pursue legal recourse to preserve creditor's rights. For the years ended December 31, 2022 and 2021, there were no creditor's right of recourse that were previously written off.
- F. The Group considers forward-looking information and adjusts the historical and current loss rates during a prescribed time period to estimate the allowances for doubtful accounts receivable. The expected credit loss rate on accounts receivable on December 31, 2022 and 2021 were not significant, and there were no accounts receivable that were past due.
- G. The Group's allowances for doubtful accounts receivable under the simplified method were not significant, and thus have not been recognized for the year ended December 31, 2022 and 2021.

(3) Liquidity risks

- A. Cash flow forecast is performed by each of the Group's operating entity and summarized by the Finance Department. It is the forecast of the Group's liquidity needs by the financial department, in order to ensure that there are enough funds to cover operating needs, and to maintain sufficient unused loan commitments, so that the Group will not breach relevant borrowing limits or terms. In addition, this would also ensure that the Group has sufficient financial flexibility.
- B. When the remaining cash held by each operating entity exceeds the cash amount required for capital management, the Group's finance department will make overall investment planning on the remaining balance of interest bearing demand deposits and time deposits, and the selected financial instruments with the right maturity date or adequate liquidity to meet the above forecasts and provide sufficient funding.
- C. The details of the Group's unused loan limit are as follows:

\$ -
\$ -

(Note) The one-year quota will be discussed separately in 2023.

D. The table below analyzes the Group's non-derivative financial liabilities and derivative financial liabilities according to relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2022	Within 1 year	1-2 years	2-5 years	Over 5 years
Non-derivative financial				
liabilities				
Short-term borrowings	\$ 530,273	\$ 6,054	\$ 247,735	\$ -
Short-term notes payable	25,000	-	-	-
Accounts payables	376	-	-	-
Other Payables	12,552	-	-	-
Lease liabilities	789	-	-	-
Deposits received	24	300	-	-

December 31, 2021	With	Within 1 year		1-2 years		2-5 years		Over 5 years	
Non-derivative financial liabilities									
Notes payables	\$	446	\$	-	\$	-	\$	-	
Accounts payables		357		-		-		-	
Other payables (Including Related Party)		11,913		-		-		-	
Lease liabilities		1,051		789		-		-	
Deposits received		300		-		-		-	

E. The Group does not expect that the timing of cash flows in maturity analysis will occur significantly earlier, or that the actual cash flows vary substantially.

(III) Fair value measurement

1. The inputs to valuation techniques used to measure fair value of financial and non-financial instruments are defined as follows:

Level 1 inputs: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Active market refers to 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. The fair values of the Group's listed/OTC stocks investment, beneficiary certificates and convertible corporate bond investments are classified as Level 1.

Level 2 inputs: Inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: Unobservable inputs for the asset or liability.

- 2. The carrying amount of the Group's financial instruments that are not measured at fair value (including cash and cash equivalents, financial assets measured at amortized cost current, accounts receivable related parties, other receivables, refundable deposits, short-term borrowings, short-term bills payables, notes payables, accounts payables, other payables (including related party) and deposits received) is a reasonable approximation of fair value.
- 3. Financial and non-financial instruments measured at fair value shall be classified according to the nature, characteristics and risk of assets and fair value hierarchy as follows:
 - (1) The Group's assets are classified according to its nature. The relevant information is as follows:

December 31, 2022	Level 1		Level 2		_	Level 3		Total	
Assets:									
Recurring fair value measurements									
Financial assets measured at fair value									
through profit or loss									
Equity instrument	\$	244,652	\$		-	\$	-	\$	244,652
Debt instrument		69,028			-		-		69,028
Beneficiary Certificates		27,843	_		_				27,843
	\$	341,523	\$		_	\$		\$	341,523

December 31, 2021	Level 1		Level 2		Level 3		_	 Total	
Assets:									
Recurring fair value measurements									
Financial assets measured at fair									
value through profit or loss									
Equity instrument	\$	356,635	\$	-	\$		-	\$ 356,635	
Debt instrument		71,159		-			-	71,159	
Beneficiary Certificates		33,582		_	_		_	 33,582	
	\$	461,376	\$		\$		_	\$ 461,376	

(2) For the Group's financial instruments that are based on quoted market price (i.e., Level 1 inputs) for fair value measurement, the characteristics are classified as follows:

	Shares of TWSE/	Convertible (exchangeable)	
	TPEx listed companies	corporate bonds	Open-end Funds
Quoted market price	Closing price	Mark Center Close Price	Net value

- 4. There were no transfers between Level 1 and Level 2 inputs in 2022 and 2021.
- 5. The Group had no financial instruments classified as Level 3 inputs for the years ended December 31, 2022 and 2021.

(IV) Other Matters

In response to the impact of COVID-19 pandemic and the government's pandemic prevention measures, the Group has adopted relevant occupational health measures and related management in accordance with the "Guidelines for Enterprise Planning of Business Continuity in Response to COVID-19", and there were no significant impact on the Group's business operations.

XIII. Separately Disclosed Items

(According to the regulations, only the information for 2022 will be disclosed)

- (I) Information on significant transactions
 - 1. Loaning of funds to others: None.
 - 2. Endorsements/guarantees to others: None.
 - 3. Marketable securities held (excluding investments in subsidiaries, associates and joint ventures): Please refer to Table 1.
 - 4. Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None.
 - 5. Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: Please refer to Table 2.
 - 6. Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
 - 7. Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
 - 8. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
 - 9. Trading in derivative instruments: None.
 - 10. The business relationship between the parent and the subsidiaries and between each subsidiary, and the circumstances and amounts of any significant transactions between them: None.

(II) Information on investees

Information on Investees and Location (Excluding Investees in Mainland China): Please refer to Table 3.

(III) Information on investments in mainland China

As of December 31, 2022, the Group has not transferred investment to mainland China.

(IV) Information of major shareholders

Information of major shareholders: Please refer to Table 4.

XIV. Segment Information

(I) General Information

The Group is deemed as a single reportable segment as it operates in only one industry, and its decision-makers assess the Group's performance and allocate resources. The Group's composition, the basis of departmentation and measurement of segment information have not changed significantly in the current period.

(II) Segment Information and Measurement

The Group's decision makers assess the performance of the operating segments based on the pre-tax profit/loss from departments.

(III) Information on departmental profit and loss

The reportable segment information provided to the chief operating decision-maker is as follows:

		2022									
			Ві	ulk raw							
		Rearing S		materials		Others		Total			
Income from department	\$	-	\$	8,922	\$	-	\$	8,922			
Pre-tax profit/loss from department	\$	_	\$	21	(<u>\$</u>	173,414)	(<u>\$</u>	173,393)			
This include the following:											
Interest income	\$	-	\$	-	\$	4,296	\$	4,296			
Depreciation and amortization	\$	-	\$	-	\$	5,699	\$	5,699			
	2021										
]	Rearing	Bulk r	aw materia	ls	Others		Total			
Income from department	\$	32,683	\$	39,19	2 \$		- \$	71,875			
Pre-tax profit/loss from department	\$	3,410	\$	184	<u>4</u> <u>\$</u>	43,14	<u>5</u> <u>\$</u>	46,739			
This include the following:											
Interest income	\$		\$		<u>-</u> \$	78	<u>\$0</u> \$	780			
Depreciation and amortization	\$		\$		- \$	5,83	<u>5</u> <u>\$</u>	5,835			

(IV) Information on departmental profit and loss adjustment

Sales between departments are carried out based on the Principle of Arm's Length Transaction. External revenue shall be reported to the main decision maker, and measured in an approach consistent with the recognition of revenue in the consolidated comprehensive income statement. The departmental pre-tax profit/loss adjustment from department and pre-tax profit/loss for the period from continuing operations are as follows:

			2022	 2021
	Pre-tax profit of reportable operating segments Pre-tax profit (loss) of other operating	\$	21	\$ 3,594
	segments	(173,414)	 43,145
	Pre-tax profit (loss) from continuing operations	(<u>\$</u>	173,393)	\$ 46,739
(V)	Information of Products and Services			
			2022	 2021
	Bulk raw materials	\$	8,922	\$ 39,192
	Poultry and pork		<u>-</u>	 32,683
		\$	8,922	\$ 71,875

(VI) Information by region

The Group's information by region for the years ended December 31, 2022 and 2021 is as follows:

		20)22		·	20)21			
			T	otal Non-			T	otal Non-		
	R	evenue	Current Assets		renue Current Assets]	Revenue	Cur	rent Assets
Taiwan	\$	8,922	\$	100,894	\$	71,875	\$	87,902		

(VII) Major Customer Information

The Group's major customer information for the years ended December 31, 2022 and 2021 is as follows:

	2022	2021		
Opera	ting revenue	Oper	ating revenue	
\$	8,922	\$	56,578	
	-		8,602	
\$	8,922	\$	65,180	
	Opera \$	Operating revenue \$ 8,922	Operating revenue S,922 \$	

Marketable securities held (excluding investments in subsidiaries, associates and joint ventures):

December 31, 2022

Table 1 Units: NT\$thousand

				Ending	balance		_,
			Number of	Carrying			
Type and name of securities	Relationship with Securities Issuer	Accounting Item	shares (shares)	amount	Shareholding	Fair value	Remark
Stocks:							
SanDi Properties Co., Ltd.	_	Financial assets at fair value through other comprehensive income - current	943,000	\$ 29,657	_	\$ 29,657	_
Sun Yad Construction Co., Ltd.	Ultimate parent	Financial assets at fair value through other comprehensive income - current	2,130,903	25,251	0.97%	25,251	_
Highwealth Construction Corp.	_	Financial assets at fair value through other comprehensive income - current	555,582	22,390	_	22,390	_
China Development Financial Holding Corporation (Common shares)	_	Financial assets at fair value through other comprehensive income - current	836,128	10,535	_	10,535	_
DA-LI DEVELOPMENT CO., LTD.	-	Financial assets at fair value through other comprehensive income - current	237,260	7,023	_	7,023	_
U-Best Innovative Technology Co., Ltd.	Parent company	Financial assets at fair value through other comprehensive income - current	650,000	6,825	0.47%	6,825	_
KUNYUE DEVELOPMENT CO., LTD.	_	Financial assets at fair value through other comprehensive income - current	381,000	6,191	_	6,191	_
China Development Financial Holding Corporation (Preferred shares)	_	Financial assets at fair value through other comprehensive income - current	762,966	5,905	_	5,905	_
Taiwan Semiconductor Manufacturing Co., Ltd.	_	Financial assets at fair value through other comprehensive income - current	10,000	4,485	_	4,485	_
Cathay Financial Holdings Co., Ltd.	_	Financial assets at fair value through other comprehensive income - current	98,427	3,937	_	3,937	_
Kindom Construction Corp.	_	Financial assets at fair value through other comprehensive income - current	133,000	3,884	_	3,884	_
EZPLACE CO., LTD.	_	Financial assets at fair value through other comprehensive income - current	438,000	3,114	_	3,114	_
AMTRAN TECHNOLOGY CO., LTD.	_	Financial assets at fair value through other comprehensive income - current	304,500	3,045	_	3,045	_
WE & WIN DIVERSIFICATION CO., LTD.	_	Financial assets at fair value through other comprehensive income - current	232,000	2,726	_	2,726	_
Tacheng Real Estate Co., Ltd.	_	Financial assets at fair value through other comprehensive income - current	88,000	2,130	_	2,130	_
SUNTY DEVELOPMENT CO., LTD	_	Financial assets at fair value through other comprehensive income - current	40,000	474	_	474	_
Shin Kong Financial Holding Co., Ltd.	_	Financial assets at fair value through other comprehensive income - current	50,000	439	_	439	_
Hsin-Li Chemical Industrial Corp.	Affiliates	Financial assets at fair value through other	6,970,000	106,641	10.33%	106,641	_

				Ending	balance		-
			Number of	Carrying			
Type and name of securities	Relationship with Securities Issuer	Accounting Item	shares (shares)	amount	Shareholding	Fair value	Remark
Convertible corporate bonds:							
Sun Yad Construction Co., Ltd.	Ultimate parent	Financial assets at fair value through other	250,000	27,960	_	27,960	_
YONGGU GROUP INC.	_	Financial assets at fair value through other	79,000	7,604	_	7,604	_
AIRMATE (CAYMAN)	_	Financial assets at fair value through other	79,000	7,580	_	7,580	_
Shin Kong Financial Holding Co., Ltd.	_	Financial assets at fair value through other	71,000	7,313	_	7,313	_
United Renewable Energy Co., Ltd.	_	Financial assets at fair value through other	61,000	6,832	_	6,832	_
Bright Sheland International Co., Ltd.	_	Financial assets at fair value through other	67,000	6,452	_	6,452	_
Gseven Co., Ltd.	_	Financial assets at fair value through other	11,000	1,247	_	1,247	_
Cosmo Electronics Corp.	_	Financial assets at fair value through other	12,000	1,224	_	1,224	_
KMC (Kuei Meng) International Co.,	_	Financial assets at fair value through other	12,000	1,207	_	1,207	_
Mercuries & Associates Holding Ltd.	_	Financial assets at fair value through other	8,000	784	_	784	_
Xin Chio Global Co., Ltd.	_	Financial assets at fair value through other	5,000	515	_	515	_
Buima Group Inc.	_	Financial assets at fair value through other	3,000	310	_	310	_
Beneficiary Certificates:							
CTBC Battery and Energy Storage	_	Financial assets at fair value through other	2,000,000	24,280	_	24,280	_
Technology ETF		comprehensive income - current	2,000,000	24,280	_	24,280	_
Fubon FTSE Vietnam ETF	_	Financial assets at fair value through other	326,000	3,563	_	3,563	_

Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital From January 1 to December 31, 2022

Table 2 Units: NT\$thousand

Previous transfer data of trading partners who are related

parties

Company that								<u>par105</u>			Reference for	Purpose of	
acquired the real		Date of						Relationship with			price	acquisition and	Other agreed
estate	Asset Name	occurrence	Transaction amount	Payment status	Trading partner	Relationship	Owner	the issuer	Transfer date	Amount	determination	usage	matters
Feei Cherng	North District of	111.4	\$ 415,823	Full payment	Yang Chueh-Chen	_	_	-	_	\$ -	(Note)	Construction of	_
Enterprise Co., Ltd	l. Tainan City											residential	
	Land at Beihua											buildings	
	Section												

(Note) With reference to the appraisal results and real estate market trends provided by Euro-Asia Real Estate Appraisers Firm (total appraisal value of NT\$421,178).

Information on Investees and Location (Excluding Investees in Mainland China)

From January 1 to December 31, 2022

Table 3 Units: NT\$thousand

				Original investment amount		Shares held at the end of the period				Investment			t		
													gains (loss)	
				E	End of the	End of the					Cur	rent (profit)	recognized	in	
				cui	rrent fiscal	previous fiscal	Number of		C	arrying	lo	oss of the	the curren	t	
Name of investing company	Name of investee	Location	Main business		year	year	shares (shares)	%	a	mount		investee	period		Remark
Feei Cherng Enterprise Co.,	Samtec Engineering Co., Ltd.	Taiwan	Construction and	\$	43,218	\$ -	25,172	82.53	\$	43,168	(\$	3,216)	(\$	50)	Subsidiary
Ltd.			engineering												

<u>Information of major shareholders</u>

December 31, 2022

Table 4 Unit: Shares

	Shares	
Name of major shareholder	Number of shares held (shares)	Shareholding
U-Best Innovative Technology Co., Ltd.	29,041,121	24.45%
Chi Fu Investment Co., Ltd.	10,000,000	8.41%
Sun Yad Construction Co., Ltd.	10,000,000	8.41%
Yu-Ming Chang	10,000,000	8.41%

(Note) The information of major shareholders on the last business day of each quarter according to TDCC, along with the information of shareholders that hold more than 5% of the Company's common shares and preferred shares that have completed dematerialized registration/delivery (including treasury shares).

As for the share capital recorded in the Company's financial report and the Company's dematerialized registration/delivery, there may be deviations due to different basis of calculation.

Auditor's Report

(112)-Tsai-Shen-Bao-Zi No. 22003462

To: Feei Cherng Enterprise Co., Ltd.

