Stock Code：1236

This Annual Report is available at:

https://mops.twse.com.tw/mops/web/t57sb01_q5

https://www.hunya.com.tw/ir/financial_report/annual

宏亞食品股份有限公司
HUNYA FOODS CO., LTD.

2022 Annual Report

Printed on May 10, 2023

I. Spokesperson:

Name: Tsai-Yun Yu
Title: Manager of Finance Department
Tel: (02)29180786
Email: christineyu@hunya.com.tw

Deputy Spokesperson: Shih-Pin Hsu
Title: Special Assistant to President's Office
Tel: (02)29180786
Email: charleshsu@hunya.com.tw

II. Contact Information of Headquarters and Branches:

Name	Address	Telephone
Headquarters	20F.-6, No. 86, Sec. 1, Beixin Rd., Xindian Dist., New Taipei City	(02)2918-0786
Factory	No. 386, Jianguo Rd., Bade Dist., Taoyuan City	(03)368-5055
Taichung Sales Office	No. 137, Longshan 3rd St., Daya Dist., Taichung City	(04)2568-3700
Kaohsiung Sales Office	No. 31-8, Meishan Rd., Niaosong Dist., Kaohsiung City	(07)371-0873
Zhongshan Store	No. 22-1, Sec. 2, Zhongshan N. Rd., Zhongshan Dist., Taipei City	(02)2562-6099
Zhongxiao Store	No. 392, Sec. 5, Zhongxiao E. Rd., Xinyi Dist., Taipei City	(02)8789-5799
Sanchong Store	No. 193, Zhengyi N. Rd., Sanchong Dist., New Taipei City	(02)2985-4195
Banqiao Store	No. 29, Nanmen St., Banqiao Dist., New Taipei City	(02)2969-3141
Luodong Store	No. 183, Gongzheng Rd., Luodong Township, Yilan County	(03)956-2457
Taoyuan Store	No. 147, Zhongshan Rd., Bade Dist., Taoyuan City	(03)332-7777
Zhongli Store	No. 461, Yanping Rd., Zhongli Dist., Taoyuan City	(03)422-5196
Hsinchu Store	No. 163, Zhongzheng Rd., North Dist., Hsinchu City	(03)521-8252
Taichung Store	No. 132, Sec. 2, Sanmin Rd., Central Dist., Taichung City	(04)2226-0026
Changhua Store	No. 149, Sec. 2, Zhongzheng Rd., Changhua City, Changhua County	(04)726-2087
Chiayi Store	No. 466, Zhongshan Rd., West Dist., Chiayi City	(05)216-8116
Tainan Store	No. 124, Dongning Rd., East Dist., Tainan City	(06)234-4606
Kaohsiung Store	No. 34, Zhongzheng 4th Rd., Xinxing Dist., Kaohsiung City	(07)286-6875
Pingtung Store	No. 188-2, Minsheng Rd., Pingtung City, Pingtung County	(08)766-1268

III. Contact Information of Stock Transfer Agency:

Stock Agency Department of Grand Fortune Securities Co., Ltd.
Address: 5F, 6F, 7F., No. 6, Sec. 1, Zhongxiao W. Rd., Zhongzheng Dist., Taipei City
Tel: (02)2383-6888 Website: https://www.gfortune.com.tw/

IV. Contact Information of the CPAs for the Latest Financial Statements

Name: Rung-Huang Shiu, Jian-Tze Huang Accounting Firm: Ernst & Young

Address: 9F., No. 333, Sec. 1, Keelung Rd., Xinyi Dist., Taipei City

Tel: (02)2757-8888 Website: https://www.ey.com/zh_tw/about-us

V. Overseas Securities Exchange Where Securities Are Listed and Method of Inquiry: None

VI. Company Website: https://www.hunya.com.tw/

Contents

Chapter 1 Letter to Shareholders

I. 2023 Business Report

II. 2024 Business Plan Overview

III. Future Development Strategy

IV. Impact of external competitive environment, regulatory environment and general business environment

Hunya Foods Co., Ltd.
Letter to Shareholders

I. Business Report

The epidemic gradually came under control in 2023, but the economy is facing significant changes. The recent economic situation at home and abroad has witnessed weakening demand due to factors such as high inflation and extreme weather. Global raw material prices have continued to rise in recent years, with many raw material prices even reaching record highs. This has had a great impact on the food industry. In the context of such economic and social changes, Hunya will be required to respond more flexibly, and it will uphold stable product quality and create better, stronger brand competitiveness to give back to consumers and the public.

To become an important "Comfort Food" brand in the minds of Taiwanese consumers, Hunya's strategy is to enhance its brand power, boost the Gen-Z consumer group, and successfully launch products that meet trends and needs. Under this strategy, we will enhance brand equity and business influence through accurate and insightful marketing communication, unique brand proposals, and competitive Share of Voice (SOV), attracting new Gen-Z consumers and consolidating existing ones through brand rejuvenation and strategic cooperation. We also aim to increase brand penetration and revitalize brand momentum through the launch of new products with consumer insights, in line with market trends, to meet consumer needs. Media voice/marketing communication will therefore be precisely targeted at consumer-users and combined with the channel mix and product mix corresponding to consumer behavior to form a systematic product development strategy with improved near-term benefits.

Faced with the strong development of modern channels, the tightening of bargaining space, diversity demands to survive and transform channels, the increase of R&D and production costs, and the boom of e-commerce, Hunya, as a food manufacturer, is under pressure to operate under continuously squeezed profitability; solutions are as follows:

- Segmented channel-based product strategy
- Low-volume, high-variety production line layout and R&D strategy
- Digital, self-owned channels, and the deployment of talent
- Partnering in the development of channel products

The results of product development in 2023 are a testament to Hunya's efforts and effectiveness in core product development:

- Awarded four stars in the ITQI Global Sweet Snacks, Biscuit Bars, Cookies, Chocolate, and Confectionery Snacks categories.
- ALWAYS 90% Pingtung Cocoa Dark Chocolate won the gold medal in the 2023 Monde Selection International Quality Awards. The Noble Pie peanut flavor won the silver medal in the 2023 Monde Selection International Quality Awards.
- Short bread and ALWAYS 85% dark chocolate have been certified by A.A. TASTE AWARDS.

In terms of smart manufacturing development, Hunya has completed the first stage of digital transformation since implementing SAP and ERP in 2019, and is now in the second stage of smart manufacturing, introducing MES and WMS, and expanding to SCM platform tandem planning. We are planning for future AI-related applications in combination with the Hunya BI Strategy Office to achieve the complete implementation of smart manufacturing. In 2023, we introduced the supply chain integration service platform to promote data acquisition, including logistics management, and warehousing environment management (temperature, humidity, and smart equipment monitoring, etc.). Combined with big data AI analysis technology, we are successfully integrating upstream and downstream information in the industry chain to achieve overall control of raw material supply and product quality, receiving subsidies from the Ministry of Economic Affairs for our low-carbon and smart upgrading and transformation activities.

Facing changes and challenges in the general business environment, the Company's strategic development direction is as follows:

- Bringing consumers a satisfying Taiwanese casual snacking experience with deliciousness and peace of mind (77).
- Featuring local ingredients, French techniques, lifestyle, comfortable space, and professional service to make Rivon a stylish bakery gift store (Rivon).
- Becoming the most suitable pipeline for the circulation of domestic and foreign specialty goods.
- Creating an efficient green plant with sustainable cycles and leading technology.
- Shortening time and distance with digital technology to quickly meet consumer needs (digital transformation).

With deep commitment to corporate social responsibility and sustainable management, Hunya received the AREA (Asia Responsible Enterprise Awards) Green Leadership Award, the only award in the food industry in Taiwan, and the 2023 TCSA Taiwan Corporate Sustainability Award – Food & Beverage and Food Industry – Platinum Award and Sustainability Action Bronze Award (SDG12). Hunya will continue to establish a sustainable enterprise centered on wellbeing in Taiwan with our three major cores values (trust, passion, and innovation) throughout our five main operation perspectives.

Operating results for 2023 are as follows:

1. Implementation Results of the Business Plan

The Company's consolidated net operating revenue for 2023 was NT$1,929,953,000, a decrease of NT$178,700,000 (8.47% decrease) compared to the consolidated net operating revenue for 2022 of NT$2,108,653,000. Pre-tax income was NT$466,846,000 in 2023, a decrease of NT$431,643,000 compared with pre-tax income of 2022 of NT$466,846,000. The gains on disposals of property, plant, and equipment for 2023 was NT$445,345,000.

2. Budget Implementation

Unit: NT$ thousand

Year / Item	2023		
	Actual amount	Budget amount	Achievement rate (%)
Net operating income	1,929,953	2,017,911	95.6%
Gross Profit	537,476	531,614	101.1%
Operating profit	13,194	15,502	85.1%
Net profit before tax	35,203	18,502	190.3%

The budget implementation is still in line with expectations, with revenue and gross profit achieving over 95%. Gross profit was mainly achieved by an increase in the product portfolio and capacity utilization rate, and good control of the fixed nature of various expenses.

3. Financial Revenue and Profitability Analysis

(1) Financial income and expenditure

Unit: NT$ thousand

Item	2023	2022	Increase (Decrease) Amount	Increase (Decrease) %
Net operating income	1,929,953	2,108,653	(178,700)	(8.47%)
Gross Profit	537,476	568,730	(31,254)	(5.50%)
Operating profit	13,194	4,372	8,822	201.78%
Net profit before tax	35,203	466,846	(431,643)	(92.46%)
Net profit after tax	15,690	424,156	(408,466)	(96.30%)

Consolidated net operating income decreased by 8.47%, gross profit decreased by 5.50%, operating income increased by 201.78% and net income decreased by 96.30% for 2023 compared to 2022. The increase in non-operating income was mainly due to the disposal of property, plant, and equipment, which resulted in an increase of NT$445,345,000 for the current year.

(2) Profitability analysis

Item	2023	2022
Return on Assets (%)	0.59	11.36
Return on Equity (%)	0.59	16.76
Operating Income to Paid-in Capital Ratio (%)	1.52	0.40
Income Before Tax to Paid-in Capital Ratio (%)	4.06	43.09
Net Profit Margin (%)	0.81	20.12
Earnings per share after tax (NT$)	0.16	3.91

According to profitability indicators, the Company's profitability in 2023 was lower than that in 2022 due to the additional non-operating income from the gains on disposals of property, plant, and equipment.

4. Research and Development

In terms of research and development, the application of various functional materials, such as GABA, lactic acid bacteria, food fiber, immunity enhancement, and bone strengthener, etc., and market consumption needs better highlight the characteristics of our products. The development of products with high profitability, organic, no additives, reduced sugar, high protein, plant heat, natural ingredients, innovation, and highlights can only obtain attention from the market and consumers, thus enhancing product value and market share. We can improve the manufacturing efficiency and performance of current equipment in the factory with flexible manufacturing by deriving new products with minimum investment. We are conducting deeper research into core technologies, analyzing resource consumption (raw materials, energy, manpower), technology levels, and low variability for improvement, and then unifying more advanced processes.

II. 2023 Business Plan Overview

(I) Guideline for management:

Looking ahead, we will continue to develop new products and markets, and meet the real needs of consumers. We will continue to strengthen our supply chain management and manufacturing process to improve yield, reduce costs, and strictly improve food safety and competitiveness. We are confident that we can improve our operating performance and generate greater profit in the new year.

1. To be the leading "comfort food" brand, we continue to introduce healthy and quality products to create a win-win situation for our customers and achieve good results.
2. We plan our financial structure carefully, strengthen our corporate governance, and actively supervise and manage our operations through strict budget control and financial auditing to improve operational performance, maximizing the interests of our shareholders, valuing the welfare of our employees, and actively contributing to society.
3. We continue to digitize and smarten business processes to improve the flexibility and efficiency of internal and external feedback and response mechanisms.

(II) Potential impact and the basis of expected sales quantities

Prepared by the Company's management unit in accordance with operating trends and annual plans:

Product items	Expected sales quantity (boxes)
Chocolate (candy)	872,564
Wafer biscuits	6,207,540
Wedding cake (pastry)	1,118,579
Other	250,000

(III) Major production and sales policies:

1. We have developed a variety of products to meet the needs of consumers by focusing on the ingredients and functionality of our products.
2. To boost the share of sales of high-end wedding cakes and festive products, we have been promoting souvenir and retail products.
3. We are actively expanding into global markets with our local production advantages.
4. Production development uses renewable energy in a circular economy and reduces waste by redesigning materials, products, processes, and business models. We will continue to pursue our strategy of "local sustainability and wellbeing".

The Company's management team takes people as the target, builds on the foundation of five strategic axes, creates sustainable management, and transmits happiness to the five stakeholder groups: it communicates with consumers on the product side to share the sweet taste of peace of mind, enables the next generation to inherit a fresh and abundant future on the environmental side, creates a mutually beneficial and co-prosperous relationship with partners, injects joyful and positive energy into society, and creates a vibrant and friendly workplace for employees. **We create "Happy Moments" for our customers with sincerity, and we hope that happiness lasts not only for a moment, but forever.**

Today, we are proud to have the opportunity to report to all shareholders on our 2023 operating profile. We continue to thank all shareholders for their support and love in the new year, and will work even harder to create even greater results to share with all shareholders.

Chairperson: Yun-Chi Chang

Managerial Officer: Yun-Chi Chang
Finance and Accounting Supervisor: Tsai-Yun Yu

Chapter 2 Company Profile

I. Date of Incorporation

II. Company History

Chapter 2. Company Profile

I. Date of Incorporation: June 14, 1976

II. Company History:

1. 1976: Hunya Foods Co., Ltd. was incorporated in Yonghe, New Taipei City, Taiwan, with a factory in Bade City, Taoyuan, and began marketing under the brand name "77 Chocolate".
2. 1985: Rivon Foods Co., Ltd. was incorporated to enter the wedding cake market.
3. 1987: Established the Taichung Store.
4. 1988: Established the Yonghe, Taoyuan and Kaohsiung Stores.
5. 1989: Established the Keelung Store.
6. 1990: The head office relocated to the current location of the new store.
   Established the Hsinchu and Yilan stores.
7. 1991: Established the Banqiao Store.
8. 1992: Merged with Rivon Foods Co., Ltd., and the total capital after the merger was NT$199,663 thousand.
   Established the Zhongli Store.
9. 1993: Construction of an additional building at the current factory on Jianguo Road in Bade. Established the Changhua Store.
10. 1994: Established the Sanchong Store,
    Made a public offering of shares with a paid-in capital of NT$386,023 thousand.
    Certified by G.M.P. Food.
11. 1995: Established the Tainan Store.
12. 1996: Established the Shilin Store,
13. 1997: Certified by ISO-9001 audit.
14. 1998: The Company's shares are officially listed on the over-the-counter market.
    Certified by ISO-14000 and G.S.P.
15. 1999: Established the Fengyuan Store.
16. 2001: The Company's shares are listed on the stock exchange
17. 2002: Established the Chiayi Store.
    Certified by HACCP.
18. 2003: Established Zhongxiao and Pingtung Stores

19. 2005: Additional construction was done on the fourth and fifth floors of the Jianguo factory to expand production space.

20. 2007: Certified by ISO22000.

21. 2008: Awarded the Evergreen Enterprise Award in Taoyuan County.

22. 2010: Named Champion of the 2010 Asian Cup Dessert Competition. Certified by OHSAS 18001.

23. 2011: Additional construction of Bade Logistics Warehouse.

24. 2012: Established a chocolate tour factory (Chocolate Republic).
Named by the Ministry of Economic Affairs as an excellent tourist factory and awarded the 14th National Architecture Golden Quality Award.

25. 2015: Additional construction of Block E of the Jianguo factory to expand production space.

26. 2020: Established a digital operation department to develop virtual channel marketing. BS8001 for Circular Economy was awarded 4 stars and the 2020 TCSA Taiwan Corporate Sustainability Award - Food & Beverage & Food Industry - Silver Award.
Nougat QQ Balls and Nougat O-King black received a bronze award at Monde Selection. iTQI's Great Taste Award Cookies received 2 stars, Cigare (free range egg) received 1 star, and Always Hazelnut Chocolate also received 1 star.

27. 2021: Cigare (free range egg) and Cigare (Vanilla) received 2 stars, Raspberry Dacquoise, Rum Grape Dacquoise and Nougat (Taiwanese Cocoa) received 1 star.
2021 TCSA Taiwan Corporate Sustainability Award - Food & Beverage & Food Industry - Silver Award.

28. 2022: Invested NT$279 millionto purchase Kindom City Hall as the corporate headquarters and the construction of additional factory block F of Jianguo Factory.
Acquired 100% of the shares of Croissants Bakery Co., Ltd.