Opinions

We have audited the accompanying standalone balance sheet of Feei Cherng Enterprise Co., Ltd. as of December 31, 2022 and 2021, and Standalone Statement of Comprehensive Income, Standalone Statement of Changes in Equity, Standalone Cash Flow Statement, and the notes to the standalone financial statements in January 1 to December 31, 2022 and 2021 (including a summary of significant accounting policies).

In our opinion, the accompanying standalone financial statements present fairly, in all material respects, the standalone financial position of Feei Cherng Enterprise Co., Ltd. as of December 31, 2022 and 2021, and its standalone financial performance and its standalone cash flows for January 1 to December 31, 2022 and 2021.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of Feei Cherng Enterprise Co., Ltd. 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 standalone financial statements of Feei Cherng Enterprise Co., Ltd. for the year ended December 31, 2022. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters of the standalone financial statements of Feei Cherng Enterprise Co., Ltd. for the year ended December 31, 2022 are as follows:

Inventory - Construction Land Evaluation

Explanation

For the accounting policies, estimates and assumptions associated to inventory evaluation, please refer to Note IV(IX) Inventories and Note V(II) Explanation of major accounting estimates and assumptions. For the accounting items, please refer to Note VI(IV) Definition of Inventories. As of December 31, 2022, the Company's inventories totaled NT\$634,398,000.

Feei Cherng Enterprise Co., Ltd. is mainly engaged in raising livestock and poultry, trading of bulk raw materials, and development, rental, and sale of housing and buildings. Among them, the construction industry has a high capital investment and long payback period, while the industry is significantly affected by politics, the economy, local aspects and property tax reforms. Given a significant amount of Inventory - Construction Land and uncertainties in the estimation of net realizable value, it is also an audit area that requires judgement. Therefore, the Inventory - Construction Land Evaluation is one of this year's key audit items.

Corresponding audit procedures

The CPA's main response procedures for specific aspects described in the aforementioned key audit matters are summarized as follows:

- 1. Understand the nature of business and industry, and the reasonableness of policies and procedures adopted in estimating the allowance for impairment losses on inventory.
- 2. Obtain data to estimate the net realizable value for construction land evaluation, confirm the data source, and test the data to ensure proper recognition of depreciation loss.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

Management is responsible for the preparation and fair presentation of the standalone financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IFRSs endorsed and issued into effect by the FSC of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of standalone financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the ability of Feei Cherng Enterprise Co., Ltd. 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 Feei Cherng Enterprise Co., Ltd. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including supervisors), are responsible for overseeing the financial reporting process of Feei Cherng Enterprise Co., Ltd.

Auditors' Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone 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 auditing standards 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 users economic decisions taken on the basis of the standalone financial statements.

As part of an audit in accordance with the auditing standards of the Republic of China, we exercise professional judgment with professional skepticism throughout the audit. We also:

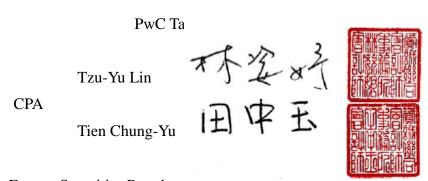
1. Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of 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 internal control of Feei Cherng Enterprise Co., Ltd.
- 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 ability of Feei Cherng Enterprise Co., Ltd. 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 standalone 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 Feei Cherng Enterprise Co., Ltd. to cease to continue as a going concern.
- 5. Evaluate the overall presentation, structure, and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within Feei Cherng Enterprise Co., Ltd. to express an opinion on the standalone financial statements. We are responsible for the direction, supervision and performance of the audit of Feei Cherng Enterprise Co., Ltd. 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 statements 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 (including 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 standalone financial statements of Feei Cherng Enterprise Co., Ltd. for the year ended December 31, 2022 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.



Former Securities Regulatory Commission, winnstry of Finance Approval No.: (82)-Tai-Tsai-Zheng-(6) No. 44927

Financial Supervisory Commission

Approval No.: Jing-Guan-Cheng-Shen No. 1070323061

February 24, 2023



Units: NT\$thousand December 31 2021

			December 31, 2022		2	December 3		
	Assets	Note		Amount	%	Amount		%
	Current Assets							
1100	Cash and Cash Equivalents	VI(I)	\$	215,335	12	\$ 163	2,373	14
1110	Financial assets at fair value through other comprehensive income - current	VI(II) and VIII		234,882	13	27	1,869	23
1136	Financial assets at amortized cost - current	VI(I) and VIII		472,000	26	322	2,000	27
1180	Accounts Receivables (Net) - Related Party	VI(III) and VII		2,727	-	2	2,087	-
1200	Other Receivables			331	-		423	-
130X	Inventory	V(II), VI(IV) and						
		VIII		634,398	36	153	3,998	13
1410	Prepayments			350			451	
11XX	Total Current Assets			1,560,023	87	913	3,201	77
	Total Non-Current Assets							
1510	Financial assets at fair value through other comprehensive income - non-current	VI(II)		106,641	6	18	9,507	16
1550	Investments using the equity method	VI(VI)		43,168	2		-	-
1600	Property, plant and equipment	VI(VII) and VII		81,549	5	86	6,107	7
1755	Right-of-use assets	VI(VIII)		769	-		1,795	-
1780	Intangible assets			97	-		-	-
1840	Deferred tax assets	VI(XXIII)		762	-		765	-
1920	Refundable Deposits			1,787			1,587	
15XX	Total non-current assets			234,773	13	279	9,761	23
1XXX	Total Assets		\$	1,794,796	100	\$ 1,192	2,962	100

(Continued)



December 31, 2022 December 31, 2021 Liabilities and Equity Note Amount % Amount % **Current Liabilities** 2100 Short-term borrowings VI(X) and VIII 751,227 42 2110 Short-term notes payable VI(XI) and VIII 25,000 1 2150 Notes payables 446 2170 Accounts payables 376 357 2200 Other Payables 12,329 7,632 2220 Other Payables - Related Party 7 4,281 2280 Lease liabilities - current 781 1,020 2310 Receipts in advance 429 429 21XX **Total Current Liabilities** 790,142 14,165 **Non-Current Liabilities** 2580 Lease liabilities - non-current 781 2645 Deposits received 324 300 25XX **Total Non-Current Liabilities** 324 1,081 2XXX **Total Liabilities** 790,466 15,246 44 **Equity** Share Capital 3110 Ordinary Share Capital VI(XIII) 99 1,187,708 66 1,187,708 3200 Capital surplus VI(XIII), (XIV) 605,796 34 605,796 51 Retained Earnings VI(XV)

Accompanying notes to Standalone Financial Statements as reference.

Chairman: Yu-Ming Chang

Legal reserve

Other equity

Accumulated deficits

Total Equity

Total Liabilities and Equity

3310

3350

3400

3XXX

3X2X





66,320

854,102) (

1,392)

1,004,330

1,794,796

4

48) (

56

100

Accounting Manager: Yuan-H



66,320

680,716) (

1,392)

1,177,716

1,192,962

6

57)

99

100

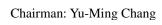
Units: NT\$thousand



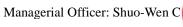
Units: NT\$thousand (Except for earnings (loss) per share)

				2022	(2	•р•10	2021	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	-,
	Item	Note		Amount	%		Amount		%
4000	Operating Revenue	VI(XVI) and VII	\$	8,922	100	\$	71,875		100
5000	Operating Costs	VI(IV), VI(XX), VI(XXI) and VII	(8,901) (<u>99</u>)	(68,281)	(9 <u>5</u>)
5900	Operating profits			21	1		3,594		5
	Operating expenses	VI(XII) VI(XXI), VI(XXI) and VII							
6100	Marketing expenses		(443) (5)		-		-
6200	Administrative expenses		(39,781) (446)	(31,424)	(44)
6900	Loss from operations		(40,203) (450)	(27,830)	(39)
	Non-operating income and expenses								
7100	Interest income	VI(XVII)		4,296	48		780		1
7010	Other revenue	VI(II), VI(IX), VI(XVIII) and VII		22,048	247		5,034		7
7020	Other gains and losses	VI(II), VI(V), VI(XIX), VII and XII	(154,063) (1727)		68,769		96
7050	Financial costs	VI(VIII) and VI(XX)	(5,411) (61)	(14)		-
7070	Share of loss of subsidiaries, affiliated companies and joint ventures	VI(VI)	(50)					
7000	Total non-operating income and expenses		(133,180) (1493)		74,569		104
7900	Profit (loss) before income tax		(173,383) (1943)		46,739		65
7950	Income tax expense	VI(XXIII)	(3)		(4,438)	(6)
8200	Profit (loss) for the current period		(<u>\$</u>	173,386) (<u>1943</u>)	\$	42,301		59
8500	Other comprehensive income/loss for the year		(\$	173,386) (1943)	\$	42,301	_	59
0750	Earnings (loss) per share	VI(XXIV)	, Φ		1.40	Φ			0.42
9750	Basic	` '	(\$		1.46)	\$			0.42

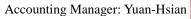
Accompanying notes to Standalone Financial Statements as reference.











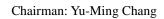




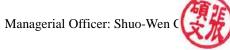
Units: NT\$thousand

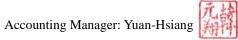
							Retained	Earni	ngs	Otl	her equity		
		Oro	linary Share					A	ccumulated		asurement on		
	Note		Capital	Cap	ital surplus	Leg	gal reserve		deficits	define	d benefit plan		Total Equity
<u>2021</u>													
Balance as of January 1, 2021		\$	987,708	\$	622,396	\$	66,320	(\$	723,017)	(\$	1,392)	\$	952,015
Net profit in 2021									42,301				42,301
Total comprehensive income/loss in 2021			<u>-</u>		<u>-</u>		<u>-</u>		42,301		<u>-</u>		42,301
Cash capital increase	VI(XIII), (XIV)		200,000	(16,600)		<u>-</u>		<u> </u>				183,400
Balance as of December 31, 2021		\$	1,187,708	\$	605,796	\$	66,320	(\$	680,716)	(\$	1,392)	\$	1,177,716
<u>2022</u>													
Balance as of January 1, 2022		\$	1,187,708	\$	605,796	\$	66,320	(\$	680,716)	(\$	1,392)	\$	1,177,716
Net loss in 2022								(173,386)			(173,386)
Total comprehensive income/loss in 2022			<u>-</u>		<u>-</u>		-	(173,386)		<u>-</u>	(173,386)
Balance as of December 31, 2022		\$	1,187,708	\$	605,796	\$	66,320	(\$	854,102)	(\$	1,392)	\$	1,004,330

Accompanying notes to Standalone Financial Statements as reference.











	Note		2022	Unit	s: NT\$thousand 2021
Cash Flows from Operating Activities					
Profit (loss) before income tax for the current					
period		(\$	173,383)	\$	46,739
Adjustments					
Profit/loss					
Net (gains) losses on financial assets at fair value through other comprehensive income	VI(II),(XIX)		154,063	(72,196)
Gains from changes in fair value (less costs to sell) of disposal of biological assets in the current period	VI(V),(XIX)			(735)
Share of loss of subsidiaries, affiliated companies and joint ventures	VI(VI)		50	(733)
Depreciation expense	VI(VII) and		30		-
	VI(VIII)		5.674		5.025
	VI(XXI),		5,674		5,835
Gains from disposal of property, plant and equipment	VI(XIX) and VII			(364)
Amortization expenses	VI(XXI)		25	(304)
Interest income	VI(XXI) VI(XVII)	(4,296)	(780)
Dividend income	VI(XVII) VI(XVIII)	(13,760)		3,232)
Interest expenses	VI(XVIII) VI(XX)	(5,411	(14
Changes in assets/ liabilities relative to	VI(AA)		3,411		14
operating activities					
Changes in assets relative to operating activities					
Current financial assets at fair value					
through profit or loss		(34,513)	(189,768)
Accounts Receivables - Related Party		(640)	(2,087)
Other Receivables			92		736
Inventory		(480,400)	(153,997)
Biological Assets - Current			-		1,220
Prepayments			101		72
Changes in liabilities relative to operating activities					
Notes payables		(446)	(31)
Accounts payables			19	(91)
Accounts Payables - Related Party			-	(277)
Other Payables			4,697		5,893
Other Payables - Related Party		(4,281)		4,281
Cash generated from operating activities		(541,587)	(358,768)
Interest received			4,296		975
Dividends received			13,760		3,232
Income tax returned			-		8
Interest paid		(5,411)	(14)
Cash Flows from Operating					
Activities		(528,942)	(354,567)

(Continued)



	Note		2022	Units	s: NT\$thousand
Cash Flows from Investment Activities					
Increase in financial assets at amortized cost - current		(\$	150,000)	(\$	282,128)
Decrease in other financial assets - current			-		8,704
Acquisition of financial assets at fair value through other comprehensive income - non-current			-	(9,595)
Disposal of financial assets at fair value through other comprehensive income - non-current			303		12,600
Acquisition and investments using the equity method - subsidiaries	VI(VI) and VI(XXV)	(43,218)		-
Purchase of property, plant and equipment	VI(VII)	(90)		-
Proceeds from disposal of property, plant and equipment	7		-		22,100
Acquisition of intangible assets		(122)		-
Increase in refundable deposits		(200)	(1,519)
Cash Flows from Investment Activities		(193,327)	(249,838)
Cash Flows from Financing Activities					
Increase in short-term borrowings	VI(XXVI)		751,227		-
Increase in short-term notes payable	VI(XXVI)		25,000		-
Repayment of the principal portion of lease liabilities	VI(XXVI)	(1,020)	(251)
Increase in deposits received	VI(XXVI)		24		-
Cash capital increase	VI(XIII)		<u>-</u>		183,400
Cash Generated from Financing Activities			775,231		183,149
Increase (decrease) in Cash and Cash Equivalents			52,962	(421,256)
Cash and Cash Equivalents as of January 1	VI(I)		162,373		583,629
Cash and Cash Equivalents as of December 31	VI(I)	\$	215,335	\$	162,373

Accompanying notes to Standalone Financial Statements as reference.

Chairman: Yu-Ming Chang



Managerial Officer: Shuo-V



Accounting Manager: Yua





Units: NT\$thousand (Unless Stated Otherwise)

I. General Information

- (I) Feei Cherng Enterprise Co., Ltd. (hereinafter referred to as "the Company") was established on December 2, 1993 in accordance with the Company Act and other relevant laws and regulations. The original businesses mainly include manufacturing, trading and import / export of electronic products, electrical products and computer components and equipment. However, since the second half of 2018, the Company has changed to the operation of livestock farm, bulk raw material trading, and housing and building development and rental.
- (II) The Company's shares are traded in the TPEx since May 29, 2006.
- (III) U-Best Innovative Technology Co., Ltd. is the Company's parent company, with 24.45% shareholding. Sun Yad Construction Co., Ltd is the Company's ultimate parent.

II. Approval of Dates and Procedures of Financial Statements

The standalone financial statements were authorized for issue on February 24, 2023.

III. Application of New, Amended, and Revised Standards and Interpretations

(I) <u>Impact of new and amended IFRS endorsed and announced by the Financial</u> Supervisory Commission (FSC)

The following table summarizes the new, amended and revised standards and interpretations of IFRS endorsed and announced by FSC in 2022:

	Effective Date Announced by
New, Amended and Revised Standards and Interpretations	IASB
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022
Amendments to IAS 16 "Property, Plant and Equipment: Proceeds	January 1, 2022
before Intended Use"	
Amendments to IAS 37 "Onerous Contracts - Costs of Fulfilling	January 1, 2022
Contracts"	
Annual Improvements to IFRS Standards 2018-2020	January 1, 2022

The Company has assessed that the application of other standards and interpretations will not have a material impact on the Company's financial position and financial performance.

(II) Impact of new and amended IFRSs endorsed by the FSC but not yet adopted by the Company

The following table summarizes the new, amended, and revised standards and interpretations of IFRS endorsed by FSC in 2023:

New, Amended and Revised Standards and Interpretations	by IASB
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	January 1, 2023
Liabilities arising from a Single Transaction"	

The Company has assessed that the application of other standards and interpretations will not have a material impact on the Company's financial position and financial performance.