29. 2023: Headquarters was relocated. Winner of the Taiwan Sustainability Action Award Bronze Award (SDG12) and 2023 TCSA Corporate Sustainability Report- Platinum Award again. FSSC22000 certified

Chapter 3 Corporate Governance Report

I. Organizational System

II. Information on the Directors, Supervisors, President, Vice Presidents, Assistant Vice Presidents, and Supervisors of Divisions and Branch Units

III. Remuneration Paid to the Directors, Supervisors, President, and Vice Presidents in the Recent Year

IV. Implementation of Corporate Governance

V. Information on CPA Professional Fees

VI. Information on Replacement of CPAs

VII. The Chairman, President, or Any Managerial Officer in Charge of Finance or Accounting Matters in the Most Recent Fiscal Year Holding a Position at the CPAs' Accounting Firm or an Affiliate of the Accounting Firm

VIII. Any Transfer of Equity Interests and/or Pledge of or Change in Equity Interests (during the Most Recent Fiscal Year and during the Current Fiscal Year Up to the Date of Publication of the Annual Report) by Directors, Supervisors, Managerial Officers, or Shareholders with a Stake of More than 10%

IX. Relationship information, if among the company's ten largest shareholders any one is a related party or a relative within the second degree of kinship of another

X. Total Number of Shares and Total Equity Stake Held in any Single Enterprise by the Company, Its Directors and Supervisors, Managers, and Any Companies Controlled Either Directly or Indirectly by the Company

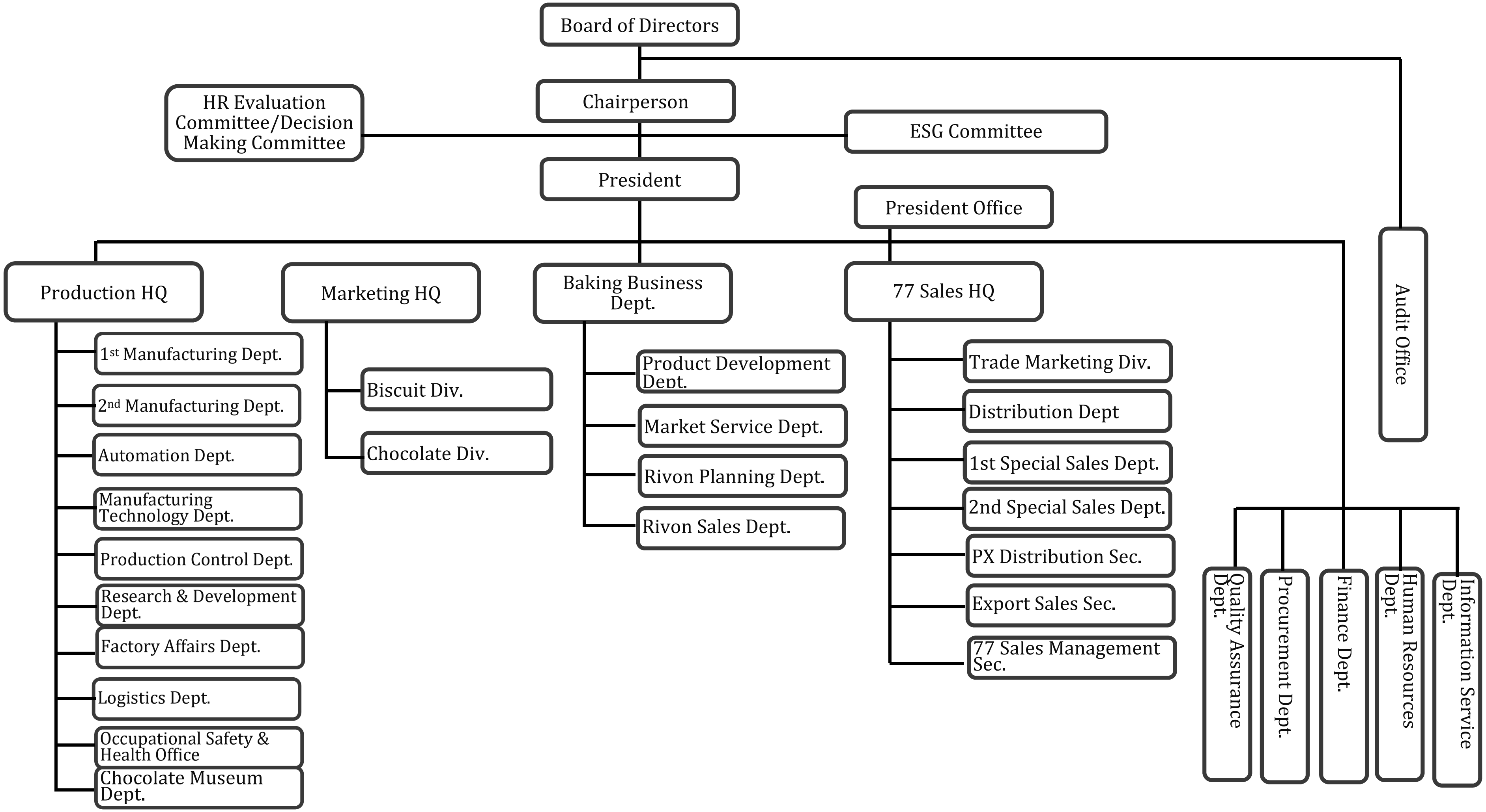
Chapter 3. Corporate Governance Report

I. Organizational System

(I) Organization Chart

Organization Chart of Hunya Foods Co., Ltd.

Amended on September 15, 2023



(II) Department Functions

Department		Functions
Audit Office		Internal operation auditing, analysis and tracking of irregularities for improvement.
President Office		Planning, supervising and controlling industry development and management.
Information Service Dept.		Information system construction, supervision, education and training.
Finance Dept.		Fund scheduling, budgeting and financial statement preparation and cost analysis.
Human Resources Dept.		Establish and oversee personnel, general affairs, education and training, and rules and regulations.
Procurement Dept.		Purchase of raw materials, general merchandise and foreign machinery and equipment.
Quality Assurance Dept.		Inspect raw materials and production products, and perform quality control-related operations.
77 Sales HQ		Domestic (foreign) sales of chocolate and biscuit products.
Baking Business Dept.	Product Development Dept.	Development strategies and technical support of bakery products.
	Market Service Dept.	Operation and customer services of bakery OEM market.
	Rivon Planning Dept.	Marketing planning of pastry products.
	Rivon Sales Dept.	Sale of pastry products.
Marketing HQ		Marketing plan for chocolate and biscuit series products.
Production HQ	1st/2nd Manufacturing Dept.	Production, manufacturing control, process, and equipment maintenance for each series of products.
	Automation Dept.	Configure, maintain and repair production machines and equipment.
	Manufacturing Technology Dept.	Establish workforce standards and material utilization efficiency management for each production line
	Production Control Dept.	Production planning and workforce scheduling, production and sales coordination, and management of the raw materials warehouse.
	Research & Development Dept.	Research, development and improvement of new products, new raw materials, and production technologies.
	Factory Affairs Dept.	Supervision and management of factory personnel, general affairs, education and training, and environmental safety and security.
	Logistics Dept.	Management of the finished goods warehouse and distribution and delivery.
	Occupational Safety & Health Office	Maintenance and management of the employee health and safety work environment.
	Chocolate Museum Dept.	Business development, marketing and event planning for chocolate museums.

II. Information on the Directors, Supervisors, President, Vice Presidents, Assistant Vice Presidents, and Supervisors of Divisions and Branch Units

(I) Directors, Supervisors

Information on Directors and Supervisors (I)

As of March 26, 2024

Title (Note 1)	Nationality /Place of Registration	Name	Gender Age (Note 2)	Date of Election/ Appointment in Current Term	Term	Date First Elected (Note 3)	Shareholding When elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Experience (Education) (Note 4)	Other Position Concurrently Held at the Company and Other Companies	Executives, Directors or Supervisors who Are Spouses or within the Second Degree of Kinship			Remark (Note 5)
							Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relationship	
Chairperson	ROC	Cheng Tian Investment Co., Ltd.	Female/ 51-60	2022.6.29	3 years	2016.6.22	10,410,000	9.61%	10,410,000	9.61%	0	—	—	—	M.B.A., University of Virginia	President	—	—	—	
		Representative: Yun-Chi Chang					2,216,760	2.05%	2,216,760	2.05%	88,390	0.08%	—	—						
Director	ROC	Tong Mao Investment Co., Ltd.	Male/ 31-40	2022.6.29	3 years	2016.6.22	143,658	0.13%	143,658	0.13%	0	—	—	—	M.S. in Management, Boston University	Director, Taipei Wangtea Enterprise Co., Ltd. Director, Taiwan Cogeneration Corp.	—	—	—	
		Representative: Sheng-Chun Wang					3,440,295	3.18%	3,440,295	3.18%	0	—	—	—						
Director	ROC	Rivon Investment Co., Ltd.	Female/ 51-60	2022.6.29	3 years	2022.6.29	15,956,290	14.73%	15,956,290	14.73%	1,229,946	1.14%	—	—	Chairperson, Rivon Investment Co., Ltd.	Rivon Investment Co., Ltd. Head of Purchasing Department of the Company	—	—	—	
		Representative: Shu-Yen Chang					5,098,415	4.71%	5,098,415	4.71%	0	—	—	—						
Independent Director	ROC	Tsung-Pen Chang	Male/ 51-60	2022.6.29	3 years	2022.6.29	0	—	0	—	0	—	—	—	PhD Program in Business Administration at National Chengchi University iMBA in International Business Management, National Taiwan University Bachelor of Science in Urban Planning, National Cheng Kung University	Director, Taiwan Way Chein Industrial Co., Ltd.; Advisor, Taiwan Pelican Express Co., Ltd., Sunblvd Co., Ltd. (The Vigor Sports & Health Center) and Tridl Technologies Inc.	—	—	—	
Independent Director	ROC	Yen-Chuan Lin	Female/ 51-60	2022.6.29	3 years	2016.6.22	0	—	0	—	0	—	—	—	M.A., Rikkyo University, Japan Department of Accounting, National Taiwan University	Certified Public Accountant, Hsin Yeh Accounting Firm	—	—	—	
Independent Director	ROC	Chun-Pei Liu	Male/ 51~60	2022.6.29	3 years	2019.6.21	0	—	0	—	14,000	0.01%	—	—	Ateneo De Manila University MBA Director of Service Merchandise, President Chain Store Corporation; President, Former Tait & Co. Merchant House	Senior Management Consultant, President Chain Store Corporation				
Independent Director	ROC	Cheng-Chiu Yang	Female/ 61-70	2023.6.20	3 years	2023.6.20	0	—	0		0	—	—	—	Department of German Language and Literature, Soochow University	K.T. Li Foundation for Development of Science and Technology－Chief Advisor Taiwan Independent Director Association－Honorary Advisor Taiwan Women on Boards Association－Advisor Global Talentrepreneur Innovation & Collaboration Association (GlobalTiC)－Director Next-Generation Industry Startup Training Program Innovation and Entrepreneurship Awards －Reviewer SOS-IPO－Reviewer/Coach Startup Terrace Kaohsiung Startup Recruitment Council - Reviewer	—	—	—	

Note 1. For a corporate shareholder, the name of the corporate shareholder and its representative shall be listed separately (when listing the representative of a corporate shareholder, the name of the corporate shareholder shall also be noted), and Form 1 below shall also be completed.
Note 2. Please state the actual age, or, alternatively, state the age interval into which the actual age falls, e.g., 41~50 years, 51~60 years.
Note 3. Specify the time the person first began to serve as a director or supervisor of the Company. If there has been any break within a term or between terms, add a note specifying the circumstances.
Note 4. Specify experience and qualifications related to the current position. If during a period specified above the person has served in a position at a CPA firm that serves as external auditor/attestor, specify the position held and the duties for which the person was responsible.
Note 5. Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (e.g., increasing the number of independent directors and ensuring that a majority of directors do not concurrently serve as an employee or managerial officer): In 2023, we added one new independent director seat to further enhance the effectiveness of corporate governance.

Table 1: Major Shareholders of Corporate Shareholders

As of March 26, 2024

Name of corporate shareholder (Note 1)	Major shareholders of the corporate shareholder (Note 2)
Cheng Tian Investment Co., Ltd.	Yun-Chi Chang 31.67%, I-Yen Chang 31.67%, I-Feng Chang 31.67%, Tien Chang 4.98%
Tong Mao Investment Co., Ltd.	Lian-Yuan Wang 39%, Le-Yin Wang-Hung 41%, Sheng-Chun Wang 14%, Sheng-Wen Wang 3%
Rivon Investment Co., Ltd.	Chun-Guei Chang Chao 25%, Cheng Tian 37%, Yun-Chi Chang 20%, Shu-Yen Chang 6%, Hsiu-Ching Chang 6%, I-Yen Chang 6%

Note 1. If a director or supervisor is a representative of a corporate shareholder, fill in the name of that corporate shareholder.

Note 2. Fill in the names of the corporate shareholder's major shareholders (those with a shareholding ratio ranking among the top 10) and their shareholding ratios. If any of the major shareholders is a corporate/juristic person, also complete Form 2 below. (N/A)

Table 2: Major shareholders of major corporate shareholders

As of March 26, 2024

Name of legal person (Note 1)	Major shareholder of legal person (Note 2)
Cheng Tian Investment Co., Ltd.	Yun-Chi Chang 31.67%, I-Yen Chang 31.67%, I-Feng Chang 31.67%, Tien Chang 4.98%

Information on Directors and Supervisors (II)

I. Disclosure of Information Regarding the Professional Qualifications and Experience of Directors and Supervisors and the Independence of Independent Directors

<table>
<tr><th>Qualifications / Name</th><th>Professional Qualification and Work Experience (Note 1)</th><th>Independence Analysis (Note 2)</th><th>Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director</th></tr>
<tr><td>Yun-Chi Chang
Chairperson</td><td rowspan="5">The professional qualifications and experience of the directors can be found in the "Board of Directors' Profile" and (p.14~15) of the Annual Report.

All directors are not subject to the provisions of Article 30 of the Company Act (Note 1)</td><td rowspan="3">N/A</td><td>0</td></tr>
<tr><td>Shu-Yen Chang
Director</td><td>0</td></tr>
<tr><td>Sheng-Chun Wang
Director</td><td>0</td></tr>
<tr><td>Tsung-Pen Chang
Independent Director</td><td rowspan="2">All independent directors are qualified as follows:
1. Comply with Article 14-2 of the Securities and Exchange Act and the Regulations Governing the Establishment and</td><td>0</td></tr>
<tr><td>Yen-Chuan Lin
Independent Director</td><td>0</td></tr>
</table>

Qualifications / Name	Professional Qualification and Work Experience (Note 1)	Independence Analysis (Note 2)	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
Chun-Pei Liu Independent Director		Compliance of Independent Directors of Public Companies promulgated by the FSC 2. For the last two years, there was no remuneration for business, legal, financial, or accounting services provided by the Company or its affiliates.	0

Note 1.: A person who is under any of the following circumstances shall not act as managerial personnel of a company. If he has been appointed as such, he shall certainly be discharged:

1. Having committed an offense as specified in the Statute for Prevention of Organizational Crimes and subsequently convicted of a crime, and has not started serving the sentence, has not completed serving the sentence, or five years have not elapsed since completion of serving the sentence, expiration of the probation, or pardon;
2. Having committed the offense in terms of fraud, breach of trust or misappropriation and subsequently convicted with imprisonment for a term of more than one year, and has not started serving the sentence, has not completed serving the sentence, or two years have not elapsed since completion of serving the sentence, expiration of the probation, or pardon;
3. Having committed the offense as specified in the Anti-corruption Act and subsequently convicted of a crime, and has not started serving the sentence, has not completed serving the sentence, or two years have not elapsed since completion of serving the sentence, expiration of the probation, or pardon;
4. Having been adjudicated bankrupt or adjudicated of the commencement of liquidation process by a court, and having not been reinstated to his rights and privileges;
5. Having been dishonored for unlawful use of credit instruments, and the term of such sanction has not expired yet; or
6. Having no or only limited disposing capacity.
7. Having been adjudicated of the commencement of assistantship and such assistantship having not been revoked yet.

Note 2.:

1. Not a governmental or judicial person or a representative thereof as defined in Article 27 of the Company Act.
2. Number of other public companies where the individual concurrently serves as an independent director shall be less than 3.
3. During the two years before being elected or during the term of office, an independent director of a public company may not have been or be any of the following:
   (1) An employee of the company or any of its affiliates.
   (2) A director or supervisor of the company or any of its affiliates.
   (3) A natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.
   (4) A spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.
   (5) A director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act.
   (6) If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: a director, supervisor, or employee of that other company.
   (7) If the chairperson, general manager, or person holding an equivalent position of the company and a

person in any of those positions at another company or institution are the same person or are spouses: a director (or governor), supervisor, or employee of that other company or institution.

(8) A director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company.

(9) A professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT$500,000, or a spouse thereof.

II. Diversity and Independence of the Board of Directors:

(I) Board of Directors: In addition to evaluating the academic qualifications of each candidate, and considering the opinions of its stakeholders, it is stipulated in Article 20 of the "Code of Corporate Governance Practices" and Article 2 of the "Procedures for Election of Directors" that members of the Board of Directors shall generally possess the knowledge, skills and qualities required for the execution of their duties. To achieve the ideal goal of corporate governance, the board of directors shall possess the following abilities:

1. Ability to make operational judgments.
2. Ability to perform accounting and financial analysis.
3. Ability to conduct management administration.
4. Ability to conduct crisis management.
5. Knowledge of the industry.
6. An international market perspective.
7. Ability to lead.
8. Ability to make policy decisions.

Objective: In alignment with the Company's corporate governance and sustainable development strategy, diversity and ethical conduct are highly valued alongside professional expertise. The Company aims for independent directors to comprise at least 50% of the board, including at least one female director.

Achieved: Currently, the board consists of 1 director aged 31-50, representing 14% of all directors; 4 directors aged 51-60, accounting for 57% of all directors; and 2 directors aged 61-70, making up 28% of all directors. Notably, 4 female directors hold half of all director positions. Additionally, 29% of directors are company employees. Detailed profiles of board members, including their backgrounds and experiences, are provided in the Board Diversity Implementation report.

(II) Board of Directors Independence: The nomination and election of members of the Board of Directors adhere to the Articles of Incorporation, employing a candidate nomination system. Besides evaluating candidates' education and work backgrounds, stakeholders' opinions are considered per the "Regulations Governing Election of Directors" and the "Code of Corporate Governance" to ensure board diversity and independence. Among the three independent directors, constituting one-half of the board, are Yen-Chuan Lin, a certified public accountant, Chun-Pei Liu, president of Former Tait & Co. Merchant House and a senior manager of President Chain Store Corporation, and Tsung-Pen Chang, former president of President Drugstore Business Corporation who also managed the COSMED Cosmetic Chain Store. All possess the necessary knowledge, skills, and qualities required to perform their duties and have extensive expertise in finance, finance, business and industry respectively. In addition, the tenure of 2 independent directors is below 3 years, and the tenure of 2 independent directors is 4~7 years. There are no situations as stipulated in Article 26-3 of the Securities and Exchange Act, items 3 and 4, and there are no spousal or consanguineous relationships between each director and the independent directors.

Note 1.: Professional qualifications and experience: the professional qualifications and experience of each director and supervisor must be specified. If a member of the Audit Committee, their accounting or finance background and work experience must also be specified. Additionally, should any circumstance under any subparagraph of Article 30 of the Company Act exist with respect to a director or supervisor, this must also be specified.

Note 2.: The independence status of each independent director, including but not limited to the following, must be disclosed: have they or their spouse or any relative within the second degree serve as a director, supervisor, or employee of the Company or any of its affiliates? If so, what is the number and ratio of shares of the Company held by the independent director and their spouse and relatives within the second degree (or through nominees); do they serve as a director, supervisor, or employee of any company having a specified relationship with the Company (see Article 3, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies)?; specify the amount(s) of any pay received by the independent director for any services such as business, legal, financial, or accounting services provided to the Company or any affiliate thereof within the past 2 years.

Note 3.: Regarding the method of disclosure, please refer to the "Sample Annual Report" page on the Taiwan Stock Exchange Corporate Governance Center website.

A. Implementation of Board Diversity:

Diversified Core Competences / Name of Director	Basic Composition									Professional Qualification and Work Experience				Operating ability			
	Nationality	Gender	A Concurrent Employee of the Company	Age			Seniority of Independent Director			Marketing	Cross-Border Operations	Financial Management	Accounting and Auditing	Leadership and Operations Management	Industrial Knowledge	Business Development	Corporate Sustainability
				31~50	51~60	61~70	Less than 3 years	3~9 years	Over 9 years								
Yun-Chi Chang	R.O.C.	Female	V		V					V	V	V		V	V	V	V
Shu-Yen Chang	R.O.C.	Female	V		V					V					V	V	V
Sheng-Chun Wang	R.O.C.	Male		V						V	V	V		V	V	V	V
Tsung-Pen Chang	R.O.C.	Male			V		V			V	V	V		V	V	V	V
Yen-Chuan Lin	R.O.C.	Female			V			V				V	V	V			V
Chun-Pei Liu	R.O.C.	Male			V			V		V	V	V		V	V	V	V
Cheng-Chiu Yang	R.O.C.	Female				V	V			V				V	V		V

Director Yun-Chi Chang graduated from the University of Virginia with a Master's degree in Business Administration, and has served as special assistant to the president and held positions in logistics, sales, merchandise planning, and head of Hunya’s business division. Under her leadership, the company received the TCSA Taiwan Corporate Sustainability Award - Food & Beverage and Food Industry - Silver Award in 2020 and 2021, and the TCSA Taiwan Corporate Sustainability Award - Food & Beverage and Food Industry - Gold Award in 2022, as well as the AREA (Asian Corporate Social Responsibility Award) Green Leadership Award, the only award in the food industry in Taiwan. The Company obtained the bronze award in the Taiwan Sustainability Action Award (SDG12) and the 2023 TCSA Corporate Sustainability Report- Platinum Award.

Director Shu-Yen Chang is currently the head of Hunya’s Purchasing Department. She specializes in international trade product marketing, process management, and purchasing practices, and has product planning, industry knowledge, and supply chain management experience.

Director Sheng-Chun Wang graduated from Boston University with a master's degree in management, and is currently a director of Taipei Wangtea Enterprise Co., Ltd. and Taiwan Cogeneration Corp. As the fifth-generation brand operator of the century-old tea house, Wangtea, has innovated its business model to dispel the notion that traditional tea houses are dominated by middle-aged and elderly customers, to sell tea honestly with standardized pricing, to develop the core competitiveness of roasting and blending, to create the brand [Drink Joy] and to build a new experimental tea house [Wangtea Lab], and maintain the link between traditional tea culture and the market with market insight and curiosity. Director Wang has proven his ability in capital markets, international trade, product marketing, purchasing practices, product planning and marketing, and business development.

Independent director Tsung-Pen Chang is currently studying in the Doctor of Business Administration (DBA) program at National Chengchi University, and has a Master's degree in International Business Management from National Taiwan University as well as a Bachelor's degree in Urban Planning from National Chengchi University. His vast experience in business management and strategic development will provide him with extraordinary achievements in strategic planning, cross-border operations, and the long-term development of marketing channels.

Independent director Yen-Chuan Lin graduated from the Department of Accounting at the National Taiwan University and received a master's degree from Rikkyo University in Japan. She is a partner at Hsin Yeh Accounting Firm and provides professional and independent advice on accounting and auditing, financial management, and tax regulations.

Independent Director Chun-Pei Liu graduated from Ateneo De Manila University with an MBA. He was formerly the President of Former Tait & Co. Merchant House and the Vice President of 7-11 in the Philippines for seven years, with excellent business performance. He is the current Director of Service Merchandising at Unity Supermarket and the Director of Service Merchandising at President Chain Store Corporation. Due to Liu's unique background in convenience systems and channels, he has made outstanding and unique contributions to the company's strategic planning, cross-border operations, and the long-term development of marketing channels.

Independent Director Cheng-Chiu Yang graduated from the Department of German Language and Literature at Soochow University. She served as the Secretary-general of the Taiwan Venture Capital Association (TVCA) and MAPECT and is a key figure in promoting venture capital and PE investment in Taiwan. She is the Chief Advisor of the K.T. Li Foundation for Development of Science and Technology, Executive Advisor of the Monte Jade Science & Technology Association of Taiwan, and Director of Global Talentrepreneur Innovation & Collaboration Association (GlobalTiC). Thanks to her rich interpersonal connections and experience, Independent Director Yang could offer advice on business investment expansion and company development.

B. President, Vice Presidents, Assistant Vice Presidents, and Supervisors of Divisions and Branch Units

Information on the President, Vice Presidents, Assistant Vice Presidents, and Supervisors of Divisions and Branch Units

As of March 26, 2024

Title (Note 1)	Nationality	Name	Gender	Date Elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Major Experience (Education)(Note 2)	Other Position Concurrently Held at the Company and Other Companies	Managerial Officer who Are Spouses or within the Second Degree of Kinship			Remark
					Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relationship	
President	ROC	Yun-Chi Chang	Female	2009.11.18	1,786,080	2.06%	70,712	0.08%	—	—	M.B.A., University of Virginia	—	—	—	—	
Assistant Vice President of 77 Business	ROC	Chi-Jie Chi	Male	2018.5.1	—	—	—	—	—	—	Electronic Division, Chin-Min College Sales Supervisor, Mars Foods Inc.	—	—	—	—	
Assistant Vice President, Production HQ	ROC	Chu-Bin Yang	Male	2019.5.1	—	—	—	—	—	—	M.S. in Industrial Engineering, National Tsing Hua University Manager of R&D Department, Manufacturing Division, Onstatic Technology Co., Ltd. Associate Manager of Strategic Planning Office, AUO Corporation	—	—	—	—	
Financial and Accounting Manager	ROC	Tsai-Yun Yu	Female	2015.09.23	—	—	—	—	—	—	Master of Business Administration, Yuan Ze University Accounting Supervisor, Listed Electronics Company	—	—	—	—	
Assistant Vice President of Marketing Planning	ROC	Shao-Ting Chung	Male	2022.07.01	—	—	—	—	—	—	Master of Business Administration, National Chengchi University Marketing Manager, Koninklijke Philips N.V.	—	—	—	—	
Assistant Vice President of Baking Business	ROC	Tse-Kuang Chen	Male	2023.8.30	—	—	—	—	—	—	M.S. in Nutritional Sciences, University of Michigan Director, Namchow Oil and Fat Co., Ltd. Team Leader of Marketing, Total Quality Food Association (TQFA)	—	—	—	—	

Note 1.: The information in this table should be disclosed for the general manager, assistant general managers, deputy assistant general managers, and the chiefs of all the company's divisions and branch units, including all persons in positions equivalent to general manager, assistant general manager, or deputy assistant general manager, regardless of job title.

Note 2.: Specify experience and qualifications related to the current position. If during a period specified above, the person has served in a position at a CPA firm that serves as external auditor/attestor, specify the position held and the duties for which the person was responsible

Note 3.: If the general manager or person of an equivalent post (the highest level manager) and the chairperson of the board of directors of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (e.g. increasing the number of independent directors and ensuring that a majority of directors do not concurrently serve as an employee or managerial officer): There are six members on the Board of Directors, three of whom are independent directors and two of whom are active employees, and they should be able to meet the requirements of professionalism and interest avoidance in discussing and deciding on important matters for the Company. This year, we plan to add one new independent director seat to further enhance the effectiveness of corporate governance.

III. Remuneration Paid to the Directors, Supervisors, President, and Vice Presidents in the Recent Year

(I) Remuneration Paid to the Directors, Supervisors, President, and Vice Presidents in the Recent Year

1. Remuneration Paid to Directors and Independent Directors (Individual Disclosure of Names and Remuneration Items)

Unit: NT$ thousand

Title	Name	Remuneration to directors								Sum of A+B+C+D and ratio to net income (Note 10)		Remuneration received by directors for concurrent service as an employee								Sum of A+B+C+D+E+F+G and ratio to net income (Note 10)		Remuneration received from investee enterprises other than subsidiaries or from the parent company (Note 11)
		Base Compensation (A) (Note 2)		Severance Pay and Pension (B)		Directors (C) (Note 3)		Business Execution Expenses (D) (Note 4)				Salary, rewards, and special disbursements (E) (Note 5)		Severance Pay and Pension (F)		Employee Compensation (G) (Note 6)						
		The Company	All Companies in Consolidated Financial Statements (Note 7)	The Company	All Companies in Consolidated Financial Statements (Note 7)	The Company	All Companies in Consolidated Financial Statements (Note 7)	The Company	All Companies in Consolidated Financial Statements (Note 7)	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements (Note 7)	The Company	All Companies in Consolidated Financial Statements (Note 7)	The Company		All consolidated entities (Note 7)		The Company	All Companies in Consolidated Financial Statements	
																Cash	Stock	Cash	Stock			
Chairperson	Yun-Chi Chang	0	0	0	0	84	84	0	0	0.54	0.54	6,354	6,354	169	169	10	10	0	0	42.18	42.18	0
Director	Sheng-Chun Wang	0	0	0	0	84	84	21	21	0.67	0.67	0	0	0	0	0	0	0	0	0.67	0.67	0
Director	Shu-Yen Chang	0	0	0	0	84	84	0	0	0.54	0.54	1,331	1,331	59	59	10	10	0	0	9.46	9.46	0
Independent Director	Tsung-Pen Chang	0	0	0	0	85	85	40	40	0.80	0.80	0	0	0	0	0	0	0	0	0.80	0.80	0
Independent Director	Yen-Chuan Lin	0	0	0	0	85	85	47	47	0.84	0.84	0	0	0	0	0	0	0	0	0.84	0.84	0
Independent Director	Chun-Pei Liu	0	0	0	0	85	85	53	53	0.88	0.88	0	0	0	0	0	0	0	0	0.88	0.88	0
Independent Director	Cheng-Chiu Yang	0	0	0	0	85	85	18	18	0.66	0.66	0	0	0	0	0	0	0	0	0.66	0.66	0

1. Please explain the independent director remuneration policy, system, standard, and structure, and the connection between the amount of remuneration and the considered factors such as their job responsibilities, risks, and working time:
2. In addition to what is disclosed in the above table, please specify the amount of remuneration received by directors in the most recent fiscal year for providing services (e.g., for serving as a non-employee consultant to the parent company /any consolidated entities /invested enterprises):

Range of Remuneration

Range of Remuneration Paid to Directors	Name of Director			
	Total Amount of Remuneration (A+B+C+D)		Total Amount of Remuneration (A+B+C+D+E+F+G)	
	The Company (Note 8)	All Companies in Consolidated Financial Statements (Note 9) H	The Company (Note 8)	All Companies in Consolidated Financial Statements (Note 9) I
Less than NT$1,000,000	Tsung-Pen Chang, Sheng-Chun Wang, Yen-Chuan Lin, Chun-Pei Liu, Cheng-Chiu Yang	Tsung-Pen Chang, Sheng-Chun Wang, Yen-Chuan Lin, Chun-Pei Liu, Cheng-Chiu Yang	Tsung-Pen Chang, Sheng-Chun Wang, Yen-Chuan Lin, Chun-Pei Liu, Cheng-Chiu Yang	Tsung-Pen Chang, Sheng-Chun Wang, Yen-Chuan Lin, Chun-Pei Liu, Cheng-Chiu Yang
NT$1,000,000 (inclusive)~NT$2,000,000 (exclusive)	Shu-Yen Chang	Shu-Yen Chang	Shu-Yen Chang	Shu-Yen Chang
NT$2,000,000 (inclusive)~NT$3,500,000 (exclusive)	-	-	-	-
NT$3,500,000 (inclusive)~NT$5,000,000 (exclusive)	-	-	-	-
NT$5,000,000 (inclusive)~NT$10,000,000 (exclusive)	Yun-Chi Chang	Yun-Chi Chang	Yun-Chi Chang	Yun-Chi Chang
NT$10,000,000 (inclusive)~NT$15,000,000 (exclusive)	-	-	-	-
NT$15,000,000 (inclusive)~NT$30,000,000 (exclusive)	-	-	-	-
NT$30,000,000 (inclusive)~NT$50,000,000 (exclusive)	-	-	-	-
NT$50,000,000 (inclusive)~NT$100,000,000 (exclusive)	-	-	-	-
Over NT$100,000,000	-	-	-	-
Total	7	7	7	7

Note 1.: The name of each director shall be stated separately (for a corporate shareholder, the names of the corporate shareholder and its representative shall be stated separately) and the names of the ordinary directors and independent directors shall be stated separately, based on the amount of the aggregated remuneration items paid to each. If a director concurrently serves as a general manager or an assistant general manager, please complete this Table and Tables 3-1, or 3-2.

Note 2.: This refers to director base compensation in the most recent fiscal year (including director salary, duty allowances, severance pay, and various rewards and incentives, etc.).

Note 3.: Please fill in the amount of director profit-sharing compensation approved by the board of directors for distribution for the most recent fiscal year.

Note 4.: This refers to director expenses and perquisites in the most recent fiscal year (including travel expenses, special disbursements, stipends of any kind, and provision of facilities such as accommodations or vehicles, etc.). If housing, car or other form of transportation, or personalized expenses are provided, disclose the nature and cost of the property provided, the actual or fair market rent, fuel expenses, and any other amounts paid. Additionally, if a driver is provided, please add a note explaining the relevant base compensation paid by the Company to the driver, but do not include it in the calculation of the director remuneration.