(III) Impact of new IFRSs in issue by IASB but not yet endorsed by the FSC

The following table summarizes the new, amended, and revised standards and interpretations of IFRS in issue by IASB but not yet endorsed by the FSC:

=	
New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IFRS 10 and IAS 28	To be decided by the International
"Sale or Contribution of Assets between an Investor and its	Accounting Standards Board (IASB)
Associate or Joint Venture"	
Amendments to IFRS 16 "Lease liabilities in sale and leaseback	January 1, 2024
transactions"	
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "Initial application of IFRS 17 and	January 1, 2023
IFRS 9 - Comparative Information"	
Amendments to IAS 1 "Current or non-current classification of	January 1, 2024
liabilities"	
Amendments to IAS 1 "Non-current liabilities with contractual	January 1, 2024
terms"	

The Company has assessed that the application of other standards and interpretations will not have a material impact on the Company's financial position and financial performance.

IV. Summary of Significant Accounting Policies

The significant accounting policies adopted in the preparation of the standalone financial statements are as follows. The policies have been consistently applied to all the years presented, unless otherwise stated.

(I) Statement of compliance

The standalone financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(II) Basis of preparation

- 1. The standalone financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of defined benefit obligation less the fair value of plan assets.
- 2. The preparation of standalone financial statements that comply with the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and announced by the FSC requires the management to make judgments for major accounting estimates and application of the Company's accounting policies. This involves items that involves the exercise of high degree of judgment or complexity, or involve significant assumptions or estimates in the standalone financial statements. For

details, please refer to Note V: Major sources of uncertainty in significant accounting judgments, estimates and assumptions.

(III) Foreign Currency Translation

Items listed in the Company's standalone financial report are measured in the main currency that a Company conducts its business (i.e. functional currency). The "NT dollar" is the functional and presentation currency in the Company's standalone financial statements.

- 1. Foreign currency transactions are translated in the Company's functional currency using the spot exchange rate at the transaction date or measurement date, and the exchange differences which arise on the translation of these transactions are recognized in profit or loss.
- 2. The balance of monetary assets and liabilities denominated in foreign currencies shall be evaluated and adjusted according to the spot exchange rate on the balance sheet date, and the exchange differences which arise on the adjustment shall be recognized in profit or loss.
- 3. The balance of non-monetary assets and liabilities measured at fair value through profit or loss denominated in foreign currencies are adjusted according to the spot exchange rate on the balance sheet date, and the exchange differences which arise on the adjustment shall be recognized in profit or loss. Those measured at fair value through other comprehensive income shall be adjusted according to the spot exchange rate on the balance sheet date, and the exchange differences which arise on the adjustment shall be recognized in other comprehensive income, while those not measured at fair value shall be measured in terms of historical cost translated using the exchange rate at the initial date of transaction.
- 4. All foreign exchange gains and losses are recognized as "other gains and losses" in the standalone statement of comprehensive income.

(IV) Current and non-current assets shall be classified as follows:

- Classification of assets and liabilities in the financial statements takes into account whether each
 asset and liability is related to the construction business, and is classified to current and non-current
 based on the operating cycle period of the construction business; or one year if it is not related to
 the construction business.
- 2. Current assets shall include one of the following asset line items:
 - (1) The entity expects to realize the asset, or intends to sell or consume it, in its normal operating cycle.
 - (2) The asset is held primarily for the purpose of trading.
 - (3) The asset is expected to be realized within 12 months after the balance sheet date.
 - (4) The asset is cash or a cash equivalent, unless the asset is to be used for an exchange or to settle a liability, or otherwise remains restricted, at more than 12 months after the balance sheet date.

Non-current assets refer to assets that do not meet any of the above-mentioned asset line items.

- 3. Current liabilities shall include one of the following liability line items:
 - (1) The entity expects to settle the liability in its normal operating cycle.
 - (2) The asset is held primarily for the purpose of trading.
 - (3) The liability is expected to be settled within 12 months after the balance sheet date.
 - (4) The entity does not have an unconditional right to defer settlement of the liability for at least 12 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.

Non-current assets refer to assets that do not meet any of the above-mentioned liability line items.

(V) Financial assets at fair value through other comprehensive income

- 1. Financial assets not measured at amortized cost or measured at fair value through other comprehensive income.
- 2. Financial assets measured at amortized cost or measured at fair value through other comprehensive income which may be designated as financial assets measured at fair value through profit or loss according to accounting standards.
- 3. On initial recognition, the financial assets are measured at fair value, and relevant transaction costs are recognized as profit/loss, and subsequently measured at fair

value, while relevant gains or losses are recognized as profit/loss.

4. When the Company's right to receive the dividends is established, there may likely be gross inflow of economic benefits associated to the dividends, and the amount of dividends can be reliably measured, and recognized as dividend income in the standalone statement of comprehensive income.

(VI) Financial assets at amortized cost

- 1. Refers to financial assets that meet all of the following conditions:
 - (1) Holding the financial assets within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
 - (2) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- 2. The Company's time deposits do not comply with the terms of cash equivalents, as the short-term notes receivables with no stated interest rate may be measured at the original invoice amount if the effect of discounting is immaterial.

(VII) Notes and trade receivables

- 1. Means the entity has an unconditional contractual right to consideration for goods or services that have been transferred.
- 2. Short-term trade receivables with no stated interest rate may be measured at the original invoice amount if the effect of discounting is immaterial.

(VIII) <u>Lessor's Lease Transactions - Lease Receivables/Operating Leases</u>

Lease income from operating leases, net of any incentives received from the lessor, is recognized in income on a straight-line basis over the lease term, and recognized in profit or loss.

(IX) <u>Inventory</u>

Construction industry:

The acquisition of land and construction in progress shall be recorded at cost, and measured at the lower of cost and net realizable value at the end of the period. The compare method is adopted when comparing the lower of cost and net realizable value. Net realizable value refers to the expected selling price of something in the ordinary course of business, minus a reasonable estimation of the costs necessary to make the sale and related variable selling expenses. Interest is capitalized during construction in accordance with IAS 23.

Manufacturing industry:

Inventories are measured at the lower of cost and net realizable value, of which costs are calculated using the weighted average method. The cost of finished goods and work-in-progress includes raw materials, direct labor, other direct costs, and production overheads (allocated on the basis of normal production capacity), but does not include borrowing costs. The compare method is adopted when comparing the lower of cost and net realizable value. Net realizable value refers to the expected selling price of something in the ordinary course of business, minus a reasonable estimation of the costs necessary for completion and related variable selling expenses. If the cost is greater than net realizable value, the loss on market value decline shall be recognized as operating cost for the current period; when the net realizable value rebounds, the evaluation item will offset within the credit balance and recognized as deduction from the operating costs for the current period.

(X) Biological assets

A biological asset shall be measured on initial recognition and at the end of each reporting period at its fair value less costs to sell, except where the fair value cannot be measured reliably. A gain or loss arising on initial recognition of a biological asset at fair value less costs to sell and from a change in fair value less costs to sell of a biological asset shall be included in profit or loss for the period in which it arises. A biological asset shall be measured at its cost less any accumulated depreciation and any accumulated impairment losses when fair value measurements are determined to be clearly unreliable.

(XI) Impairment loss recognized on financial assets

On each balance sheet date, in the consideration of reasonable and supportable forward-looking information for financial assets measured at amortized cost, the loss allowance shall be measured according to the 12-month expected credit losses if no significant increase in credit risk has occurred since initial recognition, and measured according to lifetime expected credit losses if a significant increase in credit risk has occurred since initial recognition. As for the accounts receivable that do not contain any significant financing component, the loss allowance shall be measured according to lifetime expected credit losses.

(XII) <u>Derecognition of financial assets</u>

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire.

(XIII) Investments using the equity method - subsidiaries

- 1. A subsidiary refers to an entity (including a structured entity) that is owned or controlled by the Company. The Company controls the entity when it 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.
- 2. Unrealized profits or losses on transactions with subsidiaries are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.
- 3. The profit/loss after the acquisition of the associate is recognized as "profit or loss for the current period", while other comprehensive income after the acquisition of the associate is recognized as "other comprehensive income". When the Company's share of losses of an associate equals or exceeds its interest in that associate, the Company discontinues recognizing its share of further losses.
- 4. According to the IFRSs, the profit/loss and other comprehensive income of the standalone financial report shall be equivalent to the share of profit/loss and other comprehensive income attributable to owners of the parent company in the consolidated financial report. The owners' equity in the standalone financial report should be the same as the equity attributable to owners of the parent company in the consolidated financial report.

(XIV) Property, plant and equipment

- 1. The acquisition of property, plant and equipment shall be recorded at cost, and relevant interest during the acquisition and construction period is capitalized.
- 2. Subsequent costs are added to the carrying amount of the asset or recognized as an asset only if it is probable that future economic benefits associated with the item will flow to the entity; and the cost of the item can be measured reliably. The carrying amount of the part that need to be replaced shall be deducted. All other repairs and maintenance expenses are recognized in profit or loss in the period in which it occurs.
- 3. The Company adopts the cost model for subsequent measurement of property, plant and equipment, with depreciation (except for land) under the straight-line method according to the estimated useful lives. Each component of property, plant and equipment that is significant shall be depreciated separately.
- 4. The Company reviews the residual value and the useful life and depreciation method of an asset at each financial year-end and, if there is a change in the estimated useful life, or a significant change in the pattern of economic benefits being generated from the asset shall account for a change in an accounting estimate in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" from the date of change. The useful lives of various assets are as follows:

Asset Name	Useful Lives
Housing and construction	8-18 years
Machinery	10-15 years
Leasehold improvements	20 years
Office equipment	1-5 years
Other equipment	5 years

(XV) <u>Lease transactions for lessor - right-of-use assets/lease liabilities</u>

- 1. The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease. The lease payments of short-term leases and low-value asset leases are recognized as expenses on a straight-line basis over the lease terms.
- 2. Lease liability is the present value of lease payments that are not paid at lease commencement date that they shall be discounted using the Company's incremental borrowing rate. The lease payments include:
 - (1) fixed payments less any lease incentives receivable;
 - (2) payments of penalties for terminating a lease if the lease term reflects the lessor's option of such termination.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. The lease liability will be reassessed and the right-of-use asset will be remeasured when there is a change in lease term or lease payments that do not represent lease modifications.

- 3. Right-of-use assets are initially measured at cost at the commencement date of a lease. The costs comprise of:
 - (1) the initial measurement of lease liabilities;
 - (2) any lease payments made at or before the commencement date;
 - (3) any initial direct costs incurred; and
 - (4) the estimated costs of dismantling and removing the item and restoring the site on which it is located, or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The lease liabilities shall be subsequently measured using the cost model. Right-of-use assets are depreciated using the straight-line method from the commencement dates to the

earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms. For the reassessment of lease liabilities, the right-of-use assets are adjusted for any remeasurement of the lease liabilities.

4. The lessee reduces the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, and the lessee shall recognize the amount of the remeasurement of the lease liability in profit or loss.

(XVI) <u>Intangible assets</u>

Computer software is recognized as acquisition costs, and amortized on a straight-line basis over the estimated useful life of 5 years.

(XVII) Impairment loss recognized on non-financial assets

At the end of each reporting period, the Company shall estimate the recoverable amount if there are any indication that assets have suffered impairment loss. If the recoverable amount is estimated to be less than its carrying amount, the resulting impairment loss shall be recognized in profit or loss. The recoverable amount is the higher of fair value less costs to sell and value in use. A reversal of an impairment loss shall be recognized when the previously recognized impairment loss for an asset no longer exists or the assessed impairment amount may have decreased. However, the increase in the carrying amount of the asset by reversing impairment losses shall not exceed the carrying amount that would have been after the deduction of depreciation or amortization if impairment loss had not been recognized.

(XVIII) Borrowings

Refers to long-term or short-term amount borrowed from a bank. Measured at fair value minus transaction costs at initial recognition, and any difference between the proceeds, net of transaction costs, and the redemption value are subsequently amortized as interest expenses in the income statement over the period of the borrowings using the effective interest method.

(XIX) Notes and trade payables

- 1. Liabilities incurred for purchase of materials or supplies, goods, or services on credit, notes payables arising from operating activities and non-operating activities.
- 2. Short-term trade payables with no stated interest rate may be measured at the original invoice amount if the effect of discounting is immaterial.

(XX) <u>Derecognition of financial liabilities</u>

A financial liability is derecognized when the obligation under the liability agreement is discharged or cancelled or expires.

(XXI) Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset only when the company has a current and legally enforceable right to set off the recognized amounts and when there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The offsetting of financial assets and financial liabilities is subject to various netting arrangements in the balance sheet.

(XXII) Employee benefits

1. Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services, which shall be recognized as expenses.

2. Retirement benefits

Defined contribution retirement benefit plans

For a defined contribution retirement benefit plan, the pension-related amount is recognized as pension cost in the accrual basis. The advance payments are recognized as assets that are refundable in cash terms or are reductions to future payments.

3. Employee compensation and the remuneration for directors

Employee compensation and the remuneration for directors are recognized as an expense and liability when a reliable estimate can be made of the amount of legal obligation or constructive obligation. If there is a discrepancy between the actual distribution amount and the estimated figure, it shall be considered as change in accounting estimate. In addition, for employee stock compensation, the number of shall be calculated based on the closing price on the day before board resolution.

(XXIII) Income tax

- 1. Income tax expenses include the tax currently payable and deferred tax. The tax currently payable and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.
- 2. The tax currently payable is calculated based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Management regularly assesses the status of income tax returns with respect to income tax provisions and, where applicable, assesses income tax liabilities based on estimated tax payments to taxation authorities. The Company's additional tax on unappropriated earnings is provided for in accordance with the Income Tax Act, and the undistributed income tax expense shall be recognized after the proposal for earnings distribution is approved by the shareholders' meeting in the year following the year the Company's earnings is generated.
- 3. Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amount of the assets and liabilities in the statement of financial position and its tax base. For taxable temporary differences associated with investments in subsidiaries, deferred tax liabilities shall not be recognized if the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.
- 4. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Unrecognized and recognized deferred income tax assets are reassessed at each balance sheet date.
- 5. The Company shall current tax assets and current tax liabilities if it has a legally enforceable right to set off the recognized amounts, and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Company shall offset deferred tax assets and deferred tax liabilities if it has a legally enforceable right to set off current tax assets against current tax liabilities, and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity, or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously.

(XXIV) Share capital

Common stock is a form of corporate equity ownership. Incremental costs directly attributable to issuing new shares or stock options are accounted for as a deduction from equity, net of any related income tax benefit.

(XXV) Recognition of revenue

- 1. The Company specializes in livestock and meat, poultry and pork, and bulk raw materials. Its sales revenue is recognized when control is transferred to the customer, which means that when the product is delivered to the buyer, the Company has no performance obligations that may affect the buyer's acceptance of the product. Delivery occurs when the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customers, and either the customers have accepted the products, in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.
- 2. Revenue from sale of goods is recognized net of sales taxes, rebates and discounts. The payment terms for sales of goods are generally within 30-150 days end of the month. Since the time period between the transfer of the promised goods or services and the payment is less than one year, the Company has not adjusted transaction prices to reflect the time value of money.
- 3. Accounts receivables are recognized when the goods are delivered to the customer, as the Company's right to the contract price is unconditional upon delivery, and the consideration can be collected from the customer only after the passage of time.

(XXVI) Business combination

- 1. The Company applied the acquisition method for business combination. The consideration transferred in a business combination is measured at fair values of assets given, liabilities incurred or assumed, and equity instruments issued. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are recognized are expensed as incurred. The identifiable assets acquired and the liabilities assumed in a business combination are measured at their acquisition-date fair values. Based on individual acquisition transactions, the Company choose to measure non-controlling interests at the acquisition date fair values or non-controlling interest to a proportionate share of the acquiree's identifiable net assets if the component part of the non-controlling interest present the current ownership interests in the acquiree that entitle holders to a proportionate share of the entity's net assets in the event of a liquidation. Other components of non-controlling interests shall be measured at acquisition date fair values.
- 2. If the accumulated fair values of the transfer consideration, the acquiree's non-controlling equity, and the previously held equity interest in the acquiree exceeds the fair value of identifiable assets acquired and liabilities assumed, it shall be recognized as goodwill on the acquisition date. If the fair values of identifiable assets acquired and liabilities assumed exceeds the accumulated fair values of the transfer consideration, the acquiree's non-controlling equity, and the previously held equity interest in the acquiree, the difference shall be recognized as current profit/loss on the acquisition date.