Note 5.: This includes any remuneration received by a director for concurrent service as an employee in the most recent year (including concurrent service as general manager, assistant general manager, other managerial officer, or non-managerial employee) including salary, duty allowances, severance pay, rewards, incentives, travel expenses, special disbursements, stipends of any kind, and provision of facilities such as accommodations or vehicles, etc. If housing, car or other form of transportation, or personalized expenses is provided, disclose the nature and cost of the property provided, the actual or fair market rent, fuel expenses, and any other amounts paid. Additionally, if a driver is provided, please add a note explaining the relevant base compensation paid by the Company to the driver, but don't include it in the calculation of the director remuneration. Additionally, salary expenses recognized as share-based payment under IFRS 2—including employee share subscription warrants, new restricted employee shares, and participation in share subscription under a rights offering, etc.—should be included in the calculation of remuneration.

Note 6.: This refers to employee profit-sharing compensation (including stocks and cash) received by a director for concurrent service as an employee in the most recent fiscal year (including concurrent service as general manager, assistant general manager, another managerial officer, or non-managerial employee). Disclose the amount of profit-sharing compensation approved or expected to be approved by the board of directors for distribution for the most recent fiscal year. If the amount cannot be forecasted, disclose the amount expected to be distributed by calculating pro-rata to the amount that was actually distributed in the preceding fiscal year. Table 1-3 should also be completed.

Note 7.: Disclose the total amount of remuneration in each category paid to the directors of the Company by all companies in the consolidated financial report (including the Company).

Note 8.: Disclose the names of the directors in the respective ranges into which they fall based on the sum total of the remuneration in the indicated categories paid to each director by the Company.

Note 9.: No Disclose the names of the directors in the respective ranges into which they fall based on the sum total of the remuneration in the indicated categories paid to each director of the Company by all companies in the consolidated financial report (including the Company).

Note 10.: Net income means the net income after tax on the parent company only or individual financial report for the most recent fiscal year

Note 11.:

a. In this column, specifically disclose the amount of remuneration received by the directors of the Company from investee enterprises other than subsidiaries or from the parent company (if none, state "None").
b. If directors of the Company have received remuneration from investee enterprises other than subsidiaries or from the parent company, which remuneration shall be added into the amount in Column I of the Remuneration Range Table, and the name of that column shall be changed to "Parent company and all investee enterprises."
c. Remuneration means remuneration received by directors of the Company for serving in capacities such as director, supervisor, or managerial officer at investee companies other than subsidiaries or at the parent company, including base compensation, profit-sharing compensation (including employee, director, and supervisor profit-sharing compensation) and expenses and perquisites.

* This table is for information disclosure purposes only and is not intended to be used for tax purposes, as the remuneration disclosed in this table differs from the concept of income under the Income Tax Act.

3. Remuneration to President(s) and Assistant President(s) (Individual Disclosure of Names and Remuneration Items)

Unit: NT$ thousand

Title	Name	Salary (A) (Note 2)		Severance Pay and Pension (B)		Bonus and Allowance (C) (Note 3)		Employee Compensation (D) (Note 4)				Ratio of Total Remuneration (A+B+C+D) to Net Income (%) (Note 8)		Remuneration received from investee enterprises other than subsidiaries or from the parent company (Note 9)
		The Company	All Companies in Consolidated Financial Statements (Note 5)	The Company	All Companies in Consolidated Financial Statements (Note 5)	The Company	All Companies in Consolidated Financial Statements (Note 5)	The Company		All Companies in Consolidated Financial Statements (Note 5)		The Company	All Companies in Consolidated Financial Statements (Note 5)	
								Cash	Stock	Cash	Stock			
President	Yun-Chi Chang	2,824	2,824	169	169	3,530	3,530	10	10	10	10	6,533/41.6%	6,533/41.6%	None

* Disclosures must be made for all persons in positions equivalent to president or assistant president, regardless of job title (e.g., president, chief executive officer, chief administrative officer, etc.)

4. Remuneration to the Five Highest Remunerated Management Personnel of a TWSE or TPEx listed Company (Individual Disclosure of Names and Remuneration Items)

Unit: NT$ thousand

Title	Name	Salary (A) (Note 2)		Severance Pay and Pension (B)		Bonus and Allowance (C) (Note 3)		Employee Compensation (D) (Note 4)				Ratio of Total Remuneration (A+B+C+D) to Net Income (%) (Note 8)		Remuneration received from investee enterprises other than subsidiaries or from the parent company (Note 9)
		The Company	All Companies in Consolidated Financial Statements (Note 5)	The Company	All Companies in Consolidated Financial Statements (Note 5)	The Company	All Companies in Consolidated Financial Statements (Note 5)	The Company		All Companies in Consolidated Financial Statements (Note 5)		The Company	All Companies in Consolidated Financial Statements (Note 5)	
								Cash	Stock	Cash	Stock			
N/A														

*Disclosures must be made for all persons in positions equivalent to president or assistant president, regardless of job title (e.g., president, chief executive officer, chief administrative officer…etc.)

Note: Vice President Je-Wei Wu retired in June 2021.

Range of Remuneration

Range of Remuneration Paid to the President and Vice Presidents	Name of President and Vice President	
	The Company (Note 7)	All Companies in Consolidated Financial Statements (Note 8) E
Less than NT$1,000,000	-	-
NT$1,000,000 (inclusive)~NT$2,000,000 (exclusive)	-	-
NT$2,000,000 (inclusive)~NT$3,500,000 (exclusive)	-	-
NT$3,500,000 (inclusive)~NT$5,000,000 (exclusive)	-	-
NT$5,000,000 (inclusive)~NT$10,000,000 (exclusive)	Yun-Chi Chang	Yun-Chi Chang
NT$10,000,000 (inclusive)~NT$15,000,000 (exclusive)	-	-
NT$15,000,000 (inclusive)~NT$30,000,000 (exclusive)	-	-
NT$30,000,000 (inclusive)~NT$50,000,000 (exclusive)	-	-
NT$50,000,000 (inclusive)~NT$100,000,000 (exclusive)	-	-
Over NT$100,000,000	-	-
Total	2	2

Note 1.: The name of each director shall be stated separately (for a corporate shareholder, the names of the corporate shareholder and its representative shall be stated separately) and the names of the ordinary directors and independent directors shall be stated separately, based on the amount of the aggregated remuneration items paid to each. If a director concurrently serves as a general manager or an assistant general manager, please complete this Table and Table 1-1, or Tables 1-2-1 and 1-2-2.

Note 2.: This includes salary, duty allowances, and severance pay to the general manager(s) and assistant general manager(s) in the most recent fiscal year.

Note 3.: This includes the amounts of all types of rewards, incentives, travel expenses, special disbursements, stipends of any kind, provision of facilities such as accommodations or vehicle, and other compensation to the general manager(s) and assistant general managers(s) in the most recent fiscal year. If housing, car or other form of transportation, or personalized expenses are provided, disclose the nature and cost of the property provided, the actual or fair market rent, fuel expenses, and any other amounts paid. Additionally, if a driver is provided, please add a note explaining the relevant base compensation paid by the company to the driver, but do not include it in the calculation of the director remuneration. Additionally, salary expenses recognized as share-based payment under IFRS 2—including employee share subscription warrants, new restricted employee shares, and participation in share subscription under a right offering, etc.—should be included in the calculation of remuneration.

Note 4.: This refers to employee profit-sharing compensation (including stocks and cash) received by the general manager(s) and assistant general manager(s) as approved or expected to be approved by the board of directors for the most recent fiscal year (including concurrent service as general manager, assistant general manager, other managerial officer, or non-managerial employee). If the amount cannot be forecasted, disclose the amount expected to be distributed by calculating pro-rata to the amount that was actually distributed in the preceding fiscal year. Table 1-3 should also be completed

Note 5.: Disclose the total amount of remuneration in each category paid to the general manager(s) and assistant general manager(s) by all companies in the consolidated financial report (including the Company).

Note 6.: Disclose the names of the general manager(s) and assistant general manager(s) in the respective ranges into which they fall based on the sum total of the remuneration in the indicated categories paid to each general manager and assistant general manager by the Company.

Note 7.: Disclose the names of the general manager(s) and assistant general manager(s) in the respective ranges into which they fall based on the sum total of the remuneration in the indicated categories paid to each general manager and assistant general manager of the Company by all companies in the consolidated financial report (including the Company).

Note 8.: Net income means the net income after tax on the parent company only or individual financial report for the most recent fiscal year.

Note 9.:

a. In this column, specifically disclose the amount of remuneration received by the general manager(s) and assistant general manager(s) of the Company from investee enterprises other than subsidiaries or from the parent company (if none, state "None").

b. If general manager(s) or assistant general manager(s) of the Company have received remuneration from investee enterprises other than subsidiaries or from the parent company, that remuneration shall be added into the amount in Column E of the Remuneration Range Table, and the name of that column shall be changed to "Parent company and all investee enterprises."

c. Remuneration means remuneration received by the general manager(s) and assistant general manager(s) of the Company for serving in capacities such as director, supervisor, or managerial officer at investee companies other than subsidiaries or at the parent company, including base compensation, profit-sharing compensation (including employee, director, and supervisor profit-sharing compensation) and expenses and perquisites.

* This table is for information disclosure purposes only and is not intended to be used for tax purposes, as the remuneration disclosed in this table differs from the concept of income under the Income Tax Act.

Names and Distributions of Employee Profit-Sharing Compensation to Managerial Officers

March 31, 2024

	Title (Note 1)	Name (Note 1)	Stock	Cash	Total	As a % of net profit
Managerial Officer	President	Yun-Chi Chang	-	NT$70 thousand	NT$70 thousand	0.002%
	Assistant Vice President	Shao-Ting Chung				
	Assistant Vice President	Chi-Jie Chi				
	Vice President	Tse-Kuang Chen				
	Assistant Vice President	Chu-Bin Yang				
	Financial and Accounting Supervisor	Tsai-Yun Yu				

Note 1.: Names and job titles should be disclosed individually, but profit distributions received may be disclosed in aggregate.

Note 2.: Fill in the amount of employee profit-sharing compensation (including stocks and cash) received by the managerial officers as approved or expected to be approved by the board of directors for the most recent fiscal year. If the amount cannot be forecasted, disclose the amount expected to be distributed by calculating pro-rata to the amount that was actually distributed in the preceding fiscal year. If the Company has already adopted the IFRS, net income means the net income after tax on the parent company only or individual financial report for the most recent fiscal year.

Note 3.: The applicable scope of "managerial officers" is defined under the 27 March 2003 FSC Order No. Tai-Cai-Zheng-III-0920001301 as persons in the following positions:
(1) President(s) and equivalent level positions
(2) Vice president(s) and equivalent level positions
(3) Assistant vice president(s) and equivalent level positions
(4) Chief officer of the finance department
(5) Chief officer of the accounting department
(6) Other persons who have the power to manage affairs and sign for the Company

Note 4.: If any director, general manager, or assistant general manager receives profit-sharing compensation (including stocks or cash), complete this table in addition to Table 1-2.

(II) If any of the circumstances listed below applies to the Company, it shall individually disclose the names and remuneration items paid to each director and supervisor. Otherwise, it may opt either to disclose aggregate remuneration information, with the name(s) indicated for each remuneration range, or to disclose the name of each individual and the corresponding remuneration amount. (If individual disclosures are made, please fill in the individual's job title, name, and amounts, and it is unnecessary to fill in the Remuneration Range Table).

1. A company that posted an after-tax deficit in the parent company only financial reports or individual financial reports in any of the three most recent fiscal years shall disclose the names and remuneration paid to individual directors and supervisors. This requirement, however, shall not apply if the company has posted net income after tax in the parent company only financial report or individual financial report for the most recent fiscal year and such net income after tax is sufficient to offset the accumulated deficits.

2. A company that has had an insufficient director shareholding percentage for 3 consecutive months or longer during the most recent fiscal year shall disclose the remuneration of individual directors; one that has had an insufficient supervisor shareholding percentage for 3 consecutive months or more during the most recent fiscal year shall disclose the remuneration of individual supervisors.

3. A company that has had an average ratio of share pledging by directors or

supervisors in excess of 50 percent in any 3 months during the most recent fiscal year shall disclose the remuneration paid to each individual director or supervisor having a ratio of pledged shares in excess of 50 percent for each such month.

4. If the total amount of remuneration received by all of the directors and supervisors in their capacities as directors or supervisors of all of the companies listed in the financial reports exceeds 2 percent of the net income after tax, and the remuneration received by any individual director or supervisor exceeds NT$15 million, the company shall disclose the remuneration paid to that individual director or supervisor. (Note: the remuneration paid to directors plus the remuneration to supervisors as shown in the Table includes that paid to the previous directors and supervisors, but doesn't include relevant remuneration received by part-time employees.)
5. A company listed on the Taiwan Stock Exchange (TWSE) or the Taipei Exchange (TPEx) is ranked within the lowest two tiers in the corporate governance evaluation for the most recent fiscal year, or in the most recent fiscal year or up to the date of publication of the annual report for that year, the company's securities have been placed under an altered trading method, suspended from trading, delisted from the TWSE or the TPEx, or the Corporate Governance Evaluation Committee has resolved that the company shall be excluded from evaluation.
6. The average annual salary of the full-time non-management employees in a TWSE or TPEx listed company is less than NT$500,000 in the most recent fiscal year.
7. A TWSE or TPEx listed company had an increase of 10 percent or more in net profit after tax for the most recent fiscal year, but the average annual salary of its full-time non-management employees did not increase relative to the preceding fiscal year.
8. A TWSE or TPEx listed company had a decline in after-tax net income reaching 10 percent and exceeding NT$5 million for the most recent fiscal year, along with an increase in its average remuneration per director (not including the remuneration of those who are also employees) reaching 10 percent or more and exceeding NT$100,000.

(III) The total amount of remuneration paid to the Company's directors, supervisors, general manager and vice president as a percentage of net income after tax for the last two years was 55.50% (2023) and 4.37% (2022) for the Company and all companies in the consolidated financial statements, respectively. The remuneration paid in 2023 is as follows:

1. The remuneration of directors and supervisors is based on the Company's Articles of Incorporation at 2% or less of the pre-tax net income, and the Board of Directors resolved to appropriate 1.5% of the pre-tax net income for the year. No remuneration was paid to the directors other than NT$3,000 for every travel attended by the directors and NT$200,000 as a fixed annual remuneration to the independent directors.
2. In addition to the fixed salary, the managers are evaluated on the basis of their performance and annual targets (KPI); the marketing unit is evaluated on the basis of turnover achievement, product gross profit achievement rate, expense control, organization and manpower development, channel relationship management, and short-, medium- and long-term brand image development; the production and R&D unit is evaluated on the basis of production process safety, employee safety and health, production capacity performance, inventory control, production and sales coordination, product development, and quality control; the other management units are evaluated on the basis of their functions and responsibilities, and bonuses are paid after annual performance evaluation.

IV. Implementation of Corporate Governance

The Board of Directors has authorized its Audit Committee and Remuneration Committee to assist the Board of Directors in carrying out its supervisory duties. The constitution of each committee is approved by the Board of Directors and its resolutions are regularly reported to the Board of Directors.

(I) Implementation of Board of Directors

1. The Company's Board of Directors consists of six directors with extensive experience in industrial operations or professional fields, three of whom are independent directors, accounting for one-half of the total number of directors.
2. The composition of the Company's board of directors is diverse, including industry experience, management experience, multinational corporations, accountants, foreign banks, etc., and includes three female directors, as described in the Diversity of Directors section on page 19 to 20 of this annual report.
3. The Board of Directors is responsible for monitoring the Company's compliance with the law, financial transparency and integrity, evaluating the performance of the team and appointing and dismissing managers, resolving important issues, and guiding the management team. Quarterly financial reports, results of operations and corporate strategy are presented by the management. The Board reviews the progress of the strategy and urges the management team to make adjustments as necessary.
4. The election of directors is based on the nomination system for candidates under Article 192-1 of the Company Act, and the term of office of the board of directors is three years. The independence of independent director candidates must also comply with the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies". In accordance with the relevant laws and regulations, shareholders holding 1% or more of the total issued shares of the Company may propose a list of candidates to the Company so that shareholders may participate in the nomination process for director candidates. All director candidates will be elected by shareholders' vote at the annual shareholders’ meeting.
5. In accordance with the Company's Articles of Incorporation, the compensation of the Board of Directors is determined in accordance with the usual industry standards based on the degree of participation and value of the Board's contribution to the Company's operations. The Board of Directors' remuneration is based on their participation in the Company's operations and the value of their contribution to the Company's operations at the usual level of the industry. The Articles of Incorporation specify that no more than 2% of annual profits shall be paid to the directors.
6. For the most recent year (2023) and up to March 31, 2024, the 17th Board of Directors held 9 meetings (A) and the attendance of the Directors and Supervisors was as follows:

   A. The Board of Directors of the Company consists of seven members.

   B. For the current term of directors, the board of directors held 9 meetings (A) in the most recent year and up to March 31, 2024, and the qualifications and attendance of the board members are as follows: (from 2022.06.29 to 2025.05.24)

Title	Name (Note 1)	Attendance in Person (B)	endance by Proxy	dance Rate (B/A) (Note 2)	Remark
Chairperson/ Director	Representative of Cheng Tian Investment Co., Ltd.: Yun-Chi Chang	9	-	100%	Re-elected
Director	Representative of Tong Mao Investment Co., Ltd.: Sheng-Chun Wang	9	-	100%	Re-elected
Director	Representative of Rivon Investment Co., Ltd.: Shu-Yen Chang	8	1	89%	Newly-elected
Independent Director	Tsung-Pen Chang	9	-	100%	Newly-elected
Independent Director	Yen-Chuan Lin	8	1	89%	Re-elected
Independent Director	Chun-Pei Liu	9	-	100%	Re-elected
Independent Director	Cheng-Chiu Yang	6	-	100%	Newly-elected

Other information required to be disclosed:

I. If any of the following circumstances exists, specify the board meeting date, meeting session number, content of the motion(s), the opinions of all the independent directors, and the measures taken by the Company based on the opinions of the independent directors: None.
   (I) Any matter under Article 14-3 of the Securities and Exchange Act.
   (II) In addition to the matters referred to above, any dissenting or qualified opinion of an independent directory that is on record or stated in writing with respect to any board resolution.

II. The status of implementation of recusals of directors with respect to any motions with which they may have a conflict of interest shall specify the director's name, the content of the motion, the cause for recusal, and whether and how the director voted: Reviewed the 2023 year-end bonus for senior executives and the 2022 employee remuneration distribution. Resolution:
   With the exception of Directors Yun-Chi Chang and Shu-Yen Chang, who were recused from the discussion and voting in accordance with the law, the remaining directors present were approved without objection after consultation with the chairman.

III. For a TWSE or TPEx listed company, disclose information including the evaluation cycle and period(s) of the board of directors' self-evaluations (or peer evaluations) and the evaluation method and content. Additionally, complete Table 2(2) Implementation of Evaluations of the Board of Directors.

IV. Give an evaluation of the targets that were adopted for strengthening of the functions of the board during the current and immediately preceding fiscal years (e.g., establishing an audit committee, increasing information transparency, etc.) and the measures taken toward achievement thereof: None.

Note 1.: For a director or supervisor that is a juristic person (corporate entity), disclose the name of the corporate shareholder and the name of its representative.

Note 2.:
(1) If any director or supervisor left office before the end of the fiscal year, specify the date that they left office in the Remarks column. Their in-person attendance rate (%) should be calculated based on the number of board meetings held and the number they attended in person during the period they were in office.
(2) If any by-election for directors or supervisors was held before the end of the fiscal year, the names of the new and old directors and supervisors should be filled in the table, with a note stating whether the director or supervisor left office, was newly serving, or was serving consecutive terms, and the date of the by-election. The in-person attendance rate (%) should be calculated based on the number of board meetings held and the number attended in person during the period of each such person's actual time in office.

(II) Implementation of Evaluations of the Board of Directors

Information on the periodicity and duration, scope, manner and content of self- (or peer) evaluation by the Board of Directors of the Company is as follows: Once a year.

Frequency	Period	Scope	Method	Content	Result
	2023.1.1 to 2023.12.31	Board members	Self-evaluation by the directors	1. Familiarity with the goals and missions of the company 2. Awareness of the duties of a director 3. Participation in the operation of the company 4. Management of internal relationships and communication 5. The director's professionalism and continuing education 6. Internal control	The overall appraisal results are positive and valid, showing that the Board of Directors of the Company has been guiding and supervising the strategy, business and risk management of the Company, and the overall operation is in line with the spirit of corporate governance and safeguarding the interests of shareholders.
		Performance of Board of Directors	Self-evaluation by the directors	1. Degree of the board’s participation in the operation of the company 2. The quality of the board’s decision making 3. Composition and structure of the board 4. Election and continuing education of the directors 5. Internal control	The overall assessment results are positive and valid, indicating that the directors of the Company have a good evaluation of the operation of each assessment indicator.
		Performance of the Functional Committee	Member of the functional committee	1. Degree of the board’s participation in the operation of the company 2. Awareness of the duties of the functional committee 3. Quality of decisions made by the functional committee 4. Makeup of the functional committee and election of its members 5. Internal control	The overall evaluation results are positive and valid, indicating that the functional committees of the Company are operating well and effectively enhancing the functions of the Board.

Succession planning and execution of the Company's board of directors and key management personnel: The Company is actively engaged in succession planning, particularly focusing on grooming successors for key leadership positions. Currently, co-managers and vice presidents are identified as potential successors to the chairman/president, with succession capabilities being honed through hands-on business experience.

The succession pattern of senior executives in the company follows a hierarchical structure. Each department head has established agents and cultivated them to become successors to senior supervisors in their respective departments. This is followed by the implementation of an agent system for each class supervisor and staff member. Job rotation training, function cultivation, education, training, self-learning, coaching, and work experience are employed to develop these successors. Additionally, the company evaluates and examines suitable future successors through its performance appraisal system for future development and implementation. In addition to retaining talent, the company also recruits outstanding talent externally, leveraging both internal and external talent pools to broaden and deepen the company's pool of succession candidates.

Ernst & Young was commissioned by the Company to conduct a performance evaluation of the Board of Directors in 2023. They prepared an evaluation report consolidating major observations, findings, and proposals. Following the Methodology of Ernst & Young on Performance Evaluation of the Board of Directors, the evaluation procedures comprised questionnaires, interviews, and file and document inspection and analysis. The report was submitted to the Board of Directors on January 31, 2023, and relevant information is available on the Company's website."

(III) Operation of Audit Committee

The purpose of the Audit Committee is to assist the Board in fulfilling its role in overseeing the quality and integrity of the Company's execution of accounting, auditing, financial reporting processes and financial controls.

The main subjects considered by the Audit Committee include:

1. Establishing or revising the internal control system.
2. Evaluation of the effectiveness of the internal control system.
3. To establish or revise procedures for handling significant financial transactions involving the acquisition or disposal of assets, derivative transactions, lending of funds to others, or endorsement or guarantee of others.
4. Matters in which the directors have an interest.
5. Significant asset or derivative transactions.
6. Lending, endorsing or guaranteeing significant funds.
7. The raising, issuance or private placement of securities of an equity nature.
8. The appointment, dismissal or compensation of a certified public accountant.
9. Appointment or removal of financial, accounting or internal audit officers.
10. Annual financial reports and semi-annual financial reports.

Others such as the performance of the Audit Committee's duties and responsibilities; and the Audit Committee's performance evaluation self-assessment questionnaire. Under ROC law, the Audit Committee shall consist of all independent directors, including a certified public accountant and foreign bank executives with a financial expertise background. The Audit Committee conducts annual self-assessments of its performance and discusses future issues of particular concern.

The Audit Committee has the authority to conduct any appropriate audits and investigations in accordance with its Articles of Incorporation in order to fulfill its responsibilities, and has direct access to the Company's internal auditors, certified public accountants, and all employees. The Audit Committee also has the authority to retain and supervise attorneys, accountants or other consultants to assist the Audit Committee in carrying out its duties. Please refer to the Company's website for the Audit Committee Charter.

(2) Operation of Audit Committee

A. There are a total of 3 members in the Audit Committee.

B. The term of office of the current members: June 29, 2022 to June 28, 2025, the most recent year and up to March 31, 2024 the 2nd Audit Committee held 6 meetings (A), the qualifications and attendance of the members are as follows

(From 2022.06.29 to 2025.06.28)

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance Rate (%) (B/A) (Note 1, Note 2)	Remark (Re-election date 2022.6.28)
Convener	Ta-Tsung Lin	6	-	100%	Re-elected
Committee Member	Yen-Chuan Lin	5	1	83%	Re-elected
Committee Member	Chun-Pei Liu	6	-	100%	Newly-elected
Committee Member	Cheng-Chiu Yang	4	-	100%	Newly-elected

Note 1.: If any independent director left office before the end of the fiscal year, specify the date that they left office in the Remarks column. Their in-person

attendance rate (%) should be calculated based on the number of audit committee meetings held and the number they attended in person during the period they were in office.

Note 2.: If any by-election for independent directors was held before the end of the fiscal year, the names of the new and old independent directors should be filled in the table, with a note stating whether the independent director left office, was newly serving, or was serving consecutive terms, and the date of the by-election. The in-person attendance rate (%) should be calculated based on the number of board meetings held and the number attended in person during the period of each such person's actual time in office.

C. Other information required to be disclosed:

(I) Any matter under Article 14-5 of the Securities and Exchange Act:

Meeting Date	Content of Motion	The opinions of all the independent directors, and the measures taken by the Company based on the opinions of the independent directors
2023.2.22	1. Approval of the 2022 financial statements and review of the 2022 Operating Report. 2. Approval of the 'Assessment of the Effectiveness of Internal Control System' and 'Statement of Internal Control System' for 2022. 3. Approval of the process and general policy for pre-approval of non-confirmation services by Ernst & Young LLP and its affiliates. 4. Approval of the appropriation of the Company's employee compensation and director remuneration for 2022. 5. Review of the 2022 earnings distribution. 6. Evaluation of the appointment and independence of the accountant. 7. Approval of the provisions of the " Remuneration Committee Charter" of the Company. 8. Approval of the disposal of marketable securities of PharmaEssentia. 9. Approval of cash reduction for refund of shares.	Approved by all independent directors.
2023.5.10	1. Approval of financial statements for the first quarter of 2023. 2. Approval of Operation Procedures for Financial Transactions between Related Parties. 3. Approval of Operation Procedures for CSR Preparation and Verification. 4. Approval of the disposal of marketable securities of PharmaEssentia.	
2023.6.20	1. Appointment of the 5th Remuneration Committee Members and the 2nd Audit Committee Members. 2. Approval of 2022 Remuneration Distribution Scheme for Directors and Main Managerial Officers of 2022.	

2023.8.9	1. Approval of financial statements for the second quarter of 2023.	
2023.11.10	1. Approval of the financial statements for the third quarter of 2023. 2. Approval of the 2024 Internal Audit Plan.	
2024.1.31	1. Approval of the Regulations for the Performance Evaluation of the Board of Directors and Functional Committee.	
2024.2.27	1. Approval of the 2023 financial statements and review of the 2023 Operating Report. 2. Approval of the 'Assessment of the Effectiveness of the Internal Control System' and 'Statement of Internal Control System' for 2023. 3. Approval of the appropriation of the Company's employee compensation and director remuneration for 2023. 4. Review of the 2023 earnings distribution. 5. Evaluation of the appointment and independence of the accountant. 6. Approval of the process and general policy for pre-approval of non-confirmation services by Ernst & Young LLP and its affiliates. 7. Approval of the provisions of the "Rules of Procedure for Shareholders' Meetings" of the Company. 8. Approval of the provisions of the "Audit Committee Charter" and "Regulations Governing Procedure for Board of Directors Meetings" of the Company. 9. Approval of the disposal of marketable securities of PharmaEssentia.	

Note: Other resolutions not approved by the Audit Committee and approved by two-thirds or more of all directors: None.

(II) Independent directors' recusal from the implementation of interested parties' motions: None.

(III) Communication between the independent directors, chief internal auditor, and CPAs (including the key items, methods, and results of audit of finances and operations):

1. The head of internal audit of the Company regularly reports and communicates the audit results with the members of the Audit Committee at the quarterly Audit Committee meetings, and reports to the Audit Committee immediately if there are special circumstances. For the most recent year and as of the printing date of the annual report, there were no such special circumstances, and the communication between the audit committee and the head of internal audit of the Company was good.
2. The CPA of the Company regularly communicates the audit results with the members of the Audit Committee at the quarterly Audit Committee meetings, and reports to the Audit Committee immediately if there are special circumstances. For the most recent year and as of the printing date of the annual report, there were no such special circumstances, and the communication between the audit committee and the CPA of the Company was good.
3. The communication between the independent directors (no ordinary directors) and the head of internal audit and the accountant are listed below:

Meeting Date	Attendees	Communication with the Chief Internal Auditor	Communication alone with CPA	Communication Result
2023.2.22	Independent Director Chun-Pei Liu Independent Director Tsung-Pen Chang Independent Director Yen-Chuan Lin CPA Rung-Huang Shiu (No management of the Company present)		1. Discussion of review of fourth quarter of 2022 financial statements 2. Report on changes in securities and tax legislation 3. Review of qualifications and independence of CPA 4. (Audit Quality Index) AQI Report 5. Explanation of the process and general policy for pre-approval of non-confirmation services by Ernst & Young LLP and its affiliates.	The independent directors have no opinion.
2023.2.22	Independent Director Chun-Pei Liu Independent Director Tsung-Pen Chang Independent Director Yen-Chuan Lin Audit Manager Chi-Chen Lin Finance Manager Tsai-Yun Yu	1. Review of internal audit reports 2. Review of the 'Assessment of the Effectiveness of Internal Control System' and 'Statement of Internal Control System' 3. Review of Audit Committee's Review Report 4. Formulation of the process and general policy for pre-approval of non-confirmation services by Ernst & Young LLP and its affiliates.		The independent directors have no opinion.
2023.5.10	Independent Director Chun-Pei Liu Independent Director Ta-Tsung Lin Independent Director Yen-Chuan Lin Audit Manager Chi-Chen Lin Finance Manager Tsai-Yun Yu	1. Review of internal audit reports	1. Discussion of review of first quarter of 2023 financial statements 2. Report on changes in securities and tax legislation	The independent directors have no opinion.
2023.8.9	Independent Director Chun-Pei Liu Independent Director Tsung-Pen Chang	1. Review of internal audit reports	1. Discussion of review of second quarter of 2023 financial statements 2. Report on changes in	The independent directors have no opinion.

	Independent Director Yen-Chuan Lin Audit Manager Chi-Chen Lin Finance Manager Tsai-Yun Yu		securities and tax legislation	
2023.11.10	Independent Director Chun-Pei Liu Independent Director Tsung-Pen Chang Independent Director Yen-Chuan Lin CPA Rung-Huang Shiu (No management of the Company present)	2. Review of internal audit reports	1. Discussion of review of third quarter of 2023 financial statements 2. Report on changes in securities and tax legislation	The independent directors have no opinion.
2023.11.10	Independent Director Chun-Pei Liu Independent Director Tsung-Pen Chang Independent Director Yen-Chuan Lin Audit Manager Chi-Chen Lin Finance Manager Tsai-Yun Yu	3. Discussion of 2023 Audit Plan 4. Review of internal audit reports		The independent directors have no opinion.
2024.2.27	Independent Director Chun-Pei Liu Independent Director Tsung-Pen Chang Independent Director Yen-Chuan Lin CPA Rung-Huang Shiu (No management of the Company present)		1. Discussion of review of fourth quarter of 2023 financial statements 2. Report on changes in securities and tax legislation 3. Review of qualifications and independence of CPA 4. (Audit Quality Index) AQI Report 5. Explanation of the process and general policy for pre-approval of non-confirmation services by Ernst & Young LLP and its affiliates.	The independent directors have no opinion.
2024.2.27	Independent Director Chun-Pei Liu Independent Director Tsung-Pen Chang Independent Director Yen-Chuan Lin Audit Manager Chi-Chen Lin Finance Manager Tsai-Yun Yu	1. Review of internal audit reports 2. Review of the 'Assessment of the Effectiveness of Internal Control System' and 'Statement of Internal Control System' 3. Review of Audit Committee's Review Report 4. Formulation of the		

		process and general policy for pre-approval of non-confirmation services by Ernst & Young LLP and its affiliates.		

(IV) The Company has a Remuneration Committee, which shall disclose its composition, duties and operations:

(1) Information on Remuneration Committee Members

March 31, 2024

Capacity (Note 1)	Qualifications / Name	Professional Qualification and Work Experience (Note 2)	Independence Analysis (Note 3)	Number of other public companies at which the person concurrently serves as remuneration committee member
Independent Director	Chun-Pei Liu	Please refer to the Information on Directors and Supervisors (I) for details.	Please refer to the Information on Directors and Supervisors (I) for details.	0
Independent Director	Yen-Chuan Lin	Please refer to the Information on Directors and Supervisors (I) for details.	Please refer to the Information on Directors and Supervisors (I) for details.	0
Independent Director	Tsung-Pen Chang	Please refer to the Information on Directors and Supervisors (I) for details.	Please refer to the Information on Directors and Supervisors (I) for details.	0
Independent Director	Cheng-Chiu Yang	Please refer to the Information on Directors and Supervisors (I) for details.	Please refer to the Information on Directors and Supervisors (I) for details.	0

Note 1.: Please specifically fill in the number of years of relevant work experience, and the professional qualifications and experience, and the status of independence, of each remuneration committee member. If the member is an independent director, you may add a note directing readers to refer to the relevant information in Table 1 Information on Directors and Supervisors (I) on page.13. For "Capacity," please specify whether the member is an independent director or other (if the member is the convenor, please note that fact).