V. <u>Major sources of uncertainty in significant accounting judgments, estimates and assumptions</u>

When preparing the standalone financial report, the Company's management makes judgments on the accounting policies to be adopted, and made accounting estimates and assumptions based on reasonable expectations about future events and conditions as of the balance sheet date. Significant accounting estimates and assumptions made may differ from actual results, and thus are continually evaluated and adjusted based on historical experience and other factors. These estimates and assumptions have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year. Please explain in detail the uncertainties in significant accounting judgments, estimates, and assumptions:

(I) <u>Important judgments used in accounting policies</u>
None.

(II) Major accounting estimates and assumptions

Inventory valuation

- 1. Since inventories are stated at the lower of cost or net realizable value, the Company determines the net realizable value by use of judgments and estimates on the balance sheet date. We expect that there may be a significant change as there is high capital investment and long payback period in the construction industry, with impacts from the political, economic, local issues and property tax reform, while the inventory value is estimated based on selling prices in the market.
- 2. As of December 31, 2022, the carrying amount of the Company's inventories was NT\$634,398.

VI. <u>Description of major accounting items</u>

(I) <u>Cash and Cash Equivalents</u>

	Decei	mber 31, 2022	Decer	mber 31, 2021
Cash:				
Cash	\$	82	\$	82
Checking accounts and demand deposits		215,253		162,291
	\$	215,335	\$	162,373

- 1. The Company transacts with several financial institutions with good credit ratings to diversify credit risks. Therefore, we expect that the default risk is very low.
- 2. As of December 31, 2022 and 2021, the pledge and term deposit with an initial maturity of more than three months (recognized as Financial assets at amortized cost current) was NT\$472,000 and NT\$322,000, respectively.
- 3. As of December 31, 2022, the Company pledged cash and cash equivalents as collateral for short-term borrowings (financial assets at amortized cost current) which totaled NT\$472,000. Please refer to Note VIII Pledged Assets. None as of December 31, 2021.

(II) Financial assets at fair value through other comprehensive income

Item	Dece	ember 31, 2022	December 31, 2021			
Current items:						
Financial assets mandatorily measured at fair value						
through other comprehensive income						
Listed securities	\$	163,955	\$	153,522		
Convertible corporate bonds		73,605		52,474		
Beneficiary Certificates		35,087		32,953		
		272,647		238,949		
Remeasurement	(37,765)		32,920		
	\$	234,882	\$	271,869		
Non-current items:						
Financial assets mandatorily measured at fair value						
through other comprehensive income						
Listed securities	\$	170,129	\$	170,373		
Remeasurement	(63,488)		19,134		
	\$	106,641	\$	189,507		

- 1. As of December 31, 2022 and 2021, the net gains (losses) (recognized as other gains and losses) was (NT\$154,063) and NT\$72,196, respectively.
- 2. As of December 31, 2022 and 2021, the Company's dividend income from financial assets at fair value through other comprehensive income (recognized as other income) was NT\$13,760 and NT\$3,232 respectively.
- 3. For details of the pledged financial assets at fair value through other comprehensive income as collateral as of December 31, 2022, please refer to Note VIII Pledged Assets. None as of December 31, 2021.
- 4. Please refer to Note XII(II) Financial Instruments for details of financial assets at fair value through other comprehensive income.

(III) Accounts receivables (net)

	Decemb	per 31, 2022	Decer	mber 31, 2021
Accounts Receivables - Related Party	\$	2,727	\$	2,087

1. Accounts receivable aging analysis:

	Decen	nber 31, 2022	De	cember 31, 2021
	Accour	nts Receivables	Acc	ounts Receivables
Not overdue	\$	2,727	\$	2,087

The above is an aging analysis based on the number of days the amounts are overdue.

- 2. The Company's accounts receivable balance as at December 31, 2022 and 2021 all arise from contracts with customers, and the balance of accounts receivable from contracts with customers as of January 1, 2021 was NT\$-.
- 3. As of December 31, 2022 and 2021, there were no pledged accounts receivables.
- 4. As of December 31, 2022 and 2021, there were no accounts receivables pledged as collaterals.
- 5. Please refer to Note XII(II) Financial Instruments for credit risk details.

(IV) Inventory

	Decen	nber 31, 2022	Decen	ber 31, 2021
Land for construction:				
Tainan City	\$	606,155	\$	130,741
Kaohsiung City		27,317		23,257
Transferable floor area - Tainan City		926		
	\$	634,398	\$	153,998

The Company's inventory costs recognized as expenses in the current period:

	 2022	 2021
Cost of inventories sold (including biological assets)	\$ 8,901	\$ 68,174
Less allocation of fixed manufacturing overhead costs	 	 107
	\$ 8,901	\$ 68,281

1. For details of the inventory pledged as collateral as of December 31, 2022, please refer to Note VIII Pledged Assets. None as of December 31, 2021.

(V) Biological Assets - Current

1. Adjustment of the carrying amount of biological assets:

		2021
Balance as of January 1	\$	485
Increase due to purchase		20,736
Input costs and expenses		7,210
Decrease due to sales	(29,166)
Gains from changes in fair value		
(less costs to sell)		735
Balance as of December 31	<u>\$</u>	

None as of December 31, 2022.

- 2. The Company's biological assets include pork and poultry. Pork and poultry are measured at fair value less the costs of sale at the end of each reporting period. The cost of biological assets includes all costs incurred in raising and growing the asset, such as swine, poultry, feed, labor and other direct costs.
- 3. There were no biological assets as of December 31, 2022 and 2021.

(VI) Investments using the equity method

1. Changes in investments using the equity method:

	2022				
Balance as of January 1	\$	_			
Add investments using the equity method		43,218			
Gains (losses) in investments using the equity method	(50)			
Balance as of December 31	\$	43,168			
2. Details of investments using the equity method:					
	Decer	mber 31, 2022			
Subsidiary					
Samtec Engineering Co., Ltd.	\$	43,168			

3. Subsidiary

- (1) For information of the Company and its subsidiaries, please refer to Note IV(III) Consolidated Basis of the 2022 Consolidated Financial Report.
- (2) The Company acquired 82.53% equity of Samtec Engineering Co., Ltd. in December 2022 by cash totaling NT\$43,218, and obtained controlling interest of Samtec Engineering Co., Ltd. For details of the transaction which is based on IFRS 3 Business Combinations, please refer to Note VI (XXV) Business Combinations in the Company's 2022 Consolidated Financial Statements. The goodwill arising from the acquisition of Samtec Engineering Co., Ltd. totaled NT\$4,429, which estimated based on the treport issued by the appraisal company.
- 4. As of December 31, 2022, there were no pledged investments using the equity method.
- 5. None as of December 31, 2021.

(VII) Property, plant and equipment

			Housing and		Leasehold						
	 Land		construction		Machinery	i	mprovements	0	ffice equipment		Total
<u>January 1, 2022</u>											
Costs	\$ 36,260	\$	55,214	\$	1,753	\$	2,349	\$	165	\$	95,741
Accumulated depreciation	 -	(8,721)	(229)	(_	519)	(165) ((9,634)
	\$ 36,260	\$	46,493	\$	1,524	\$	1,830	\$		\$	86,107
<u>2022</u>											
January 1	\$ 36,260	\$	46,493	\$	1,524	\$	1,830	\$	-	\$	86,107
Costs of addition	-		-		-		-		90		90
Depreciation expense	 	(4,373)	(155)	(_	117)	(3) ((4,648)
December 31	\$ 36,260	\$	42,120	\$	1,369	\$	1,713	\$	87	\$	81,549
December 31, 2022											
Costs	\$ 36,260	\$	55,214	\$	1,753	\$	2,349	\$	255	\$	95,831
Accumulated depreciation	 	(13,094)	(_	384)	(_	636)	(_	168) ((14,282)
	\$ 36,260	\$	42,120	\$	1,369	\$	1,713	\$	87	\$	81,549

			Housing and			Leasehold						
		Land	cc	onstruction		Machinery	in	nprovements	O	ffice equipment		Total
January 1, 2021												
Costs	\$	46,444	\$	70,286	\$	2,522	\$	2,349	\$	165	\$	121,766
Accumulated depreciation			(7,591)	(187)	(402)	(165)	(8,345)
	\$	46,444	\$	62,695	\$	2,335	\$	1,947	\$		\$	113,421
<u>2021</u>												
January 1	\$	46,444	\$	62,695	\$	2,335	\$	1,947	\$	-	\$	113,421
Depreciation expense		-	(5,257)	(204)	(117)		-	(5,578)
Costs of disposal	(10,184)	(15,072)	(769)		-		-	(26,025)
- Accumulated depreciation				4,127	_	162						4,289
December 31	\$	36,260	\$	46,493	\$	1,524	\$	1,830	\$	-	\$	86,107
December 31, 2021												
Costs	\$	36,260	\$	55,214	\$	1,753	\$	2,349	\$	165	\$	95,741
Accumulated depreciation			(8,721)	(229)	(519)	(165)	(9,634)
	\$	36,260	\$	46,493	\$	1,524	\$	1,830	\$	-	\$	86,107

- 1. For the years ended December 31, 2022 and 2021, there were no property, plant and equipment associated borrowing costs eligible for capitalization.
- 2. The carrying amount of the Company's operating leases of property, plant and equipment on December 31, 2022 and 2021 is as follows:

	December 31, 2022 Carrying amount		December 31, 2021	
			Carry	ing amount
Land	\$	28,210	\$	28,210
Housing and construction - net	\$	36,226	\$	40,126
Machinery - net	\$	1,369	\$	1,524
Leasehold improvements - net	\$	1,713	\$	1,830

3. Since the Company's land acquisition covers agricultural land, the Company shall not be registered as nominee due to legal factors, and the ownership of these lands is registered under the Company's Chairman Chang Yu-Ming. Relevant details and preservation measures are described as follows:

Land Section	Decemb	per 31, 2022	Dece	ember 31, 2021	Security measures
Fushan Section, Luzhu					Holding mortgage agreement
District, Kaohsiung City	\$	28,210	\$	28,210	and pledged collateral
Fanshu Section, Shuilin					Holding mortgage agreement
Village, Yunlin County		8,050		8,050	and pledged collateral
	\$	36,260	\$	36,260	

4. On December 31, 2022 and December 31, 2021, there were no pledges or collaterals for the Company's property, plant and equipment.

(VIII) <u>Lease transactions - lessor</u>

- 1. The leased assets include official vehicles, with lease period of 1-2 years. The lease agreement was negotiated individually on various terms and conditions, and no other restrictions are imposed except that the leased assets shall not be used as loan guarantees.
- 2. The carrying amount of right-of-use assets and the depreciation expense recognized are as follows:

	December 31, 2022 Carrying amount		December 31, 2021		
			Carrying amount		
Transport equipment	\$	769	\$	1,795	
	2022		2021		
	Deprecia	tion expense D	epreciation ex	pense	
Transport equipment	\$	1,026 \$		257	

- 3. The increase in right-of-use assets for the years ended December 31, 2022 and 2021 were NT\$-and NT\$2,052, respectively.
- 4. The profit/loss information related to the lease agreement is as follows:

	 2022	 2021
Items that affect profit or loss		
Interest expense on the lease liability	\$ 32	\$ 12
Expenses from short-term rental agreements	\$ 1,133	\$ 489
Expenses from leases of low-value assets	\$ 14	\$ 5

5. The cash outflow of rental property for the years ended December 31, 2022 and 2021 were NT\$2,199 and NT\$757, respectively.

(IX) Operating Lease - Lessor

1. The Company has leased the land, buildings and ancillary equipment in the Fushan Section, Luzhu District, Kaohsiung City by operational leasing. The lease period is 4 years, and the lessee shall have the option to renew the lease for an additional term. If the Company plans to sell the object, the lessee has an unconditional obligation to terminate the lease yet has the first purchasing right, with same purchasing price and conditions as others. The expiry date of the lease payment is as follows:

	Decembe	December 31, 2021		
Within 1 year	\$	1,800	\$	1,800
1-5 years		<u>-</u>		1,800
	\$	1,800	\$	3,600

2. For the years ended December 31, 2022 and 2021, the rental income from the operating lease agreement (recognized as other income) were NT\$1,717 and NT\$1,716, respectively, with no changes in lease payments.

(X) Short-term borrowings

Nature of the borrowing	Dece	mber 31, 2022	Interest range	Collateral
Bank borrowings				
Guaranteed bank borrowings	\$	751,227	1.47%~4.00%	(Note)

(Note) For the details of collaterals for borrowings, please refer to Note VIII Pledged Assets.

- 1. For the interest expenses recognized as profit/loss in 2022, please refer to Note VI (XX) Financial Costs for details.
- 2. None as of December 31, 2021.

(XI) Short-term notes payable

Nature of the borrowing	December 31, 2022		Interest range	Collateral	
Commercial paper payable	\$	25,000	2 15%~2 20%	(Note)	

(Note) For the details of collaterals for commercial paper payables, please refer to Note VIII Pledged Assets.

- 1. The commercial paper payable listed above obtained guarantee from the bills finance companies for short-term funding.
- 2. For the interest expenses recognized as profit/loss in 2022, please refer to Note VI (XX) Financial Costs for details.

3. None as of December 31, 2021.

(XII) Retirement benefits

Since July 1, 2005, the Company adopted a defined contribution plan under the Labor Pension Act (LPA) for native workers. The Company's pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages. The principal and accrued dividends from an employee's individual labor pension account are to be paid in monthly installments, or to be claimed in a lump sum at one time. For the years ended December 31, 2022 and 2021, the pension costs (recognized as operating expenses) based on the above-mentioned pension plan were NT\$501 and NT\$316, respectively.

(XIII) Share capital

1. The number of shares outstanding at the beginning and end of the period is adjusted as follows: (unit: thousand shares)

	2022	2021	
Number of shares at the beginning of			
the period	118,771	98,771	
Cash capital increase by private			
placement		20,000	
Number of shares at the end of the	118,771	118,771	
period			

- 2. On August 18, 2021, the Company conducted cash capital increase by private placement after resolution of the shareholders' meeting. The purpose of cash capital increase is to improve the working capital and meet the capital needs for the future development of new businesses. The upper limit of private equity shares is set at 20,000,000 shares. On December 3, 2021, the board resolution was passed for setting December 17, 2021 as the benchmark date for capital increase by way of private placement. The subscription price per share was NT\$9.17, and the capital increase was NT\$183,400, with a total of 20,000 thousand shares, while the change of registration has been completed.
- 3. As of December 31, 2022, the Company's total capital was NT\$1,600,000, with paid-in capital of NT\$1,187,708 (of which NT\$583,800 was by private placement; in accordance with the Securities and Exchange Act, apart from restricting that the transfer of shares and application for being traded on the OTC market shall only be conducted after 3 years from the delivery date and after supplemental procedures for public issuance have been carried out, the remaining rights and obligations of common shares through private placement shall be the same as those of other common shares issued), divided into 118,771 thousand shares at NT\$10 per share, and issued in installments. The Company has received payment in full of all such moneys in respect of the shares.

(XIV) Capital surplus

1. Changes in capital surplus:

		Capital	l in	Treasury sto	ock			
2022		excess of	par	transaction	IS	Other		Total
Beginning and ending ba	ılance	\$ 597	7,363	\$	722	\$ 7,7	11	\$ 605,796
	C	Capital in	Tre	easury stock				
2021	exc	ess of par	tr	ansactions		Other		Total
Beginning balance	\$	613,963	\$	722	\$	7,711	\$	622,396
Beginning balance Cash capital increase	\$ (613,963 16,600)	\$	722	\$	7,711	\$ (622,396 16,600)

2. In accordance with the Company Act, the income derived from the issuance of new shares at a premium and the income from endowments received by the company can be used to make up for losses, or shall be distributable as dividend shares to its original shareholders in proportion to the number of shares being held by each of them or by cash. In addition, in accordance with the provisions in the Securities and Exchange Act, when the above-mentioned capital reserve is set aside as equity capital, its total shall not exceed ten (10%) percent of paid-in capital in each year. The Company shall not use the capital reserve to make good its capital loss, unless the surplus reserve is insufficient to make good such loss.

(XV) Retained Earnings

- 1. The legal reserve and the capital reserve shall not be used except for making good the deficit (or loss) of the company or distributable as dividend shares to its original shareholders in proportion to the number of shares being held by each of them or by cash. However, where legal reserve is distributed by issuing new shares or by cash, only the portion of legal reserve which exceeds 25 percent of the paid-in capital may be distributed.
- 2. According to the Company's Articles of Incorporation, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit, where such legal reserve amounts to the total paid-in capital, this provision shall not apply. In addition, a special reserve shall be set aside according to relevant laws and regulations or the competent authority. Any remaining profit shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends. The Company is currently at growth stage. It takes into account the environment and industry growth, and corresponding to future capital needs and long-term financial planning, the Company adopts the residual dividend policy for dividend distribution. After the Company provides for the projected capital needs by using retained earnings, the remaining shall be distributed in the form of cash dividends or stock dividends, but cash dividends shall be no less than 10% of the total dividends.
- 3. According to relevant laws, the debit balance of other equity items on the balance sheet date shall be set aside as a special surplus reserve before distribution. The reversal amount of debit balance of other equity items may be recognized as surplus for distribution.
- 4. The Company has accumulated losses in 2022 and 2021, and thus there is no need to disclose the information related to earnings distribution.
- 5. According to Article 211 of the Company Act, in case the loss incurred by a company aggregates to one half of its paid-in capital, the Board of Directors shall convene and make a report to the most recent meeting of shareholders.

(XVI) Operating Revenue

	 2022		2021	
Revenue from contracts with customers	\$ 8,922	\$	71,875	

The Company's revenue is recognized on transfer of goods at a point in time. The revenue can be subdivided into main product types:

	 2022	2021
Bulk raw materials	\$ 8,922 \$	39,192
Poultry and pork	 _	32,683
	\$ 8,922 \$	71,875

(XVII) <u>Interest income</u>

	 2022	2	2021
Bank deposit interests	\$ 3,941	\$	684
Other interests	 355		96
	\$ 4,296	\$	780

(XVIII) Other revenue

		2021		
Dividend income	\$	13,760	\$	3,232
Rental income		1,717		1,716
Other revenue (Note)		6,571		86
	\$	22,048	\$	5,034

(Note) The Company recognized other revenue of NT\$5,543 in 2022 owing to the payment of business allowance in 2021 after the election of the Company's original director, Ho Jui Investment Co., Ltd. was declared invalid.

(XIX) Other gains and losses

			2022	2021
	Net gains (loss) of financial assets measured at fair value through profit or loss	(\$	154,063) \$	72,196
	Foreign exchange loss		- (4,526)
	Gains from disposal of property, plant and equipment		-	364
	Gains from changes in fair value (less costs to			
	sell) of disposal of biological assets in the current period		<u> </u>	735
		(\$	154,063) \$	68,769
(XX)	Financial costs			
		202	22	2021

(

	2022		 2021
Interest expenses:			
Bank borrowings	\$	5,377	\$ -
Interest recognized on the lease liability		32	12
Others		2	 2
	\$	5,411	\$ 14

(XXI) Additional information in the nature of expenditures

				2022	
	Operation	ng Costs	Operat	ting expenses	 Total
Employee benefit expense	\$	-	\$	25,575	\$ 25,575
Depreciation expense		-		5,674	5,674
Amortization expenses	-	_		25	 25
	\$		\$	31,274	\$ 31,274
				2021	
	Operati	ng Costs	Opera	ting expenses	 Total
Employee benefit expense	\$	-	\$	19,716	\$ 19,716
Depreciation expense		931		4,904	5,835
	\$	931	\$	24,620	\$ 25,551

(XXII) Employee benefit expense

· · ·							
				2022			
	Operati	ng Costs	Opera	ating expenses	Total		
Salary expense	\$	_	\$	22,609	\$	22,609	
Insurance expense		-		1,181		1,181	
Retirement benefit expense		-		501		501	
Remuneration for directors		-		779		779	
Other employment expenses		<u>-</u>		505		505	
r	\$		\$	25,575	\$	25,575	
				2021			
	Operati	ing Costs	Opei	rating expenses		Total	
Salary expense	\$	-	\$	16,908	3 \$	16,908	
Insurance expense		-		676	5	676	
Retirement benefit expense		-		316	5	316	
Remuneration for directors		-		1,370)	1,370	
Other employment expenses				446	<u> </u>	446	

1. The Company's average number of employees in 2022 and 2021 was 22 and 20, respectively, of which there were 6 directors who were not concurrent employees.

\$

19,716 \$

19,716

- 2. The Company's average employee benefit expenses in 2022 and 2021 were NT\$1,550 and NT\$1,310 respectively. The average employee salary expenses in 2022 and 2021 were NT\$1,413 and NT\$1,207 respectively, among which the average employee salary expenses in 2022 grew by 17.07% compared to 2021.
- 3. Since the establishment of the Audit Committee, the supervisor's remuneration in 2022

\$

and 2021 were NT\$-.

- 4. According to the Company's Articles of Incorporation and internal management regulations, the Company shall provide remuneration for directors for performing company duties, no matter whether the Company has earned profit or loss. The remuneration shall be determined by the board of directors. The salary for managers and employees is determined in consideration of their educational background and experience, language skills, and years of service. In addition, it is based on the salary standards of industry peers, income standard, and salary range, while the bonuses are based on personal performance, employee participation, and contribution to company operations. In addition, the remuneration for managers is also regularly analyzed by the Remuneration Committee based on market competitiveness, business performance, taking into consideration personal performance, the Company's business strategy and future risks, so as to ensure the reasonableness and whether the remuneration levels comply with the Company's position in the market.
- 5. According to the Company's Articles of Incorporation, if the Company's earned profits in the current fiscal year, a reserve is allotted to be used to make up for the company's accumulated losses, and then 1%-15% shall be allocated as employee compensation, while the Company shall set aside no more than 5% for the remuneration of directors.
- 6. The Company has accumulated losses in 2022 and 2021, and thus there is no need to estimate employee compensation and remuneration for directors. Please search on the MOPS for information related to the Company's employee compensation and remuneration for directors after approval by the Board of Directors.

(XXIII)Income tax

1. Income tax expense:

Composition of income tax expense:

	20)22	2021	
Current income tax: Income tax overestimation for previous	\$	_	(\$	8)
years	Ψ		(ψ	
Deferred Income tax expense:				
Temporary differences and its reversal		3		4,446
Income tax expense	\$	3	\$	4,438

2. The relationship between income tax expenses and accounting profits:

		2022	2021
Income tax levied on net profit (loss)	(\$	34,677)	\$ 9,348
before taxes calculated based on the			
statutory income tax rate			
Income tax effects on adjusting items		26,812 (11,057)
according to laws and regulations			
Loss (gains) exempted from tax under		151 (3,249)
the provisions of the Income Tax Act			
Tax losses not recognized as deferred tax		7,717	9,404
assets			
Income tax overestimation for previous			<u>8</u>)
years			
Income tax expense	\$	3	\$ 4,438

3. The amount of deferred tax assets that arise from temporary differences is as follows:

				2022		
			R	ecognized as		
		January 1		profit/loss	De	ecember 31
Deferred tax assets						
Temporary difference:						
Bad and doubtful debts reserve						
beyond the specified limits Unrealized foreign exchange	\$	762	\$	-	\$	762
loss		3	(3)		-
	\$	765	(<u>\$</u>	3)	\$	762
				2021		
			R	ecognized as		
		Iamuamu 1		_	ъ.	1 21
		January 1		profit/loss	De	ecember 31
Deferred tax assets		January 1	· ·	pronvioss	De	ecember 31
Temporary difference:		January 1		pront/ioss	D6	ecember 31
Temporary difference: Loss on valuation of financial	Φ.	·	<u> </u>			ecember 31
Temporary difference: Loss on valuation of financial assets	\$	779	(\$	779)		ecember 31
Temporary difference: Loss on valuation of financial	\$	·	(\$			- 762
Temporary difference: Loss on valuation of financial assets Bad and doubtful debts reserve	\$	779	`			-
Temporary difference: Loss on valuation of financial assets Bad and doubtful debts reserve beyond the specified limits	\$	779 762	`	779)		-
Temporary difference: Loss on valuation of financial assets Bad and doubtful debts reserve beyond the specified limits Unused vacation bonus	\$	779 762 16	`	779)		-
Temporary difference: Loss on valuation of financial assets Bad and doubtful debts reserve beyond the specified limits Unused vacation bonus Unrealized foreign exchange loss Loss on valuation of biological	\$	779 762 16 3,507	(779) - 16) 3,504)		- 762 -
Temporary difference: Loss on valuation of financial assets Bad and doubtful debts reserve beyond the specified limits Unused vacation bonus Unrealized foreign exchange loss	\$	779 762 16	(779) - 16)		- 762 -

4. The validity period of the Company's unused tax losses and the unrecognized deferred income tax assets are as follows:

	Num	ber of reports /	Am	nount not yet	Uı	nrecognized	Year of the last
Year		approvals	deducted		defer	red tax assets	tax deduction
2013	\$	80,465	\$	80,465	\$	80,465	2023
2014		2,277		2,277		2,277	2024
2015		234,659		234,659		234,659	2025
2017		21,694		21,694		21,694	2027
2018		594,723		594,723		594,723	2028
2020		15,440		15,440		15,440	2030
2021		43,787		43,787		43,787	2031
2022		24,828		24,828		24,828	2032
			\$	1,017,873	\$	1,017,873	

Year	Nu	mber of reports / approvals	A	mount not yet deducted	Unrecognized ferred tax assets	Year of the last tax deduction
2012	\$	35,534	\$	35,534	\$ 35,534	2022
2013		80,465		80,465	80,465	2023
2014		2,277		2,277	2,277	2024
2015		234,659		234,659	234,659	2025
2017		21,694		21,694	21,694	2027
2018		594,723		594,723	594,723	2028
2020		15,440		15,440	15,440	2030
2021		43,787		43,787	 43,787	2031
			\$	1,028,579	\$ 1,028,579	

5. The Company's profit-seeking enterprise income taxes until 2020 have been approved by the tax collection authority, and there was no administrative relief as of February 24, 2023.

(XXIV) Earnings (loss) per share

		2022	
		Weighted average	
	Amount after	of outstanding	Loss per share
	tax	shares (thousands)	(NT\$)
Basic loss per share			
Net loss for the period attributable to ordinary equity holders	(<u>\$ 173,386.00</u>)	118,771	(\$ 1.46)
		2021	
	Amount after tax	Weighted average of outstanding shares (thousands)	Earnings per share (NT\$)
Basic earnings per share			
Net profit for the period attributable to ordinary equity holders	\$ 42,301.00	99,593	\$ 0.42

(XXV) <u>Supplemental Cash Flow Disclosures</u>

Fair values of the Company's assets and liabilities on the acquisition date are as follows:

Samtec Engineering Co., Ltd.

		2022
Cash	\$	
Total payment for the acquisition of Sentai		_
Engineering Co., Ltd.		
(fair value based on 82.53% shareholding)	\$	43,218
Cash balance for the acquisition of Sentai		
Engineering Co., Ltd.		
(fair value based on 82.53% shareholding)		
Cash paid for the acquisition of Sentai		
Engineering Co., Ltd.		
(fair value based on 82.53% shareholding)	<u>\$</u>	43,218

(XXVI) Changes in liabilities from financing activities

						2022				
									To	tal liabilities
	S	hort-term	Sho	ort-term		Lease		Deposits	fro	m financing
	bo	orrowings	notes	payable	<u>li</u>	abilities		received		activities
Balance as of January 1, 2022	\$	-	\$	-	\$	1,801	\$	300	\$	2,101
Change in cash flow from financing activities Balance as of December 31,		751,227		25,000	(1,020)		24		775,231
2022	\$	751,227	\$	25,000	\$	781	\$	324	\$	777,332
								Total lia	abiliti	ies from
]	Lease liabi	lities	Dep	osit	s received	1_	financi	ng ac	ctivities
Balance as of January 1,	\$			- \$		30	00	\$		300
2021										
Change in cash flow from	(25	1)			-	(251)
financing activities										
Change in other non-cash			2,052	<u></u>			_			2,052
items										
Balance as of December 31,	\$		1,80	<u>\$</u>		30	00	\$		2,101
2021										

VII. Transactions with Related Parties

(I) Name and relationship of the related party

Name of related party	Relationship with the Company
U-Best Innovative Technology Co., Ltd.	Parent company
Hsin-Li Chemical Industrial Corp.	Subsidiary of the parent company
Ho Jui Investment Co., Ltd. (Note 1)	Controlled by key management
Shin Agri Tech Co., Ltd. (Note 2)	Other related party
Shin Agri PingTong Co., Ltd. (Note 2)	Other related party
Yu-Ming Chang	Key management
Ching-Tsung Yang (Note 2)	Other related party

- (Note 1) The original key management position has become invalid after the election, yet in terms of its relationship with the Company, it has become an individual controlled by key management given that it has the same management personnel as that of the Company.
- (Note 2) The relationships of individuals or management that were originally controlled by key management shall be changed to "other related parties" after the election of directors at the shareholders' meeting on August 18, 2021.

(II) Significant transactions with related parties

1. Operating Revenue

	 2022	 2021
Commodity Sales:		
Shin Agri Tech Co., Ltd.	\$ 8,922	\$ 56,578
Controlled by key management	 	 3,145
	\$ 8,922	\$ 59,723

The price of the Company's products sold to related parties is roughly the same as that of general customers, and wire transfers will be paid in accordance with payment terms of 30-90 days after monthly settlement, which is roughly the same as that of general customers.

2. Purchases

	2022		 2021
Commodity Procurement:			
Controlled by key management	\$	-	\$ 5,033
Other related party		-	 401
	\$	=	\$ 5,434

The purchase price paid to related parties is roughly the same as that paid to general suppliers. Wire transfers will be paid in accordance with payment terms of 30 days after monthly settlement, which are roughly the same as general suppliers.

3. Property transactions

Disposal of property, plant and equipment:

		2021			
	Dis	sposal proceeds	Dispo	sal (loss) gains	
Ching-Tsung Yang	\$	22,100	\$	364	

- (1) On August 27, 2021, the Company signed the sales agreement for the land and buildings in Dajiaotui Section, Liuying District, Tainan City by resolution of the board of directors from the Company's other related party Ching-Tsung Yang, with contract amount of NT\$22,100, which was determined by the board of directors with reference to the appraisal report.
- (2) None as of December 31, 2022.

4. Lease transactions - lessor

- (1) The Company's office was rented out to U-Best Innovative Technology Co., Ltd., with lease period of one year, and the rent payments are due at the beginning of each month.
- (2) Rental expense

		2022	2021		
U-Best Innovative Technology	\$	693	\$	231	
Co., Ltd.	<u> </u>		<u> </u>		

5. Other revenue

	<u></u>	2022	2021
Ho Jui Investment Co., Ltd.	\$	5,543	\$ -

Please refer to Note 6(18) Other Income for details.

6. Other expenses

	2022			2021		
Ho Jui Investment Co., Ltd.	\$	400	\$	4,281		

7. Trade receivables from related parties

	Decem	ber 31, 2022	Decem	ber 31, 2021
Accounts Receivables:				
Shin Agri Tech Co., Ltd.	\$	2,727	\$	2,087

8. Payable to related parties

	December 31, 2022	December 31, 2021
Other payables:		
Ho Jui Investment Co., Ltd.	\$ -	\$ 4,281

(III) Compensation of key management personnel

	 2022	 2021
Salary and other short-term employee		
benefits	\$ 8,706	\$ 11,264
Retirement Benefits	 73	 49
	\$ 8,779	\$ 11,313

VIII. Assets pledged as collateral

The Company's assets pledged as collaterals are as follows:

Asset Name	Decem	ber 31, 2022	Purpose
Time deposit (Note 1)	\$	472,000	Short-term guarantee
Financial assets at fair value through		210,502	Short-term borrowing and commercial
other comprehensive income - current			paper payable guarantee
Land for construction (Note 2)		578,862	Short-term guarantee
	\$	1,261,364	

None as of December 31, 2021.

(Note 1) "Financial assets at amortized cost - current".

(Note 2) "Inventory".

IX. Significant Contingent Liabilities and Unrecognized Commitments

None.

X. Major Disaster Losses

None.

XI. Events after the Reporting Period

None.