Note 2.: **Professional qualifications and experience:** Describe the professional qualifications and experience of each member of the remuneration committee.

Note 3.: **Independence analysis:** Describe the status of independence of each remuneration committee member, including but not limited to the following: whether the member or their spouse or relative within the second degree of kinship serves or has served as a director, supervisor, or employee of the Company or any of its affiliates; the number and ratio of shares of the Company held by the member, their spouse, and their relatives with the second degree (or through their nominees); whether the member has served as a director, supervisor or employee of a "specified company" (see Article 6, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange); the amount(s) of any pay received by the remuneration committee member for any services such as business, legal, financial, or accounting services provided to the Company or any affiliate thereof within the past 2 years.

Note 4.: Regarding the method for disclosure, please refer to the “SAMPLE ANNUAL REPORT” page on the website of the Taiwan Stock Exchange Corporate Governance Center.

(2) Operational status of the Remuneration Committee

A. There are a total of 3 members in the Remuneration Committee.

B. The term of office of the current members: June 29, 2022 to June 28, 2025, the most recent annual Remuneration Committee held 4 meetings (A), the qualifications and attendance of members are as follows:

(from 2020.01.01 to 2022.6.20)

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance Rate (%) (B/A) (Note)	Remark (Re-election date 2025.6.28)
Convener	Chun-Pei Liu	3	-	100%	Re-elected
Committee Member	Tsung-Pen Chang	2	1	66.67%	Newly-elected
Committee Member	Yen-Chuan Lin	3	-	100%	Re-elected
Committee Member	Cheng-Chiu Yang	1	-	100%	Newly-elected
Other information required to be disclosed: I. If the Board of Directors refuses to adopt or amends a recommendation of the Remuneration Committee, the date of the meeting, session, content of the motion, resolution by the Board of Directors, and the company’s response to the Remuneration Committee’s opinion (e.g., if the remuneration passed by the Board of Directors exceeds the recommendation of the Remuneration Committee, the circumstances and cause for the difference shall be specified) shall be specified: None. II. If there are resolutions of the Remuneration Committee to which members object or express reservations, and for which there is a record or declaration in writing, the date of the meeting, session, content of the motion, all members’ opinions and the response to members’ opinion shall be specified: None.					

Note:

(1) The resignation date for any members of the Remuneration Committee resigning before the end of the fiscal year shall be specified in the Remark column. The attendance rate (%) shall be calculated based on the number of meetings held by the Remuneration Committee and the number of attendances during the member’s tenure.

(2) If members of the Remuneration Committee are re-elected before the end of the fiscal year, the succeeding and preceding members shall be listed and indicated as "succeeding", "preceding" or "re-elected" in the Remark column, as well as the date of re-election. The attendance rate (%) shall be calculated based on the number of meetings held by the Remuneration Committee and the number of attendances during the member’s tenure.

C. The discussion of the Remuneration Committee and the result of the resolution, and the Company's handling of the opinions of the members

Meeting Date	Content of Motion	The opinions of all the members, and the Company's handling of the opinions of the members

2022.8.11	1. Reviewed the appropriation of remuneration to directors and supervisors for 2022. Due to the loss in 2021, the appropriation amount was NT$0 and was therefore not paid. 2. Reviewed the allocation of employee compensation to senior executives for 2021. The contribution amount was NT$0 due to a loss in 2021 and was therefore not paid. 3. Report on the Salaries of Executive.	Approved by all members of Remuneration Committee
2023.1.17	1. Reviewed the year-end bonus and allocation to directors and executives for duty execution for 2022. 2. Report on the management performance indexes of President.	Approved by all members of Remuneration Committee
2023.6.20	1. Reviewed the appropriation and allocation of remuneration to directors and supervisors for 2022. 2. Reviewed the allocation of employee compensation to senior executives for 2022.	Approved by all members of Remuneration Committee
2024.1.31	1. Reviewed the year-end bonus and allocation to directors and executives for duty execution for 2022.	Approved by all members of Remuneration Committee

(V) Major Resolutions and Implementation of Shareholders' Meeting and Board Meetings during the Most Recent Fiscal Year and during the Current Fiscal Year Up to the Date of Publication of the Annual Report.

1. Major Resolutions of Shareholders' Meeting and Implementation Status

At the 2023 Annual Shareholders' Meeting held on June 20, 2023, in the conference room of Taoyuan Jianguo Plant, the following items were resolved and acted upon by the shareholders present at the meeting:

(1) Recognition of the 2022 Annual Report of Operations and Financial Statements

Implementation: Recognition of the 2022 Annual Report of Operations and Financial Statements, including consolidated revenue of NT$ 2.1865 billion, net loss after tax of NT$424.16 million and earnings per share of NT$3.91 for the year.

(2) Approval of 2022 earnings distribution

Implementation: Approval of cash dividends of NT$1 per common share allotted. The ex-dividend date is set as July 19, 2023 and the cash dividends shall be paid on August 9, 2023.

(3) Approval of amendments to the Company's internal regulations as follows:

Rules of Procedure for Shareholders' Meetings

Implementation: The resolution was passed. The implementation has been completed in accordance with the resolution of the shareholders' meeting.

(4) Cash capital reduction

Implementation: The resolution was passed. The implementation has been completed in accordance with the resolution of the shareholders' meeting. It was stipulated that new stock be issued on October 11, 2023 and a complete refund of stock capital on October 18, 2023.

(5) Election: An independent director was by-elected and, Cheng-Chiu Yang was elected.

(6) Extempore motion: None.

2. Major Resolutions of the Board of Directors Meetings

The following is a summary of the significant resolutions of the Board of Directors of the Company for 2023 and up to the date of printing of the annual report:

Date of major resolutions	Major Resolutions of the Board of Directors Meetings	Implementation
2023.1.17	1. Approval of remuneration committee resolution.	1. Implementation is completed in accordance with the resolution of the Board of Directors.
2023.2.22	1. 2022 Operating Report and Financial Statements. 2. Approval of the 'Assessment of the Effectiveness of Internal Control System' and 'Statement of Internal Control System'. 3. Proposal of the process and general policy for pre-approval of non-confirmation services by Ernst & Young LLP and its affiliates. 4. Proposal regarding the appropriation of the Company's employee compensation and director remuneration for 2022. 5. 2022 earnings distribution. 6. Appointment of a Certified Public Accountant and Independent Evaluation. 7. Proposal of the Amendment to the provisions of the "Remuneration Committee Charter" of the Company. 8. Proposal for convening the 2023 Annual Shareholders' Meeting. 9. Election of the Independent Director. 10. Proposal of the nomination period, the number of candidates to be elected, and the premises for acceptance of independent director candidates. 11. Proposal for the approval of the nomination of independent director candidates by the Board of Directors. 12. Proposal for the disposal of marketable securities of PharmaEssentia. 13. Proposal of cash reduction for refund of shares. 14. Proposal for the relocation of the Company. 15. Proposal for the relocation of the Chiayi branch due to business needs. 16. Approval of a bank credit line.	1. Implementation is completed in accordance with the resolution of the Board of Directors. 2. The Chairman of the Board of Directors is authorized to execute the relevant deeds with the Bank and to complete all necessary procedures.
2023.5.10	1. Financial statements for 2023 Q1. 2. Discussion on the determination of the ex-dividend date of the Company and related matters. 3. Proposal of formulation of Operation Procedures on Financial Transactions between Related Parties and submission for approval. 4. Proposal of formulation of Operation Procedures for CSR Preparation and Verification. 5. Proposal for the extension of a general credit limit amount of	1. Approved by all directors present without objection. 2. The Chairman of the Board of Directors is authorized to execute the relevant deeds with the Bank and to complete all necessary procedures.

	NT$70 million and medium-term secured loan of NT$60 million from E.SUN Bank to use capital more flexibly for approval. 6. Proposal of disposal of marketable securities of PharmaEssentia.	
2023.6.20	1. Discussion on the appointment of the 5th Remuneration Committee members and the 2nd Audit committee members. 2. Proposal for the allocation of the Company's employee compensation and main managerial officer remuneration for 2022 for approval. 3. Proposal for a new general credit limit of NT$75 million from Taipei Fubon Bank to use capital more flexibly for approval.	Approved by all directors present without objection.
2023.8.9	1. Financial statements for 2023 Q2. 2. Proposal for an extension of the loan of NT$300 million from the Bank of Taiwan Sindian Branch to use capital more flexibly for approval. 3. Proposal for an extension of the loan of NT$60 million from CTBC Bank to use capital more flexibly for approval. 4. Proposal for a loan of NT$50 million from Yuanta Commercial Bank to use capital more flexibly for approval. 5. Proposal for an extension of the loan of NT$50 million from Yuanta Commercial Bank to use capital more flexibly for approval.	1. Implementation is completed in accordance with the resolution of the Board of Directors. 2. The Chairman of the Board of Directors is authorized to execute the relevant deeds with the Bank and to complete all necessary procedures.
2023.11.10	1. Financial statements for 2023 Q3. 2. Proposal for an Internal Audit plan for 2024. 3. Proposal for the dissolution of the Shihlin Branch for approval. 4. Proposal for an extension of the loan of $900 thousand from the Bank of Taiwan to use capital more flexibly for approval.	1. Implementation is complete in accordance with the resolution of the Board of Directors. 2. The Chairman of the Board of Directors is authorized to execute the relevant deeds with the Bank and to complete all necessary procedures.
2023.12.26	1. Approval of the Company's operating plan and budget for 2024. 2. Approval of a bank credit line. 3. Proposal of a new medium-short loan of NT$140 million from Bank SinoPac to use capital more flexibly for approval.	1. Implementation is completed in accordance with the resolution of the Board of Directors. 2. The Chairman of the Board of Directors is authorized to execute the relevant deeds with the Bank and to complete all necessary procedures.
2024.1.31	1. Proposal of the resolution of the Remuneration Committee for approval. 2. Proposal for the extension of the general credit limit of NT$70 million and medium-term secured loan of NT$60 million from E.SUN Bank to use capital more flexibly for approval. 3. Proposal for the application for a medium-term secured loan of NT$35 million from E.SUN Bank by the affiliated enterprise Croissants Bakery Ltd. For operational purposes and endorsement by the Company for approval.	1. Implementation is completed in accordance with the resolution of the Board of Directors. 2. The Chairman of the Board of Directors is authorized to execute the relevant deeds with the Bank and to complete all necessary

	4. Proposal for the amendment to the provisions of the Regulations for the Performance Evaluation of the Board of Directors and Functional Committee. 5. Temporary motions: (1) Independent Director Cheng-Chiu Yang: Leezen Company Ltd. plans to organize beach cleaning and coastline protection events this year and invite colleagues and their families to participate in these activities. Beach cleaning is also an approach for enterprises to show their sustainable philosophy and is good for companies and their reputation.	procedures.
2024.2.27	1. 2023 Operating Report and Financial Statements. 2. Approval of the 'Assessment of the Effectiveness of the Internal Control System' and 'Statement of the Internal Control System'. 3. Proposal for the appropriation of the Company's employee compensation and director remuneration for 2023. 4. Proposal for the 2023 earnings distribution for approval. 5. Evaluation of the independence and competence of verified CPAs for approval. 6. Proposal for the process and general policy for pre-approval of non-confirmation services by Ernst & Young LLP and its affiliates. 7. Proposal for the amendments to the Rules of Procedure for Shareholders' Meetings for approval. 8. Proposal of amendments to Audit Committee Charter and Regulations Governing Procedure for Board of Directors Meetings for approval. 9. Proposal of relevant affairs on convening the 2024 Shareholders' Meeting for approval. 10. Proposal for an extension of the general credit limit of NT$70 million from Hua Nan Commercial Bank to use capital more flexibly for approval.	1. Implementation is completed in accordance with the resolution of the Board of Directors. 2. The Chairman of the Board of Directors is authorized to execute the relevant deeds with the Bank and to complete all necessary procedures.

(V) Implementation Status of Corporate Governance and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof

Evaluation Item	Implementation Status (Note)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
1. Does the company establish and disclose its corporate governance best-practice principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies?	V		The Company has established a "Code of Corporate Governance" and placed it on the Company's website for stakeholders to download and review.	Compliance with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies

2. Shareholding structure & shareholders' rights (1) Does the company establish and implement internal operating procedures to deal with shareholders' suggestions, doubts, disputes, and litigations?	V		The Company has a spokesperson and a proxy registrar to properly handle issues such as shareholder proposals or disputes. In addition, an investor area is set up on the Company's website to collect shareholders' opinions and responses.	Compliance with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
(2) Does the company possess a list of its major shareholders with controlling power as well as the ultimate owners of those major shareholders?	V		The Company's major shareholders report changes in their shareholdings to the Company on a monthly basis in accordance with the regulations, and appoints a dedicated share agent to assist in share-related matters, so as to effectively grasp the list of major shareholders and ultimate controllers of major shareholders who effectively control the Company.	
(3) Does the company establish and execute a risk management and firewall system within its affiliates?	V		The financial, business and management rights and responsibilities of the affiliated companies are independent of each other, and transactions between affiliated companies are based on the principle of fairness and reasonableness and are received and paid on time. Currently, it is implemented in accordance with the "Related Operational Specifications for Financial Business between Related Parties".	
(4) Does the company establish internal rules against insiders using undisclosed information to trade in securities?	V		The Company has established "Management and Control Procedures for the Prevention of Insider Trading", which stipulates that all members of the Company shall not use unpublished information known to them to disclose to others in order to prevent insider trading.	
3. Composition and responsibilities of the Board of Directors (1) Have a diversity policy and specific management objectives been adopted for the board and have they been fully implemented?	V		The policy of diversity has been established in accordance with Article III of Strengthening the Functionality of the Board of Directors of Corporate Governance Best Practice Principles, the nomination and election of board members are compliant with the Articles of Incorporation, and the candidate nomination system is adopted; except for the evaluation of candidates' academic qualifications and with reference to stakeholders' opinions, the Procedures for Director Election and Corporate Governance Best Practice Principles are followed to ensure the diversity and independence of the Board of Directors. Based on the Company's operational development needs, the seven directors to be elected in 2023 include four female directors (57%) and two employee directors (33%), two independent directors (6 to 9 years), one independent director (1 to 3 years), one director (31 to 50 years) and five directors (51 to 60 years). Please refer to the description of "Directors and Supervisors (II)" (page 14 to 15) of this annual report for the areas of expertise of the individual members of the Board.	Compliance with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
(2) Does the company voluntarily establish other functional	V		The Company has voluntarily established an ESG Sustainability Committee. The committee's outstanding performance has earned it the	

committees in addition to the legally-required Remuneration Committee and Audit Committee?			TCSA Taiwan Corporate Sustainability Award - Restaurant and Food Industry - Silver Award in 2020 and 2021, and the TCSA Taiwan Corporate Sustainability Award - Restaurant and Food Industry - Gold Award in 2022, and the AREA (Asian Corporate Social Responsibility Award) Green Leadership Award, the only award in the food industry in Taiwan. The Company obtained the bronze in the Taiwan Sustainability Action Award (SDG12) and 2023 TCSA Corporate Sustainability Report- Platinum Award again in 2023.	
(3) Does the company establish standards and methods to evaluate the performance of the Board of Directors, conduct the evaluation annually and regularly, report the results of evaluations to the Board of Directors, and use them as a reference for individual directors' remuneration and nomination and renewal?	V		On January 31, 2024, the Company adopted the "Regulations for Performance Evaluation of the Board of Directors and Functional Committee" as follows: Implementation cycle of the evaluation by the Board of Directors and Functional Committee: yearly. An external independent and professional agency or external expert and team of scholars shall implement the performance evaluation of the Board of Directors at least once every three years. The Period covered by the evaluation of the Board of Directors and the Functional Committee: The performance of the Board of Directors, the Audit Committee and the Remuneration Committee from January 1, 2023 to December 31, 2023 will be evaluated, and the results of the evaluation of the performance of the Directors and the Functional Committee will be reported to the Board of Directors on February 27, 2024 in accordance with the law and then announced on the Company's website. Scope of evaluation: Including performance evaluation of the board of directors, individual board members and functional committees. The evaluation methods include self-evaluation of the Board of Directors, self-evaluation of the Board members, or other appropriate methods. The evaluation contents include at least the following items according to the scope of evaluation: (1) The evaluation of Board performance: including at least the participation in the operation of the company, the quality of the Board of Directors' decision-making, composition and structure of the Board of Directors, election and continuing education of the directors, and internal control. (2) The evaluation of Board member performance: including at least the alignment of the goals and missions of the company, awareness of the duties of a director, participation in the operation of the company, the management of internal relationships and communication, the director's professionalism and continuing education, and internal control. (3) The evaluation of the functional committee performance: including at least participation in the operation of the company, awareness of the duties of the functional committee, the quality of decisions made by the functional committee, the makeup of the functional committee and election of its members, and internal control.	
(4) Does the company	V		On November 10, 2015, the Company	