XII. Other

(I) Capital management

The Company's capital management objectives are to ensure that the Company can continue as a going concern, reduce capital costs by maintaining an optimal capital structure, and deliver optimal shareholder returns. To maintain or adjust the capital structure, the Company may adopt management strategies such as adjusting the dividend amount paid to shareholders, returning capital to shareholders, issuing new shares, or selling assets to clear debts.

(II) Financial instruments

1. Types of financial instruments

Please refer to Note XII(III) Fair Value Measurement for the types of financial instruments in the Company.

- 2. Risk management policy
 - (1) The Company's daily operations are affected by financial risks, including

- market risk (such as exchange rate risk, price risk and interest rate risk), credit risk and liquidity risk.
- (2) The Company's finance department is responsible for risk management according to the policies approved by the board of directors. The Company's finance department is responsible for the identification, assessment and avoidance of financial risks by closely cooperating with various operating units. The Board has stipulated risk management principles, and formulated policies on specific matters such as exchange rate risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments, and investments by use of excess liquidity.

3. The nature and degree of material financial risks

(1) Market risks

A. Exchange risks

- (A) The Company's purchase and sale of goods and other transactions are mainly denominated in NT dollars, and since there were no major assets and liabilities denominated in foreign currencies, there should be no significant exchange rate risks.
- (B) The total amount exchange losses (realized and unrealized) recognized in 2022 and 2021 due to changes in exchange rates which have a substantial influence on the Company's monetary items is NT\$- and NT\$4,526 respectively.

B. Price risks

- (A) The Company's equity instruments and convertible corporate bonds exposed to price risk refers to the Company's financial assets measured at fair value through profit or loss. To manage the price risks from investments in equity instrument and convertible corporate bonds, the Company has a diversified investment portfolio based on the limit on the investment amount.
- (B) The Company mainly invests in equity instruments and convertible corporate bonds issued by domestic companies, of which prices will be affected by uncertainties in the future value of the underlying asset. For the years ended December 31, 2022 and 2021, if the price of these equity instruments and convertible corporate bonds increases/decreases by 1%, and all other factors remain unchanged, the net profit that arises from equity instruments and convertible corporate bonds measured at fair value through profit or loss will increase/decrease by NT\$2,732 and NT\$V3,691 respectively.

C. Cash flow and fair value interest rate risks

- (A) The Company's interest rate risks mainly arise from bank borrowings with floating rates, which led to exposure of cash flow interest rate risk. The floating interest rate bank borrowings in 2022 were denominated in NT dollars.
- (B) For the sensitivity analysis of interest rate risk, assuming that the interest rate rise or decline by 10% while all other factors remain unchanged, the Company's 2022 net profit will increase or decrease by NT\$430 mainly due to floating interest rate bank borrowings, which led to changes in interest expenses.

(2) Credit risks

A. The Company's credit risk is the possibility of a financial loss resulting from failure of the customer or counterparty to meet contractual

- obligations. This risk mainly arise from the inability of the counterparty to pay the accounts receivable in accordance with agreed terms.
- B. For the Company's credit risk management, the Company transacts with several banks and financial institutions with good credit ratings to diversify risks. According to the internal credit policy, each of the Company's operating unit shall conduct management and credit risk analysis before negotiating with a new customer the terms and conditions of payment and delivery. Internal risk control is to assess customer credit ratings by taking into account their financial status, past experience and other factors, and to monitor credit line usage on a regular basis.
- C. Based on credit risk management and the agreed payment terms, when the contract payment is 180 days overdue, it is deemed that the credit risk of the financial asset has increased significantly since initial recognition. Any assets past due more than 365 days are classified as in default.
- D. According to the geographical location and customer type, the Company will estimate the expected credit losses on customer accounts receivable by use of the loss ratio method under the simplified approach.
- E. After the recourse, the Company will write off the amount of financial assets with no reasonable expectation of recovery. However, the Company will continue pursue legal recourse to preserve creditor's rights. For the years ended December 31, 2022 and 2021, there were no creditor's right of recourse that were previously written off.
- F. The Company considers forward-looking information, and adjust the historical and current loss rates during a prescribed time period to estimate the allowances for doubtful accounts receivable. The expected credit loss rate on accounts receivable on December 31, 2022 and 2021 was not significant, and there was no accounts receivable that's past due.
- G. The Company's allowances for doubtful accounts receivable under the simplified method was not significant, and thus has not been recognized for the year ended December 31, 2022 and 2021.

(3) Liquidity risks

- A. Cash flow forecast is the forecast of the Company's liquidity needs by the financial department to ensure that there are enough funds to cover operating needs, and to maintain sufficient unused loan commitments, so that the Company will not breach relevant borrowing limits or terms. In addition, this would also ensure that the Company has sufficient financial flexibility.
- B. When the remaining cash held by the Company exceeds the cash amount required for capital management, its finance department will make overall investment planning on the remaining balance of interest bearing demand deposits and time deposits, and the selected financial instruments with the right maturity date or adequate liquidity to meet the above forecasts and provide sufficient funding.
- C. The details of the Company's unused loan limit are as follows:

	Decen	nber 31, 2022	December 31, 2021		
Floating rate					
Due within one year (Note)	\$	237,823	\$	-	
Due more than one year		41,300			
•	\$	279,123	\$	_	

(Note) The one-year quota will be discussed separately in 2023.

D. The table below analyzes the group's non-derivative financial liabilities and derivative financial liabilities according to relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2022	Wi	thin 1 year	_	1-2 years	_	2-5 years	Over 5 years
Non-derivative financial							
liabilities							
Short-term borrowings	\$	530,273	\$	6,054	\$	247,735	\$ -
Short-term notes payable		25,000		-		-	-
Accounts payables		376		-		-	-
Other Payables		12,329		-		-	-
Lease liabilities		789		-		-	-
Deposits received		24		300		-	-
December 31, 2021	Wit	hin 1 year	_	1-2 years		2-5 years	Over 5 years
Non-derivative financial							
liabilities							
Notes payables	\$	446	\$	-	\$	-	\$ -
Accounts payables		357		-		-	-
Other payables		11,913		-		-	-
(Including Related Party)							
Lease liabilities		1,051		789		-	-
Deposits received		300		-		-	-

E. The Company does not expect that the timing of cash flows in maturity analysis will occur significantly earlier, or the actual cash flows vary substantially.

(III) Fair value measurement

1. The inputs to valuation techniques used to measure fair value of financial and non-financial instruments are defined as follows:

Level 1 inputs: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Active market refers to 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. The fair values of the Company's listed/OTC stocks investment, beneficiary certificates and convertible corporate bond investments are classified as Level 1.

Level 2 inputs: Inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: Unobservable inputs for the asset or liability.

- 2. The carrying amount of the Company's financial instruments that are not measured at fair value (including cash and cash equivalents, financial assets measured at amortized cost current, accounts receivable related parties, other receivables, refundable deposits, short-term borrowings, short-term bills payables, notes payables, accounts payables, other payables (including related party) and deposits received) is a reasonable approximation of fair value.
- 3. Financial and non-financial instruments measured at fair value shall be classified according to the nature, characteristics and risk of assets and fair value hierarchy

as follows:

(1) The Company's assets are classified according to its nature. The relevant information is as follows:

December 31, 2022	 Level 1	Level 2		Level 3		Total	
Assets:							
Recurring fair value							
measurements							
Financial assets measured at fair							
value through profit or loss							
Equity instrument	\$ 244,652	\$	-	\$	-	\$	244,652
Debt instrument	69,028		-		-		69,028
Beneficiary Certificates	 27,843		_				27,843
	\$ 341,523	\$		\$		\$	341,523
<u>December 31, 2021</u>	Level 1		Level 2		Level 3		Total
December 31, 2021 Assets:	 Level 1		Level 2		Level 3		Total
	Level 1		Level 2		Level 3		Total
Assets:	 Level 1		Level 2		Level 3		Total
Assets: Recurring fair value	 Level 1		Level 2		Level 3		Total
Assets: Recurring fair value measurements	Level 1		Level 2		Level 3		Total
Assets: Recurring fair value measurements Financial assets measured at fair	\$ 356,635	\$	Level 2	\$	Level 3	\$	Total 356,635
Assets: Recurring fair value measurements Financial assets measured at fair value through profit or loss			Level 2		Level 3	\$	
Assets: Recurring fair value measurements Financial assets measured at fair value through profit or loss Equity instrument	356,635		Level 2		Level 3	\$	356,635

(2) For the Company's financial instruments that are based on quoted market price (ie, Level 1 inputs) for fair value measurement, the characteristics are classified as follows:

	Shares of TWSE/	Convertible (exchangeable)	
	TPEx listed companies	corporate bonds	Open-end Funds
Quoted market price	Closing price	Mark Center Close Price	Net value

- 4. There were no transfers between Level 1 and Level 2 inputs in 2022 and 2021.
- 5. The Company had no financial instruments classified as Level 3 inputs for the years ended December 31, 2022 and 2021.

(IV) Other Matters

In response to the impact of COVID-19 pandemic and the government's pandemic prevention measures, the Company has adopted relevant occupational health measures and related management in accordance with the Guidelines for Enterprise Planning of Business Continuity in Response to COVID-19, and there were no significant impact on the Company's business operations.

XIII. Separately Disclosed Items

(According to the regulations, only the information for 2022 will be disclosed)

- (I) <u>Information on significant transactions</u>
 - 1. Loaning of funds to others: None.
 - 2. Endorsements/guarantees to others: None.
 - 3. Marketable securities held (excluding investments in subsidiaries, associates and joint ventures): Please refer to Table 1.
 - 4. Marketable securities acquired and disposed of at costs or prices of at least

NT\$300 million or 20% of the paid-in capital: None.

- 5. Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: Please refer to Table 2.
- 6. Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
- 7. Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
- 8. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
- 9. Trading in derivative instruments: None.
- 10. The business relationship between the parent and the subsidiaries and between each subsidiary, and the circumstances and amounts of any significant transactions between them: None.

(II) Information on investees

Information on Investees and Location (Excluding Investees in Mainland China): Please refer to Table 3.

(III) Information on investments in mainland China

As of December 31, 2022, the Company has not transferred investment to mainland China.

(IV) Information of major shareholders

Information of major shareholders: Please refer to Table 4.

XIV. Segment Information

Not applicable.

Marketable securities held (excluding investments in subsidiaries, associates and joint ventures):

<u>December 31, 2022</u>

Units: NT\$thousand

Table 1

Ending balance Number of Carrying Type and name of securities Relationship with Securities Issuer Accounting Item Remark shares (shares) amount Shareholding Fair value Stocks: Financial assets at fair value through other SanDi Properties Co., Ltd. 943,000 \$ 29,657 29,657 comprehensive income - current Financial assets at fair value through other Sun Yad Construction Co., Ltd. 2,130,903 25,251 0.97% 25,251 Ultimate parent comprehensive income - current Financial assets at fair value through other Highwealth Construction Corp. 555,582 22,390 22,390 comprehensive income - current China Development Financial Holding Financial assets at fair value through other 836,128 10,535 10,535 Corporation (Common shares) comprehensive income - current Financial assets at fair value through other DA-LI DEVELOPMENT CO., LTD. 237,260 7,023 7,023 comprehensive income - current Financial assets at fair value through other U-Best Innovative Technology Co., Parent company 650,000 6.825 0.47% 6.825 Ltd. comprehensive income - current KUNYUE DEVELOPMENT CO., Financial assets at fair value through other 381,000 6.191 6.191 LTD. comprehensive income - current China Development Financial Holding Financial assets at fair value through other 762,966 5,905 5.905 Corporation (Preferred shares) comprehensive income - current Taiwan Semiconductor Manufacturing Financial assets at fair value through other 10,000 4,485 4,485 Co., Ltd. comprehensive income - current Financial assets at fair value through other Cathay Financial Holdings Co., Ltd. 98,427 3,937 3,937 comprehensive income - current Financial assets at fair value through other Kindom Construction Corp. 133,000 3,884 3,884 comprehensive income - current Financial assets at fair value through other EZPLACE CO., LTD. 3.114 438,000 3.114 comprehensive income - current AMTRAN TECHNOLOGY CO., Financial assets at fair value through other 304,500 3.045 3.045 LTD. comprehensive income - current WE & WIN DIVERSIFICATION CO., Financial assets at fair value through other 232,000 2,726 2,726 LTD. comprehensive income - current Financial assets at fair value through other Tacheng Real Estate Co., Ltd. 88,000 2,130 2,130 comprehensive income - current Financial assets at fair value through other SUNTY DEVELOPMENT CO., LTD 40,000 474 474 comprehensive income - current Financial assets at fair value through other Shin Kong Financial Holding Co., Ltd. 50,000 439 439 comprehensive income - current Hsin-Li Chemical Industrial Corp. Affiliates Financial assets at fair value through other 106,641 10.33% 6,970,000 106,641

			Ending balance				
Type and name of securities	Relationship with Securities Issuer	Accounting Item	Number of shares (shares)	Carry ing amount	Shareholding	Fair value	Remark
Convertible corporate bonds:							
Sun Yad Construction Co., Ltd.	Ultimate parent	Financial assets at fair value through other comprehensive income - current	250,000	27,960	_	27,960	_
YONGGU GROUP INC.	_	Financial assets at fair value through other comprehensive income - current	79,000	7,604	_	7,604	_
AIRMATE (CAYMAN) INTERNATIONAL CO., LIMITED	_	Financial assets at fair value through other comprehensive income - current	79,000	7,580	_	7,580	_
Shin Kong Financial Holding Co., Ltd.	_	Financial assets at fair value through other comprehensive income - current	71,000	7,313	_	7,313	_
United Renewable Energy Co., Ltd.	_	Financial assets at fair value through other comprehensive income - current	61,000	6,832	_	6,832	_
Bright Sheland International Co., Ltd.	_	Financial assets at fair value through other comprehensive income - current	67,000	6,452	_	6,452	_
Gseven Co., Ltd.	_	Financial assets at fair value through other comprehensive income - current	11,000	1,247	_	1,247	_
Cosmo Electronics Corp.	_	Financial assets at fair value through other comprehensive income - current	12,000	1,224	_	1,224	_
KMC (Kuei Meng) International Co., Ltd.	_	Financial assets at fair value through other comprehensive income - current	12,000	1,207	_	1,207	_
Mercuries & Associates Holding, Ltd.	_	Financial assets at fair value through other comprehensive income - current	8,000	784	_	784	_
Xin Chio Global Co., Ltd.	_	Financial assets at fair value through other comprehensive income - current	5,000	515	_	515	_
Buima Group Inc.	_	Financial assets at fair value through other comprehensive income - current	3,000	310	_	310	_
Beneficiary Certificates:							
China Trust Battery and Energy Storage	_	Financial assets at fair value through other	2,000,000	24,280	_	24,280	_
Fubon FTSE Vietnam ETF	_	Financial assets at fair value through other	326,000	3,563	_	3,563	_

Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital From January 1 to December 31, 2022

Table 2 Units: NT\$thousand

											Reference for price	Purpose of acquisition	
							Previous transfer	data of trading par	tners who are rela	ated parties	determination	and usage	
Company that													
acquired the real		Date of						Relationship with	1				Other agreed
estate	Asset Name	occurrence	Transaction amount	Payment status	Trading partner	Relationship	Owner	the issuer	Transfer date	Amount			matters
Feei Cherng	North District of Tainan City	111.4	\$ 415,823	Full payment	Yang Chueh-Chen	_	_	_	_	\$ -	(Note)	Construction of	_
Enterprise Co., Ltd	 Land at Beihua Section 											residential buildings	

(Note) With reference to the appraisal results and real estate market trends provided by Euro-Asia Real Estate Appraisers Firm (total appraisal value of NT\$421,178).

Information on Investees and Location (Excluding Investees in Mainland China)

From January 1 to December 31, 2022

Table 3 Units: NT\$thousand

					riginal inve	stment amount	Shares held a	t the end of	the period	Current (profit)	Investment	
				End of	the current	End of the previous	Number of		Carrying	loss of the	gains (loss)	
Name of investing company	Name of investee	Location	M ain business	fisc	al year	fiscal year	shares (shares)	%	amount	investee	recognized in	Remark
Feei Cherng Enterprise Co.,	Samtec Engineering Co., Ltd.	Taiwan	Construction and	\$	43,218	\$ -	25,172	82.53	\$ 43,168	(\$ 3,216)	(\$ 50)	Subsidiary
Ltd.			engineering									

Feei Cherng Enterprise Co., Ltd. Information of major shareholders December 31, 2022

Table 4 Unit: Shares

	Shares	
Name of major shareholder	Number of shares held (shares)	Shareholding
U-Best Innovative Technology Co., Ltd.	29,041,121	24.45%
Chi Fu Investment Co., Ltd.	10,000,000	8.41%
Sun Yad Construction Co., Ltd.	10,000,000	8.41%
Yu-Ming Chang	10,000,000	8.41%

(Note) The information of major shareholders on the last business day of each quarter according to TDCC, along with the information of shareholders that hold more than 5% of the Company's common shares and preferred shares that have completed dematerialized registration/delivery (including treasury shares).

As for the share capital recorded in the Company's financial report and the Company's dematerialized registration/delivery, there may be deviations due to different basis of calculation.

Feei Cherng Enterprise Co., Ltd. Cash and Cash Equivalents December 31, 2022

Item	Summary	 Amount
Cash:		
Cash		\$ 82
Check deposits - NTD		96
Demand deposits - NTD		 215,157
		\$ 215,335

Feei Cherng Enterprise Co., Ltd. Financial assets at fair value through other comprehensive income - current December 31, 2022

		Quantity of	Carrying amount		Interest	Acquisition	Fair		
Name of financial instruments	Summary	shares/unit	(NT\$)	Total amount	rate	cost	Unit price	Total amount	Collateral or pledge
Stocks:									
SanDi Properties Co., Ltd.	Listed company	943,000	\$ 10	\$ 9,430	_	\$ 29,836	\$ 31.45	\$ 29,657	(Note)
Sun Yad Construction Co., Ltd.	Listed company	2,130,903	10	21,309	_	35,881	11.85	25,251	None
Highwealth Construction Corp.	Listed company	555,582	10	5,556	_	22,750	40.30	22,390	(Note)
China Development Financial Holding Corporation (Common stock)	Listed company	836,128	10	8,361	_	14,674	12.60	10,535	(Note)
DA-LI DEVELOPMENT CO., LTD.	Listed company	237,260	10	2,373	_	7,139	29.60	7,023	(Note)
U-Best Innovative Technology Co., Ltd.	OTC	650,000	10	6,500	_	8,396	10.50	6,825	None
KUNYUE DEVELOPMENT CO., LTD.	OTC	381,000	10	3,810	_	6,064	16.25	6,191	(Note)
China Development Financial Holding	Listed company	762,966	10	7,630	_	7,164	7.74	5,905	(Note)
Corporation (Preferred stock)	Lista d sammany	10,000	10	100		5 702	110 50	4 495	(Note)
Taiwan Semiconductor Manufacturing Co., Ltd.	Listed company	10,000				5,702	448.50	4,485	(Note)
Cathay Financial Holdings Co., Ltd.	Listed company	98,427	10	984	_	5,560	40.00	3,937	(Note)
Kindom Construction Corp.	Listed company	133,000	10	1,330	_	4,996	29.20	3,884	(Note)
EZPLACE CO., LTD.	Listed company	438,000	10	4,380	_	4,253	7.11	3,114	(Note)
AMTRAN TECHNOLOGY CO., LTD.	Listed company	304,500	10	3,045	_	5,012	10.00	3,045	(Note)
WE & WIN DIVERSIFICATION CO., LTD.	OTC	232,000	10	2,320	_	3,371	11.75	2,726	(Note)
Tacheng Real Estate Co., Ltd.	OTC	88,000	10	880	_	2,102	24.20	2,130	(Note)
SUNTY DEVELOPMENT CO., LTD	Listed company	40,000	10	400	_	507	11.85	474	(Note)
Shin Kong Financial Holding Co., Ltd.	Listed company	50,000	10	500	_	548	8.77	439	(Note)

Feei Cherng Enterprise Co., Ltd. Financial assets at fair value through other comprehensive income - current (continued) December 31, 2022

Units: NT\$thousand

		Quantity of	Carrying amount		Interest	Acquisition		Fair	value		
Name of financial instruments	Summary	shares/unit	(NT\$)	Total amount	rate	cost	Uı	nit price	Total amount	Collateral or pledge	Remark
Convertible corporate bonds:	Expiry date:										
Sun Yad Construction Co., Ltd.	February 1, 2024	250,000	\$ 100	\$ 25,000	_	\$ 30,87	\$	111.84	\$ 27,960	(Note)	_
YONGGU GROUP INC.	December 16, 2023	79,000	100	7,900	_	7,64	5	96.25	7,604	(Note)	_
AIRMATE (CAYMAN) INTERNATIONAL CO., LIMITED	December 10, 2023	79,000	100	7,900	_	7,58)	95.95	7,580	(Note)	_
Shin Kong Financial Holding Co., Ltd.	December 17, 2023	71,000	100	7,100	_	8,51)	103.00	7,313	(Note)	_
United Renewable Energy Co., Ltd.	October 25, 2024	61,000	100	6,100	_	6,99	7	112.00	6,832	(Note)	_
Bright Sheland International Co., Ltd.	December 23, 2023	67,000	100	6,700	_	6,36	3	96.30	6,452	(Note)	_
Gseven Co., Ltd.	September 4, 2023	11,000	100	1,100	_	1,26	l	113.40	1,247	(Note)	_
Cosmo Electronics Corp.	February 27, 2023	12,000	100	1,200	_	1,27	l	102.00	1,224	(Note)	_
KMC (Kuei Meng) International Co., Ltd.	October 30, 2023	12,000	100	1,200	_	1,37	1	100.60	1,207	(Note)	_
Mercuries & Associates Holding Ltd.	January 25, 2026	8,000	100	800	_	80		97.95	784	(Note)	_
Xin Chio Global Co., Ltd.	October 15, 2023	5,000	100	500	_	57:		103.00	515	(Note)	_
Buima Group Inc.	July 12, 2024	3,000	100	300	_	34:		103.20	310	(Note)	_
Beneficiary Certificates: China Trust Battery and Energy Storage Technology ETF Fund	_	2,000,000	-	-	_	30,00)	12.14	24,280	(Note)	_
Fubon FTSE Vietnam ETF	_	326,000	-	-	_	5,08	7	10.93	3,563	(Note)	_
Remeasurement						272,64 (<u>37,76</u> \$ 234,88	<u>5</u>)		\$ 234,882		

(Note) All or part of the number of shares/units has been provided as a guarantee for the short-term loan line and the pledge of commercial paper notes payable.

Feei Cherng Enterprise Co., Ltd. Financial assets at amortized cost - current December 31, 2022

Item	Summary	 Amount
Time deposits - NTD	From April 11, 2022 to October 18, 2023	\$ 472,000
	Annual interest rate of 0.97%-1.45%	

Feei Cherng Enterprise Co., Ltd. <u>Inventories</u> <u>December 31, 2022</u>

		 Amount			
			Ne	t Realizable	
Item	Summary	 Costs		Value	Remark
Land for construction	_	\$ 633,902	\$	732,432	(Notes 1) (Note 2)
Land under construction	_	 496		496	(Note 1)
		\$ 634,398	\$	732,928	

⁽Note 1) For the estimation of net realizable value, please refer to Note 4(9) Inventory.

⁽Note 2) Partially pledged as collateral for short-term borrowings.

Feei Cherng Enterprise Co., Ltd. Changes in financial assets at fair value through other comprehensive income - non-current From January 1 to December 31, 2022

			Increase in	the current	Decrease in	the current			
	Beginning	g balance	per	iod	per	riod	Ending	balance	
Name of financial	Quantity of		Quantity of		Quantity of		Quantity of		Collateral
instruments	shares	Fair value	shares	Amount	shares	Amount	shares	Fair value	or pledge
Stocks: HSIN-LI CHEMICAL INDUSTRIAL CORP. Remeasurement	6,980,000	\$ 170,373	-	\$ -	(10,000)	(\$ 244)	6,970,000	\$ 170,129 (63,488) \$ 106,641	None

Feei Cherng Enterprise Co., Ltd. Changes in investments using the equity method From January 1, 2022 to December 31, 2022

	Beginning Balance	Increase in the current period	Decrease in the current period	Ending Balance	Market price or net equity	_
	Number of shares	Number of shares	Number of shares	Number of shares	Price per	Collateral
Company Name	(thousand shares) Amount	(thousand shares) Amount	(thousand shares) Amount	(thousand shares) Shareholding Amount	share (NT\$) Total amount	or pledge Remark
Samtec Engineering Co., Ltd.	\$	25 \$ 43,218	- (\$ 50)	25 82.53% \$ 43,168	\$ 1,105 \$ 27,813	None –

Feei Cherng Enterprise Co., Ltd. Changes in property, plant and equipment - costs From January 1 to December 31, 2022

Units: NT\$thousand

Please refer to Note 6(7) for Property, Plant and Equipment.

Changes in property, plant and equipment - accumulated depreciation From January 1 to December 31, 2022

Units: NT\$thousand

Please refer to Note 6(7) for Property, Plant and Equipment. Please refer to Note 4(14) Property, Plant and Equipment for the depreciation method and estimated useful life.

<u>Feei Cherng Enterprise Co., Ltd.</u> <u>Short-term borrowings</u> <u>December 31, 2022</u>

Nature of the		Ending		Interest rate]	Banking		
borrowing	Description	 Balance	Contract expiry date	range		facility	Pledge or guarantee	Remark
Guaranteed bank borrowings	Sunny Bank Ltd.	\$ 289,449	April 12, 2022 - October 18, 2023	$2.08\% \sim 2.20\%$	\$	289,800	Time deposits	_
"	Land Bank of Taiwan Co., Ltd.	164,700	July 11, 2022 - July 11, 2027	2.55%		206,000	Land for construction	_
"	Union Bank Of Taiwan Co., Ltd.	149,928	December 15, 2022 - October 16, 2023	$1.47\% \sim 1.89\%$		150,000	Time deposits	_
"	Chang Hwa Commercial Bank Ltd.	70,000	December 27, 2022 - April 27, 2026	2.63%		70,000	Land for construction	_
"	Shanghai Commercial and Savings Bank Ltd.	39,550	December 28, 2022 - December 28, 2023	2.63%		39,550	Land for construction	_
"	SinoPac Securities Corp.	 37,600	December 19, 2022 - June 16, 2023	4.00%		37,600	Stocks, convertible corporate bonds and beneficiary certificates	-
		\$ 751,227						

Feei Cherng Enterprise Co., Ltd. Short-term notes payable December 31, 2022

					Amount				
						Unamortized			
	Guarantee or acceptance		Interest			discount in short-			
Item	agency	Contract period	rate range	Iss	ue amount	term notes payable	Car	rying amount	Remark
Commercial paper payable	China Bills Finance Corp.	December 22, 2022 - January 19, 2023	2.20%	\$	15,000	\$ -	\$	15,000	_
"	Mega Bills Finance Co., Ltd.	December 16, 2022 - January 13, 2023	2.15%		10,000			10,000	_
				\$	25,000	\$ -	\$	25,000	

Operating Revenue

From January 1 to December 31, 2022

Item	Quantity	 Amount	Remark
Bulk raw materials	193,000kg	\$ 8,922	_

Operating Costs

From January 1 to December 31, 2022

Item		Amount
Manufacturing industry:		
Commodities as of January 1	\$	-
Add: Current purchases		8,901
Closing commodity		
Cost of goods purchased/sold		8,901
Cost of inventories sold		8,901
Operating Costs	\$	8,901
Building industry:		
Prepayment for land use at the beginning of the period	\$	-
Add: Current purchases		419,964
Minus: Transfer to land for construction	(419,964)
Prepayment for land use at the end of the period	\$	_
Land for construction as of January 1	\$	153,998
Add: Current purchases or additional provisions		60,436
Transfer of prepayment for land use		419,964
Land for construction as of December 31	(634,398)
Operating Costs	<u>\$</u>	_

Management expenses

From January 1 to December 31, 2022

Item	<u>-</u>	Amount	
Salary expenditure	\$	23,827	
Depreciation		5,674	
Service fees		3,652	
Others (not exceeding 5%)		6,628	
	\$	39,781	

Feei Cherng Enterprise Co., Ltd. Other Revenue From January 1 to December 31, 2022

Units: NT\$thousand

Please refer to Note 6(18) Other Income for details.

Feei Cherng Enterprise Co., Ltd. Other gains and losses From January 1 to December 31, 2022

Units: NT\$thousand

Please refer to Note 6(19) Other Gains and Losses for details.

Summary statement of current period employee benefits, depreciation, depletion and amortization expenses by function

From January 1 to December 31, 2022

Units: NT\$thousand

Please refer to Note 6(21) Additional Information in the Nature of Expenditures, and Note 6(22) Employee Benefit Expense.

VI. Impact on the Company's financial situation if the Company or its affiliates have experienced financial difficulties in the most recent fiscal year up to the date of publication of the annual report: None.

Seven. Review and Analysis of Financial Status and Financial Performance, and Risk Assessment

I. Financial Position

Financial Position (Consolidated Financial Statement)

Unit: NT\$ Thousand

Year Item	December 31, 2022	December 31, 2021	Amount of increase (decrease)	Variance (%)
Current Assets	1,592,735	913,201	679,534	74.41
Property, plant and equipment	82,599	86,107	(3,508)	(4.07)
Right-of-use assets	769	1,795	(1,026)	(57.16)
Financial assets at fair value through other comprehensive income - non-current	106,641	189,507	(82,866)	(43.73)
Intangible assets	17,526	-	17,526	-
Other assets	2,549	2,352	197	8.38
Total assets	1,802,819	1,192,962	609,857	51.12
Current Liabilities	790,365	14,165	776,200	5,479.70
Non-Current Liabilities	2,924	1,081	1,843	170.49
Total liabilities	793,289	15,246	778,043	5,103.26
Equity attributed to owners of the parent	1,004,330	1,177,716	(173,386)	(14.72)
Share Capital	1,187,708	1,187,708	-	-
Capital surplus	605,796	605,796	-	-
Retained Earnings	(787,782)	(614,396)	(173,386)	28.22
Other equity	(1,392)	(1,392)	-	-
Non-controlling equity	5,200	-	5,200	-
Total Equity	1,009,530	1,177,716	(168,186)	(14.28)

Note: Where there is a discrepancy of 20 percent or more, and the amount exceeds NT\$10 million, the reasons are as follows:

^{1.} Increase in current assets: Mainly due to increase in cash and cash equivalents, financial assets at amortized cost, and inventories.

^{2.} Decrease in financial assets at fair value through other comprehensive income - non-current: Mainly due to increase in recognition of valuation losses.

^{3.} Increase in current liabilities: Mainly due to increase in short-term borrowings, short-term notes payable and other payables.

II. Financial Performance

(I) Comparative analysis of operating results (Consolidated Financial Statement)

Unit: NT\$ Thousand

			Om.	TVI # I Housan
Year Item	2022	2021	Amount of increase (decrease)	Variance (%)
Operating revenue, net	8,922	71,875	(62,953)	(87.59)
Operating profits	21	3,594	(3,573)	(99.42)
Loss from operations	(40,264)	(27,830)	(12,434)	44.68
Non-operating income and expenses	(133,129)	74,569	(207,698)	(278.53)
Profit (loss) before income tax	(173,393)	46,739	(220,132)	(470.98)
Profit (loss) for the current period	(173,396)	42,301	(215,697)	(509.91)
Other comprehensive income for the current period	-	-	-	-
Other comprehensive income/loss for the year	(173,396)	42,301	(215,697)	(509.91)
Net profit (loss) attributable to owners of the parent	(173,386)	42,301	(215,687)	(509.89)
Net profit (loss) attributable to non-controlling equity	(10)	-	(10)	-
Total comprehensive income (loss) attributable to owners of the parent	(173,386)	42,301	(215,687)	(509.89)
Total comprehensive income (loss) attributable to non-controlling equity	(10)	-	(10)	-
Earnings (loss) per share	-1.46	0.42	(1.88)	(447.62)
			-	

Note: Where there is a discrepancy of 20 percent or more, and the amount exceeds NT\$10 million, the reasons are as follows:

- 1. Decrease in operating revenue: Mainly due to decrease in revenue for bulk materials while the accounting item for livestock breeding is no longer recognized.
- 2. Increase in loss from operations: Mainly due to increase in salary expenses.
- 3. Decrease in non-operating income and expenses: Mainly due to the recognition of a net loss of NT\$154,063,000 in financial assets at fair value through other comprehensive income.
- (II) Expected sales volume and basis of estimate, the impact posed by them to the Company's financial operations in the future, and responsive plan

 Not applicable since the Company has not announced financial forecasts to the public.