regularly evaluate the independence of the CPAs?			established the "Regulations for Reviewing the Selection of Certified Public Accountants" to conduct the appointment and independence evaluation of certified public accountants at least once a year. Ernst & Young Associates has reported and declared the independence of the Certified Public Accountants in the Report of the Board of Directors dated February 27, 2024. To strengthen the evaluation indicators for the selection of certified public accountants and to ensure audit quality, the Company obtained the Audit Quality Indicator AQI from Ernst & Young Associates to evaluate the suitability of certified public accountants. On February 27, 2024, the Company reported the results of the evaluation of the Board of Directors, which were reviewed and approved by the Board of Directors, as described in the "Evaluation of Accountants' Independence" in this annual report (p. 75-77), and the accountants, Rung-Huang Shiu and Jian-Tze Huang, met the independence requirements and operated independently enough to serve as the Company's certified public accountants. On the same day, the Company established a process and general policy for pre-approving the non-confirmation services of Ernst & Young and its affiliates, which was reviewed and approved by the Board of Directors.	
4. Does the company appoint adequate persons and a chief governance officer to be in charge of corporate governance matters (including but not limited to providing directors and supervisors required information for business execution, assisting directors and supervisors in following laws and regulations, handling matters in relation to the Board meetings and shareholders' meetings and keeping minutes at the Board meetings and shareholders' meetings according to law)?	V		The current chief financial officer is designated as the head of corporate governance, and has at least three years of experience as the head of accounting for public companies. This includes providing the necessary information required for the directors to conduct their business, holding meetings of the board of directors, committees and shareholders, and preparing minutes of meetings. The CFO must assist directors in their appointment and continuing education; provide the information necessary for the directors to conduct their business; assist the directors in complying with the laws and regulations to protect the interests of shareholders, and strengthen the functions of the Board of Directors.	Compliance with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
5. Does the company establish communication channels and a dedicated section on the company website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers) to respond to material CSR development issues in a	V		Depending on the situation, the Company designates the marketing unit, the president's office, stock affairs, human resources, customer service, and procurement departments to communicate with stakeholders, and provides a spokesperson and contact information for each relevant business department on the Company's website. A stakeholder area is set up to respond appropriately to the concerns of stakeholders. For more details, please refer to	Compliance with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies

proper manner?			pages 31~34 of our CSR Report "Stakeholders and Significant Topics".	
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	V		The Company has appointed Grand Fortune Securities Co. to act as stockbroker. Website: https://www.gfortune.com.tw/	Compliance with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
7. Information disclosure (1) Does the company have a website to disclose the financial operations and corporate governance status? (2) Does the company have other information disclosure channels (e.g., building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, and making the process of investor conferences available on the corporate website)? (3) Does the company publicly announce and file the annual financial reports within two months after the close of the given fiscal year and publicly announce and file the first, second, and third quarterly financial reports and the operation of each month ahead of the required deadline?	V V V		An investor area is set up on the Company's website to disclose financial and corporate governance information for each year and to update the information regularly. Website: https://www.hunya.com.tw/ir In addition to designating a person responsible for the collection and maintenance of corporate information, we also implement a spokesperson system and disclose the contents of the corporate meetings we attend on the Company's website. In accordance with the relevant regulations, the Company announces and reports its annual financial statements within two months after the end of the fiscal year, and announces and reports its first, second, and third quarterly financial statements and monthly operations three to seven days before the prescribed deadline. Please refer to the Market Observation Post System (MOPS) at https://mops.twse.com.tw/mops/web/index for the disclosure of the above information.	Compliance with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
8. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors'	V		For information on employee rights, employee care, investor relations, supplier relations, and stakeholder rights, please refer to pages 68. The Company establishes strategies, procedures and indicators in accordance with changes in laws, policies and markets, regularly analyzes and evaluates the status of changes to the relevant risks, and takes the appropriate countermeasures to reduce the Company's overall potential risks to coordinate the management of various types of risks, establish	Compliance with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies

and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchase of liability insurance for directors and supervisors)?			risk management policies and management areas, planning future operations, and strengthening information security management, etc. The information security framework is based on: (1) the management of personal data protection, including employee personal data controlled by the HR department with the HR system, and customer data B2C managed by the POS system, controlled by the store managers + management units. (2) The computerized information system-related control AS400/SAP ERP/POS is currently used in the intranet and isolated by the hardware firewall. (3) Company emails are sent/received through the company's Exchange server, and are protected by Openfind MailGate against viruses/spam/attacks and backed up off-site (Lin Kou server room). F-SECCURE DeepGuard is a comprehensive blocking software. (4) Establish information disaster and contingency plans and perform drills (5) Report on performance and audit results at the board of directors' meeting.	

9. Please explain the improvements made in accordance with the Corporate Governance Evaluation results released by the Taiwan Stock Exchange's Corporate Governance Center, and provide the priorities and plans for improvement with items yet to be improved:
   (1) Improvements made: Based on the results of the most recent Annual Corporate Governance Review (10th), the major components of the Company that have been improved are described below:
      (a) The Company evaluates the English-language meeting notices, the manual, the annual report, the material information, and the financial report, and implements them gradually in 2022.
      (b) The Company has disclosed the separate communication between the independent directors and the internal auditors and accountants on the Company's website.
      (c) The external evaluation of the Board of Directors' performance evaluation.
   (2) Priority enhancements and measures: In response to the revision of the 11th Corporate Governance Evaluation Indicators, the Company's priority enhancements are described below:
      (a) The Company adds non-compulsory functional committees (e.g.: Risk Management Committee, Integrity Management Committee) as appropriate to ensure the applicableness and effectiveness of medium-and long-term risk management and resource allocation.
      (b) The Company will continue to plan and disclose the current and potential future risks and opportunities of climate change to the Company, and take measures to address climate related issues.
   (3) The Company will continue to evaluate the feasibility of future improvements for those parts that have not yet been scored.

Note: Regardless of whether "Yes" or "No" is ticked regarding the implementation status, an explanation should still be provided in in the explanation column for each item.

(VI) Implementation Status of Sustainable Development and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof:

Item	Implementation (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
1. Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the board of directors authorized senior management to handle related matters under the supervision of the board?	V		Hunya Food recognizes that the implementation of corporate social responsibility is a vital component of sustainable business operations. The Company formally established a Corporate Social Responsibility Committee in October 2014, which was later renamed the Corporate Sustainability Committee in November 2022. Presently, the ESG Committee is chaired by the Chairman of the Board of Directors, with the head of the ESG strategy implementation unit serving as a key member. The President's Office is tasked with formulating and executing the annual ESG strategy, overseeing the planning and execution of sustainability strategy development goals, and establishing a CSR section on the Company's website (in English and Chinese) to disclose the results of its sustainability efforts. The Board of Directors' report was finalized on November 10, 2023.	Compliance with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
2. II. Does the company conduct risk assessments on environmental, social and corporate governance issues related to the business operations and formulate relevant risk management policies or strategies based on the materiality principle? (Note 2)	V		Hunya Food utilizes external market research companies' databases and industry consultants' research reports. At the close of each year, the Company convenes a strategy meeting to analyze the external environmental factors and compare internal operating conditions with the information collected from the procurement reports. We also develop strategic development objectives for each business group. Other important information to enhance the understanding of the company's governance and operation is described on page 66 of this annual report.	Compliance with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies

Item	Implementation (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
3. Environmental issues (1) Does the company establish an environmental management system proper to its industry's characteristics?	V		We have established the Environment and Energy Management Committee along with a dedicated unit mandated by law to uphold our commitment to environmental protection. The Company's Chairperson assumes the role of chair for the ESH Promotion Committee, while the head of Manufacturing HQ serves as the executive representative. The latter oversees the creation and dissemination of ESH documents, coordinates related activities, monitors ESH implementation progress, identifies environmental considerations, establishes ESH hazard identification for the OSH Office, and plans and executes ESH management activities, including the formulation of internal emergency response plans. Throughout the implementation of the ESH management system and its controls, the respective responsible units are tasked with providing necessary manpower resources, specialized professional skills, and the technical and financial resources essential for ESH management. This ensures the smooth execution of related projects.	Compliance with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies

Item	Implementation (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
(2) Does the Company endeavor to use energy more efficiently and to use renewable materials with low environmental impact?	V		(a) Electricity: The majority of equipment at the Taoyuan Plant operates using electricity as its primary energy source, with a control system in place to monitor electricity demand. Additionally, we've established an electricity sales agreement with Taipower, through which we sell back electricity generated by our solar power system. In 2021, the solar power system produced a total of 736,788 kWh based on renewable energy, contributing to a total solar electricity generation of 3,282,000 kWh. (b) The reduction of waste and recycling of resources are the two cores of waste management and the approaches to these are mainly the reduction of single-use materials, and improved sorting and recovery of recyclable resources to achieve waste management goals. The total weight of individual packaging materials that we purchased externally in 2023 was 801 tons of plastic materials (an increase of 4.4% YoY), 969 tons of paper boxes, 713 tons of paper cartons, and 650 tons of tape. No recycled or renewable materials were purchased in 2023. 68.8% of our packaging materials are recyclable, reusable and can be used for producing compost. Internally, we hold ESG communication meetings and have started the promotion of packaging materials favorable to environmental sustainability and the development of recyclable and compostable plastic inner boxes. We plan to use paper-based inner boxes as a substitute for some products in the future. For further details, please refer to Chapter 4 of the Company's ESG Report for details.	Compliance with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies

Item	Implementation (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
(3) Has the Company evaluated the potential risks and opportunities posed by climate change for its business now and in the future and adopted relevant measures to address them?	V		To act in line with international sustainability trends, manage climate change issues actively, and ensure compliance with the regulations requiring enhanced disclosure of the ESG information under the Corporate Governance 3.0, we have implemented a Task Force on Climate-Related Financial Disclosures (TCFD) since 2021, identified the risks arising from climate change by conducting risk assessment, and made the information in the sustainability report more transparent. Climate-related risks and issues are discussed and determined by the Environment and Energy Management Organization of the Company. For further details, please refer to Chapter 4 of the Company's ESG Report for details.	Compliance with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
(4) Did the company collect data for the past two years on greenhouse gas emissions, volume of water consumption, and the total weight of waste, and establish policies for greenhouse gas reduction, reduction of water consumption, or management of other wastes?	V		The Company's greenhouse gas emissions primarily stem from purchased electricity, followed by fuel usage. In 2023, a total of 8,544 metric tons of carbon was emitted. Scope 1 emissions, which include fuel and refrigerant usage, accounted for 2,173 metric tons, with LPG contributing 8.1%. However, the primary source of carbon emissions was Scope 2 (electricity), making up 74.6% of the total. Overall, carbon emissions in 2023 decreased by 3.44% compared to 2022. The greenhouse gas emission intensity in 2023 was 4.12 (tCO_2e/NT$1 million), marking a 1% reduction year-on-year (YoY). This reduction can be attributed to decreased machine utilization in response to capacity adjustments made in 2023. For further details, please refer to Chapter 4 of the Company's ESG Report.	Compliance with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
4. Social issues (1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	V		In addition to organizational structure and employee formation as well as gender equality, we prioritize the management of human rights to safeguard the labor rights of our employees. For implementing human rights management, we have established the "Human Rights Policy" and relevant management standards, drawing from the International Labour Organization Convention and	Compliance with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies

Item	Implementation (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
			international human rights conventions. In 2023, there was one gender equality-related complaint case, but there were no discrimination cases, infringements upon the rights of Indigenous peoples, or human rights-related complaint cases. For more information, please refer to the "Employee's Rights and Communication" section. The appointment and performance evaluation of employees is not affected by race, gender, age, religious or political position. We do not hire child workers. To help employees understand their rights, we provide educational training on the first day when a new employee begins their employment. The courses cover topics such as labor rights, remuneration, working hours, and welfare. We have incorporated human rights-related issues in the educational training since 2015. These include freedom of employment, humanism, prohibition of discrimination, and freedom of assembly. In 2023, we provided training to communicate business-related human rights and anti-corruption policies by holding meetings. 465 employees attended the training for a total of 93 hours. For further details, please refer to Chapter 5 of the Company's ESG Report for details.	
(2) Does the company appropriately reflect the business performances or achievements in the employee remuneration policy (including salary, annual leave and other benefits)?	V		Employees are a company's most important assets. We remunerate employees depending on their education, experience, future development potential, and personal performance, regardless of their gender, race, religion, political position, or marital status. We adjusted remuneration in recent years in consideration of the price level and performance. The wage adjustment was 2.3% in 2023. The initial pay for male and female entry-level employees was 1.06 times the statutory basic wage and the average monthly regular wage per entry-level employee was 1.23 times the statutory basic wage. The ratio of female to male entry-level employees in terms of their remuneration was 1:1.04. The ratio of female to male senior managers in terms of their remuneration was 1:0.9. For further details, please refer to Chapter 5 of the	Compliance with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies

Item	Implementation (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
			Company's ESG Report for details.	
(3) Does the company provide a healthy and safe work environment and organize health and safety training for its employees on a regular basis?	V		We place great importance in occupational health and safety and deem the work safety of employees as the foundation of our daily management. To this end, we have improved the safety awareness of our employees through the operation of the OSH organization and implementation of safety-related training with the aim of avoiding occupational injuries and internalizing a culture of safety in our workplace. For further details, please refer to Chapter 5 of the Company's ESG Report for details.	Compliance with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
(4) Does the company establish effective career development and training plans for its employees?	V		Regarding our talent training program, we execute a comprehensive learning strategy anchored in three key functions: training, education, and development. The purpose of the program is to enhance the professional knowledge of different functions, stimulate potential, train talent for the future, and improve the structure, capacity, and performance of our employees. We have progressively established structured courses in consideration of the career development of our employees and the implementation of the Company's business objectives. For further details, please refer to Chapter 5 of the Company's ESG Report for details.	Compliance with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
(5) Does the company comply with the relevant laws and international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products and services, and implement consumer protection and grievance policies?	V		To ensure information security, we use the latest technology to prevent intrusions and control malicious software and applications. A new-generation firewall has been installed to block internal and external intrusions. System backups are performed regularly to ensure the security of critical operating systems. Rivon Business Group uses the Point of Sale (POS) system and takes the strictest measures to maintain confidentiality and protect the personal data of the end customers on their orders, and ensure this data is not disclosed or stolen.	Compliance with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation (Note 1)</th><th rowspan="2">Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td>The government has amended the relevant laws to deal with food safety events that occurred in recent years. We adhere to these changes at all times, observe the laws, and maintain quality and safety to protect the rights of our consumers. As of 2021, we have passed the TQF and ISO 22000 certification. All our products met the requirements of ISO 22000. In the future, we will implement the standards recognized by the Global Food Safety Initiative (GFSI). All phases of production, from raw material testing, production management, new product testing to finished products, are controlled internally through our laboratory, which performs physical, chemical, and microbiological tests. The laboratory passed the TAF microbiological test certification in 2021. For further details, please refer to Chapter 3 of the Company's ESG Report for details.</td><td></td></tr>
<tr><td>(6) Does the company formulate and implement supplier management policies that require suppliers to follow relevant regulations on environmental protection, occupational safety and health or labor human rights?</td><td>V</td><td></td><td>We have established Supplier Management Regulations pursuant to ISO 22000 Food Safety Management Systems to provide guidelines in the areas of environment and quality. The QA unit checks raw materials and conducts regular random supplier inspections pursuant to the Total Quality Food (TQF) Association's certification standards. For further details, please refer to Chapter 6 of the Company's ESG Report for details.</td><td>Compliance with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies</td></tr>
<tr><td>5. Does the company refer to internationally-used standards or guidelines for the preparation of reports such as sustainability reports to disclose non-financial information? Are the reports certified or assured by a third-party accreditation body?</td><td>V</td><td></td><td>We have engaged Ernst & Young (EY), an independent and credible accounting firm, to provide limited assurance on the 2021 CSR report prepared by Hunya Foods in accordance with the Core option of the GRI Standards, in accordance with the Statement of Assurance Standards No. 1 issued by the Accounting Research and Development Foundation. After the completion of the assurance work, the relevant results have been fully communicated to the governance unit. Please refer to the independent assurance report attached to the ESG report for the scope of assurance and conclusions.</td><td>Compliance with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies</td></tr>
</table>

Item	Implementation (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
6. If the company has established sustainable development best-practice principles based on the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies," describe the implementation and any deviations from such principles: On May 13, 2020, the Company revised the "Code of Ethical Conduct", "Code of Business Conduct with Integrity" and "Code of Practice on Corporate Social Responsibility" to fulfill its corporate social responsibilities. In 2020, we received the BS 8001 Circular Economy Award from the Industrial Development Bureau, Ministry of Economic Affairs. In 2020 and 2021, we received the TCSA Taiwan Corporate Sustainability Award - Food & Beverage and Food Industry - Silver Award, and in 2022, we received the TCSA Taiwan Corporate Sustainability Award - Food & Beverage and Food Industry - Gold Award. The Company were presented with the Taiwan Sustainability Action Award Bronze Award (SDG12) and 2023 TCSA Corporate Sustainability Report- Platinum Award again in 2023.				
7. Other important information to facilitate better understanding of the company's promotion of sustainable development: For details, please refer to our CSR report.				