III. Cash flow

(I) Analysis on changes in cash flow in 2022 (consolidated financial statements)

1. Analysis on changes in cash flow in the most recent fiscal year

Year	2022	2021	Increase (decrease) %
Cash flow ratio	-66.92%	-2,503.12%	97.33%
Cash flow adequacy ratio	-111.40%	-53.51%	-108.19%
Cash reinvestment ratio	-51.47%	-29.83%	-72.54%

Analysis of percentage increase (decrease):

Change in the ratio was mainly due to increase in cash outflow caused by higher inventory level in 2022.

2. Analysis of insufficient capital liquidity: Currently, there is no liquidity concerns. The Company should be able to respond to insufficient cash funds by bank financing.

(II) Liquidity analysis for the coming year (2023)

Unit: NT\$ Thousand Estimated responsive measures Estimated net cash Estimated net cash against cash deficit Balance of cash, Estimated cash flow from operating flow from financing beginning balance (deficit) Investment activities for the year activities for the year Financing plan plan 112,539 (42,249)318,336 248,046

Analysis on changes in cash flow for the next year:

- The pre-sale of Xinzhuan Section and Beihua Section would contribute to cash inflow from operating activities of NT\$112,539 thousand.
- Net cash flow from investing and financing activities: The cash outflow caused by financing and borrowings is estimated at NT\$42,249 thousand.
- IV. Impact posed by material capital expenditures to financial operations in the most recent year

Nature of Contract	Trading counterpart	Contract date	Main Contents	Amount (NT\$ thousand)	Impact on financial operations
Real estate contract	Fang Shun-Liang	October 25, 2021	Purchased construction land and building at No. 294, Xinsheng Section, Qianzhen District, Kaohsiung City	23,232	No difference as it was paid from self-owned funds.
Real estate contract	Wu Su-Yun and 5 other counterparts	December 6, 2021	Purchased construction land and building at No. 1038, Ziqiang Section, North District, Tainan City	10,530	No difference as it was paid from self-owned funds.
Real estate contract	Su Chun-Ping	December 7, 2021	Purchased construction land at No. 1034, Ziqiang Section, North District, Tainan City	32,610	No difference as it was paid from self-owned funds.
Real estate contract	Sheng Jhong Syue International Co., Ltd.	December 1, 2021	Purchased construction land at No. 1780, 1781, 1782, 1783, 1784 in Xin Zhuan Section, West Central District, Tainan City	88,000	No difference as it was paid from self-owned funds.
Real estate contract	Li Mao-Bin	January 28, 2022	Purchased construction land at No. 301, 302, 305, 306, Xinsheng Section, Qianzhen District, Kaohsiung City	4,000	No difference as it was paid from self-owned funds.
Real estate contract	Ma Yi-Ting	February 9, 2022	Purchased construction land at No. 68, Bailun Section, Rende District, Tainan City	54,510	No difference as it was paid from self-owned funds.
Real estate contract	Yang Chueh-Chen	April 15, 2022	Purchased construction land at No. 1164, 1186-2, 1187-1, 1193, 1194-1, 1196, 1198, 1199 in Beihua Section, North District, Tainan City	415,823	60% was paid from self-owned funds, and remaining 40% was paid by land loans.

V. The investment policy for the most recent year, major causes for profit or loss thereof, improvement plans, and investment plans for next year

December 31, 2022; Unit: NT\$ Thousand

Name of Investee	Investment (loss) recognized in 2022	Policy	Major causes for profit or loss thereof	Improvement plans	Other future investment plans
Samtec Engineering Co., Ltd.	(50)	Business needs and business diversification	Investments in December 2022	None.	None.

- VI. Risk analysis and assessment from the most recent year and until the date of publication of the annual report
 - (I) Impacts of interest rate/foreign exchange rate fluctuation and inflation to the Company's income, and future responsive measures

Unit: NT\$ Thousand

		emi. 1(1¢ modsand		
Item	2022	Percentage of total revenue %		
Interest expenses	5,411	60.65%		
Foreign exchange gains (loss)	-	-		

1. The effect upon the company's profits (losses) of interest fluctuations and response measures to be taken in the future:

The Company's interest rate risk mainly come from floating rate debts borrowed for operating and investment activities, as changes in market interest rates will cause cash flow fluctuations in interest payments.

To avoid rising interest rates in the future which increase uncertainties on the cost of debt financing, we plan to negotiate interest rates on a case-by-case basis with the bank to reflect the market rate of interest.

2. The effect upon the company's profits (losses) of foreign exchange fluctuations and response measures to be taken in the future:

The Company's operating revenue and operating costs were mainly denominated in NT dollars. Therefore, foreign exchange rate fluctuations did not affect the cost and profits from purchasing corn, and there were no foreign exchange (loss) gains in 2022.

3. The effect upon the company's profits (losses) of changes in the inflation rate and response measures to be taken in the future:

In 2022 up to the date of publication of the annual report, inflation has not exerted a significant impact on the Company's operations and profits.

- (II) Policies on high-risk and highly leveraged investments, loans to third parties, endorsements/guarantees, and derivatives trading, main causes of profit or loss incurred and future responsive measures:
 - For financial risk management, the Company has stipulated internal regulations and procedures related to
 finance and business operations, including the Procedure for Acquisition or Disposal of Assets, which covers
 the regulations for derivatives transactions. In addition, the Company also stipulates the Procedures for
 Endorsements/ Guarantees and the Loaning of Funds to Others, which regulate the risk management
 mechanism for the endorsements/guarantees and the loaning of funds to others.
 - 2. The Company is committed to core business development, and did not engage in high-risk and high-leverage financial investments from early 2022 up to the date of publication of the annual report. The Company only loan funds and provide endorsements/ guarantees to its subsidiaries, which are limited only to company operations. Therefore, there were no significant financial impact on the Company.
 - 3. The Company's loaning of funds to the subsidiary up to the date of publication of the annual report: None.
 - 4. The Company's endorsements/guarantees to the subsidiary up to the date of publication of the annual report:
- (III) Future R&D plans and expected R&D expenditure:

The Company does not currently have a R&D department, and is now mainly engaged in the purchase and sale of commodities, R&D investment is not applicable.

(IV) Impact on the Company's financial operations due to changes in domestic or foreign policies and laws, and responsive measures:

In the most recent year and up to the date of publication of the annual report, there were no significant changes in domestic or foreign policies and relevant laws that exerted a significant impact on the Company's financial operations. The Company's operations comply with relevant laws and regulations, and the Company keeps track of the development trends of domestic policy and changes in regulations, consulting relevant professionals on a regular basis, and collects relevant information as reference for the management's decision-making, so as to keep in line with changes in the market environment, and timely adjust its business strategy.

(V) Impact on the Company's financial operations due to technological or industrial changes, and responsive measures:

In the most recent year and up to the date of publication of the annual report, the technological and industrial changes have not exerted significant impact on the Company's financial operations. The Company has kept track of industry-related technological changes and technological development trends, and rapidly grasp the latest industry trends in response to the impact of technological and industrial changes on the Company.

(VI) Effect on the company's crisis management of changes in the Company's corporate image, and measures to be taken in response:

In the most recent year as of the publication date of the annual report, there has been no changes in corporate image that has led to corporate crisis. Since its establishment, the Company has focused on its core businesses, complied with relevant laws and regulations, actively strengthened internal management, and improved management quality and performance, so as to maintain a good corporate image and build customer trust. The Company will continue to meet various requirements for corporate governance, in order to avoid the occurrence of corporate risks which may affect the Company's operations.

(VII) Expected benefits and possible risks associated with any merger and acquisitions:

The Company has no acquisitions plans in the most recent year up to the date of

publication of the annual report. However, if there is a M&A plan in the future, the Company shall conduct evaluations in accordance with the Company's Procedures for the Acquisition or Disposal of Assets to protect the rights and interests of the Company and our shareholders.

(VIII) Expected benefits and possible risks associated with any plant expansion:

The Company has no factory expansion plans in the most recent year up to the date of publication of the annual report. However, if there is a plant expansion plan in the future, the Company shall conduct evaluations in accordance with the Company's Procedures for the Acquisition or Disposal of Assets to protect the rights and interests of the Company and our shareholders.

- (IX) Risks associated with concentrated purchases or sales:
 - 1. Risks associated with concentrated purchases:

In 2022, the Company has been mainly engaged in the trading of bulk raw materials. The management team has developed long-term cooperation with suppliers, which can stabilize the source of supply and decrease the probability of supply shortages.

2. Risks associated with concentrated sales:

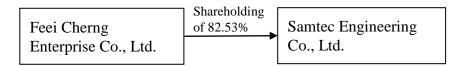
In 2022, the Company has been mainly engaged in the trading of bulk raw materials, and has maintained stable relationship with its customers, with steady increase in transaction (volume). In the future, it will continue to actively expand new customers for customer diversification, and reduce the risks associated with concentrated sales.

- (X) Impact and risk on the Company due to major transfer or conversion of equity by directors or shareholders with more than 10% ownership interest: None.
- (XI) Effect upon and risk to company associated with any change in governance personnel or top management: None.
- (XII) If there has been any material impact upon shareholders' equity or prices for the company's securities as a result of any litigation, non-litigious proceeding, or administrative dispute involving a company director, supervisor, general manager, de facto responsible person, or major shareholder with a stake of more than 10 percent, and the matter was finalized or remained pending during the most recent 2 fiscal years or during the current fiscal year up to the prospectus publication date, the prospectus shall disclose the facts in dispute, amount in dispute, commencement date, main parties involved, and current status of the case: None.
- (XIII) Cybersecurity risks: In response to the networking technology progress and cross-platform networking trend, the Company uses information security tools to take effective protection strategies at the right moment; train employees' awareness toward information security and to be more cautious about the messages in emails or communication software, in order to mitigate the risk over phishing scams, and help protect personal data and trading safety by installing anti-virus software. Meanwhile, in addition to updating password periodically, the Company uses multi-factor authentication account protection measures and password management tools to protect relevant authentication information and help protect personal confidential data and establish a backup mechanism to ensure the data security. Therefore, the Company evaluates that the information security risk should be minor for the time being.
- (XIV) Other Significant Risks: None.

VII. Other Important Matters: None.

Eight. Special Notes

- I. Information about Affiliated Companies
 - (I) The consolidated business reports of affiliates
 - 1. Overview of affiliated companies:
 - (1) Organizational Chart of affiliate companies (as of December 31, 2022)



- (2) The company that meets the elements provided in Article 369-3 of the Company Act for presumption of a relationship of control or subordination: None
- 2. Basic information of each affiliate:

December 31, 2022

Name of	Date of Establishment	Address	Paid-in capital	Principle business or
Company	Establishment			production lines
Samtec Engineering Co., Ltd.		11F3, No. 248, Sec. 2, Yonghua Rd., Anping Dist., Tainan City, Taiwan (R.O.C.)	NT\$30,500 thousand	Synthesis Construction

- 3. Information about the same shareholder presumed to have control and affiliation: Not applicable.
- 4. Explanation about business operated by all affiliated companies:
 The main businesses operated by the Company and individual affiliates include:
 Trade and constructions.
- 5. Information about directors, supervisors and presidents of the affiliated companies

As of December 31, 2021

			Shares held		
Name of Company	Job Title	Name or representative	Quantity of shares	Shareholding	
	Lurector	Ho Jui Investment Co., Ltd.		0.220/	
Samtec Engineering		Representative: Lee, Tung-Hung	100	0.33%	
Co., Ltd.	President	Feei Cherng Enterprise Co., Ltd. Representative: Shuo-Wen Chang	25,172	82.53%	

6. Overview of operations of affiliated companies:
Financial condition and operational results of each affiliate:

December

					Decer	nber 31, 20	22; Unit: NT	\$ Thousand
Name of Company	Paid-in capital	Total assets	Total liabilities	Net value	Operating Revenue	Operating Income	Net income	Earnings per share (NT\$) (after tax)
Samtec Engineering Co., Ltd.	30,500	33,762	62	33,700	-	(72)	(3,216)	(105.45)

- (II) Consolidated financial report of the affiliates: Please refer to pages 70-116.
- (III) Affiliation Report: Not applicable.
- II. Private placement of securities during the most recent year and up to the date of publication of the annual report:

Item	1st and 2nd private placements in 2021 Issue Date: December 17, 2021						
Type of securities by private placement	Common shares						
Date and amount of private placement approved by the shareholders meeting	Date approved by the shareholders meeting: August 18, 2021 Limit on the private placement: 10,000,000 shares for the 1st private placement, and 10,000,000 shares for the 2nd private placement, giving a total of 20,000,000 shares						
Basis for and reasonableness of the pricing	December 3, 2021 was set as the date of pricing of private placement. For the basis and rationality of private placement price setting based on the resolution of the shareholders meeting on August 18, 2021, the reference price was NT\$11.45, which was the higher of: (1) Subscription price of private placement common shares is calculated based on the simple arithmetic average of the price at one, three or five business days before the pricing date. (2) Simple arithmetic average of the common shares closing prices on the 30 business days prior to the pricing date, minus the free allotment ex-rights and dividend, and adding back the capital reduction reverse ex-rights. The private placement common shares subscription price shall be no lower than 80% of the reference price. Therefore, the private placement common shares subscription price is set at NT\$9.17 per share, and shall be no lower than the face value and net value per share of NT\$9.17 in the most recent financial report audited and attested by a CPA. The actual private placement common shares issue price, and pricing conditions are in compliance with relevant laws and regulations, with reference to the Company's business performance, the most recent net value and share price, and are handled according to the Directions for Public Companies Conducting Private Placements of Securities. Therefore, the pricing should be reasonable.						
Selection of a placee for private placement	The Company shall select specific personnel as placees for this private placement by resolution of the shareholders meeting in accordance with Article 43-6 of the Securities and Exchange Act. The Board of Directors is fully authorized to handle this matter.						
Reason for conducting private placement	Based on the status of the capital market, timeliness and feasibility of fundraising, and the actual needs to attract strategic investors and the regulation that privately placed securities cannot be freely traded within three years, private placement can ensure the long-term cooperation between the Company and strategic investors. Furthermore, authorizing the Board of Directors to conduct private placement for fundraising from specific personnel when necessary.						
Completion date	December 17, 2021						
Information on placee	Targets of the private placement	Qualifications	Subscription (shares)	Relationship with the Company	Participation in the operations of the Company		

	Yu-Ming Chang	Compliance with Article 43-6 of the Securities and Exchange Act	7,000,000	None	None
	Metropolis Internet Technology	Compliance with Article 43-6 of the Securities and Exchange Act	3,000,000	None	None
	Sun Yad Construction Co., Ltd.	Compliance with Article 43-6 of the Securities and Exchange Act	10,000,000	None	None
Actual subscription price	NT\$9.17 per share				
The difference between the actual subscription price and the reference price	The actual subscription price is no lower than 80% of the reference price of NT\$11.45 per share.				
The effect of private placement to the shareholders' equity	This private placement will help strengthen the Company's financial structure, enhance operational efficiency and overall competitiveness, indicating that private placements should have a positive impact on the Company's equity.				
Status of use of the capital raised through the private placement of securities and the implementation progress of the plan	On December 3, 2021, the Company issued 20,000,000 shares by resolution of the board of directors, which will be subscribed to by a specific person or persons. The allotment of shares is fully paid up on December 17, 2021. The private placement totaled NT\$183,400,000. As of December 31, 2023, the private placement funds have been utilized according to the plan.				
Realization of the benefits of private placement	The land for the construction of 8 lots, including lot 1164 in Beihua Section of Tainan City, was purchased and the transfer was completed in July 2022.				

- III. Holding or disposal of shares of the Company by the Company's subsidiaries during the most recent year and up to the date of publication of the annual report: None.
- IV. Other Supplementary Notes: None.
- V. Any occurrences of events defined under Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act in the most recent year up till the date of publication of the annual report that significantly impacted shareholders' equity or security price: None.