Note 1.: If "Yes" is ticked in the "Implementation status" column, please concretely describe the major policies, strategies, and measures adopted and the status of their implementation. If "No" is ticked in the "Implementation status" column, please explain the deviations and the reasons in the "Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons" column and explain the Company's plans for adoption of related policies, strategies, and measures in the future. However, for Items 1 and 2, the TWSE/TPEx listed company shall describe its governance and supervisory framework for sustainable development, including but not limited to management policy, strategy and goal formulation, review measures, etc. It additionally shall describe the company's risk management policies or strategies for operations-related environmental, social, and corporate governance issues, and their assessment status

Note 2.: The materiality principle refers to focusing on environmental, social and corporate governance issues likely to have a material impact on the Company's investors and other stakeholders.

Note 3.: Regarding the method for disclosure, please refer to the "Sample Annual Report" page on the website of the Taiwan Stock Exchange Corporate Governance Center.

Table 2-2-3

Climate-Related Information of TWSE/TPEx Listed Company

1. Implementation of Climate-Related Information

Item	Implementation
1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	1. For these issues, Hunya Foods collaborates with external professional consultants to organize advanced lectures addressing international governance practices and strategies in response to climate change. These sessions involve sharing of case studies and facilitating communication between directors and supervisors.
2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	2. As per the internal assessment, climate risk primarily impacts production. As a strategic response, alternative energy and cycle processes will be implemented to cope with the impact. In 2023, we identified 10 climate risk factors, with two classified as high risks, five as moderate risks, and four as low risks. Currently, the Company's strategy for managing climate risks involves the reduction of carbon emissions. To achieve this, we have established a solar power generation system and are selling electricity in anticipation of future carbon taxes and fees. We will implement the management of this situation and take appropriate actions.
3. Describe the financial impact of extreme weather events and transformative actions.	3. The increase in production cost impairs profitability and affects corporate sustainable development. Carbon fees derived from sustainability topics, laws governing the environmental sustainability of packaging materials, and regulations concerning energy and resources directly contribute to an increase of production costs and reduction of profits. The greenhouse effect impacts crop production and quality, leading directly to poor quality products or interruptions in material supplies. The goodwill and operational performance may be affected as a result.
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system	4. Since Hunya launched the discussions about the TCFD Project and engaged with various units to explore coping approaches based on the TCFD framework and requirements, the Climate Risk Office, in collaboration with the Corporate Sustainable Development Committee, per the Company's operating activities and environmental relations, and with reference to latent risks from climate change, has established internal values-at-risk, and developed a climate risk matrix. This matrix combines three parameters: vulnerability, impact and possibility. These were determined through several meetings with external consultants and workshop discussions. In response to the necessity of risk management and advance with the times, Hunya identifies climate risk factors using the following methodology every two years; in 2023, Hunya identified 10 climate risk factors: two were characterized as high risk (including one transitional risk and one physical risk), five as moderate risk and four as low risk.
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	5. It is forecasted that scenario analysis will be conducted on the highest risk, which is the increase of raw material costs. The quantitative analysis results will be disclosed in the annual report for the next year Extreme climate events caused by climate change will lead to unstable yields of upstream raw materials that Hunya requires (e.g.: cocoa beans, milk, peanuts, etc.), further increasing the raw material purchase costs of Hunya, resulting in higher production costs and ultimately affecting the profit. Additionally, it is likely to impact operation due to the higher sales prices. Based on usages and purchasing quantities, Hunya has shortlisted the five priority raw materials of peanuts, milk, cocoa beans, powder and sugar, and selected peanuts as the raw material for climate scenario analysis after evaluating risks from climate change factors on raw materials, climate risks of the place of origin, etc. In 2023, the amount of peanut purchases exceeded NT$50 million, significantly impacting Hunya among the aforesaid upstream raw materials. The evaluation of scenario analysis is explained in Note 1.

6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	6. The greenhouse gas emissions generated by the Company mainly stem from purchased electricity, followed by the use of fuel. In 2023. 8,544 metric tons of carbon was emitted. The Scope 1 emissions (fuel and refrigerant) amounted to 2,173 metric tons, with LPG occupying 8.1 %. The primary source of carbon emissions was in Scope 2 (electricity), constituting the highest percentage of 74.6%. Overall, carbon emissions in 2023 decreased by 3.44% compared to 2022. The GHG emission intensity in 2023 was 4.12 (tCO2e/NT$1 million), reflecting a reduction of 1% YoY. The utilization of machines decreased in response to capacity adjustments in 2023, thus the overall GHG emission intensity was reduced YoY. Hunya has initiated carbon inventory and assurance plans in response to laws and regulations. Initially, the focus will be on Scope 1 and Scope 2, with no immediate plans for inventory under Scope 3. It is scheduled to complete the inventory of Scope 1 and Scope 2 by 2027 and to achieve external assurance as per ISO 14064 by 2029. Besides, the Company has no emissions of ODS, Nox, Sox, or any other obvious greenhouse gases.
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	7. Hunya has not yet determinized to set the internal carbon price. We are currently conducting surveys and research to introduce related policies.
8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	8. Please refer to Chapter Four of the Climate Risk Governance content in Hunya' Sustainability Report.
9. Greenhouse gas inventory and assurance status (separately fill out in point 1-1 below).	

Note 1.: Scenario analysis explanation regarding Item 5 in the Table above.

Peanuts are tropical and subtropical crop, with Asia boasting the largest planting scale and China and India serving as principal producers. Future climate change may result in higher average temperature and intensified droughts in the main planting regions, affecting peanut yields. Peanuts n Taiwan have experienced climate-related disaster losses annually over the past 10 years, primarily due to prolonged water logging, resulting in root rot, mould or sprouting. The analysis below will focus on temperature rise and rainstorms to understand their impact on peanuts and Hunya resulting from the two climate change risks.

Risk factor	Rainstorm
Parameters	Peanut yields and prices
Climate scenario	RCP 8.5
Deadlines	2050 and 2100
Explanation about scenario analysis	• Peanuts have experienced climate-related disaster losses every year in Taiwan over the past 10 years. This is primarily due to prolonged waterlogging for long, causing roots or peanuts to develop mildew, rot or sprout. These climate impacts not only lead to fluctuations in peanut yields and prices, but also affect peanut quality (e.g.: higher water content). Consequently, Hunya didn't purchase a sufficient amount of Carbonado Groundnut in 2022.

	• As per IPCC AR6: Major Discoveries of Climate Science -Taiwan Version (1), the maximum one-day rainstorm intensity is projected to increase in Taiwan in the future. Under the worst-case scenario (SSP5-8.5), the average annual maximum one-day rainstorm intensity per day is expected to increase by about 20% and 41.3%, respectively, by the middle and end of the 21st Century. In an optimistic scenario (SSP1-2.6), these increases are estimated to be about 5.7% and 15.3%, respectively, by the middle and end of the 21st Century. • As per the research conducted by the National Science and Technology Center for Disaster Reduction (2), when the global average temperature rises by 1.5~2°C (under a fixed warming context), it is highly likely that the spring peanuts will be affected by lower cumulative rainfall in the last third of March, and by higher cumulative rainfall in the middle of June.
Analysis results	Under future climate change scenarios, more frequent and heavier rainstorms ae expected, escalating peanut prices and impacting both peanut quality and yields. These changes will have latent impacts on Hunya as follows: • The rise in peanut prices will increase Hunya's expenses in purchasing raw materials. Unsatisfactory peanut quality will force Hunya to incur additional treatment costs to ensure compliance with quality requirements. There's also the risk that Hunya may fail to purchase peanuts meeting quality standards, potentially leading to production downturns and affecting operating revenue. • Unfavorable peanut quality and yield will lead to unstable output of relevant products and may lead to these products being removed from the shelves of distributors. This could affect the cooperative relationship with distributors and the quantity of products that can be subsequently launched, ultimately affecting Hunya's market share and brand volume.

Risk factor	Rise in average temperature
Parameters	Peanut yields and prices
Climate scenario	RCP 8.5(3)
Deadline	2050
Explanation about scenario analysis	Peanuts are tropical and subtropical crop, with Asia boasting the largest planting scale, and China and India serving as principal producers. Future climate change might result in higher average temperatures and intensified droughts in the main planting regions, affecting peanut yields. India, one of the primary peanut producers, is used to analyze the projected percentage drop in peanut yield due to climate change by the middle of the Century (2050). Assuming one-to-one inverse relationship between yield and cost, we calculate the future financial impacts on Hunya from peanut purchase expenses in recent years.
Analysis result	In the most pessimistic model under the context of RCP 8.5, it is projected that the peanut yield will decrease by 10.23% by the middle of the Century (2050). Consequently, the increased cost of peanut purchases is calculated to account for less than 0.5% of the operating revenue of Hunya.

Notes:

(1) IPCC AR6: Major Discoveries of Climate Science -Taiwan Version, Taiwan Climate Change Projection Information and Adaptation Knowledge Platform (TCCIP), National Science and Technology Council (NSTC), Anthropogenic Climate Change Center, Research Center for Environmental Changes of Academia Sinica, Central Weather Administration (CWA), Ministry of Transportation and Communications (MOTC), Department of Earth Sciences, National Taiwan Normal University, National Science and Technology Center for Disaster Reduction

(2) Impacts on Peanut Yields from Rainstorm Disasters under Climate Change, Ya-wen Huang, Chun-Yu Wag, National Science and Technology Center for Disaster Reduction

Prediction by using the two global climate models (GCM) Geophysical Fluid Science laboratory's Earth System Modeling (GFDL-ESM2M) (Dunne et al., 2012a; Dunne et al., 2012b) and Hadley Centre's Global Environment Model (HadGEM 2-ES) version 2 (Martin et al., 2011)

1-1. Greenhouse Gas Inventory and Assurance

Status Instructions for Completing the Table:

1. Scope 1 and Scope 2 information in this table shall be disclosed according to the schedule prescribed in the order issued under Article 10, paragraph 2 of the Regulations. Scope 3 information may be voluntarily disclosed by the business.

2. The company may conduct the greenhouse gas inventory in accordance with the following standards:
   (1) The Greenhouse Gas Protocol (GHG Protocol).
   (2) ISO 14064-1 issued by the International Organization for Standardization.
3. The assurance body shall meet the provisions regarding assurance of sustainability reports prescribed by the TWSE and the TPEx.
4. The information for subsidiaries may be reported individually, or in aggregate (e.g., by country or by region), or on a consolidated basis (Note 1).
5. The intensity of greenhouse gas emissions may be calculated per unit of product/service or revenue, but at least the data calculated in terms of revenue (NT$ 1 million) should be disclosed (Note 2).
6. The proportion of total emissions from operating sites or subsidiaries not included in the inventory calculation shall not be more than 5%. "Total emissions" above means the quantity of emissions calculated according to the mandatory inventory scope referred to in point 1 of these Instructions for Completing the Table.
7. The description of assurance status shall summarize the content of the assurance report of the assurance body, and the complete assurance opinion shall be appended to the annual report (Note 3).

<table>
<tr>
<td>Basic information of the Company
☐ Capital of NT$10 billion or more, iron and steel industry, or cement industry
☐ Capital of NT$5 billion or more but less than NT$10 billion
☑ Capital of less than NT$5 billion</td>
<td>Minimum required disclosure under the Sustainable Development Roadmap for TWSE/TPEx Listed Companies:
☑ Inventory for parent company only
☐ Assurance for parent company only
☑ Inventory for all subsidiaries in consolidated financial statements
☐ Assurance for all subsidiaries in consolidated financial statements</td>
</tr>
</table>

Scope 1	Total emissions (Metric tons CO2e)	Intensity (Metric tons CO2e / NT$ 1 million) (Note 2)	Assurance body	Description of assurance status (Note 3)
Parent company	2,173	1.13	none	Internal self-examination (Planning for the future to be checked by third parties)
Subsidiary	278	1.46		
(Note 1)				
Total	2,451	2.57		
Scope 2	Total emissions (Metric tons CO2e)	Intensity (Metric tons CO2e / NT$ 1 million) (Note 2)	Assurance body	Description of assurance status (Note 3)
Parent company	6,371	3.3	none	Internal self-examination (Planning for the future to be checked by third parties)
Subsidiary	1,439	7.53		
(Note 1)				
Total	7,810	10.76		
Scope 3				

(VII) Implementation Status and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons

Evaluation Item	Implementation Status (Note)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
1. Establishment of ethical corporate management policies and programs				Compliance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies
(1) Does the company establish the ethical corporate management policies approved by the Board of Directors and declare its ethical corporate management policies and procedures in its guidelines and external documents, as well as the commitment from its Board to implement the policies?	V		On August 11, 2015, the Company's Board of Directors approved the "Code of Conduct with Integrity" and disclosed it on the Company's website and the Market Observation Post System, expressing the belief and policy of conducting business with integrity, and it expected and required the Board of Directors and management to actively implement and commit to it.	
(2) Does the company establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activity within its business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, which shall at least include those specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?	V		The Company has established a code of ethical conduct, a system to prevent insider trading, and a code of conduct for employees to regulate and prohibit dishonesty, improper benefits, and fraud.	
(3) Does the company specify in its prevention programs the operating procedures, guidelines, punishments for violations, and a grievance system and implement them and review the prevention programs on a regular basis?	V		The Company has outlined preventive measures in the "Ethical Corporate Management Best Practice Principles" for business activities with a higher risk of dishonest conduct, as stipulated in Article 7, Paragraph 2 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" or other business areas. It requires the implementation of such measures (e.g., traceability management, additive permit management).	
2. Fulfillment of ethical corporate management				Compliance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies
(1) Does the company evaluate business partners' ethical records and include ethics-related clauses in the business contracts signed with the counterparties?	V		The Company conducts pre-crediting of previous clients. We evaluate our partners as per the "Supplier Management System".	
(2) Does the company establish an exclusively dedicated unit supervised by the Board of Directors to be in charge of ethical corporate management and report to the Board of Directors the implementation of		V	There is no set up yet.	

Evaluation Item	Implementation Status (Note)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
ethical corporate management policies and prevention programs on a regular basis (at least once a year)?				
(3) Does the company establish policies to prevent conflicts of interest, provide appropriate communication channels, and implement them accordingly?	V		It is clearly defined to prevent conflict of interest and implement fair trade, provide appropriate presentation channels in the stakeholder area of the company's website, and relevant units are required to implement them.	
(4) Does the company establish effective accounting systems and internal control systems to implement ethical corporate management, with the internal audit unit being responsible for devising relevant audit plans based on the results of assessment of any unethical conduct risk, examining accordingly the compliance with the prevention programs, or engaging a certified public accountant to carry out the audit?	V		In addition to routine checks, the internal audit unit will report to the board members and supervisors upon receiving and verifying a report, ensuring the effectiveness of the system at all times.	
(5) Does the company regularly hold internal and external training on ethical corporate management?	V		We will promote the concept of honest management and strengthen the audit of illegal activities within the company.	
3. Operation of the whistle-blowing system (1) Does the company establish both a reward/whistle-blowing system and convenient whistle-blowing channels? Are appropriate personnel assigned to the accused party? (2) Does the company establish the standard operating procedures for investigating reported misconduct, follow-up measures to be taken after the investigation, and related confidentiality mechanisms? (3) Does the company provide protection for whistle-blowers against receiving improper treatment?	V V V		The company has established a whistle-blowing mailbox, with the Management Planning Office and the Human Resources Department responsible for receiving such reports. If there is a report of wrongdoing or breach of integrity, an investigation will be conducted, and the report will be kept confidential to protect the whistle-blower. Any unlawful acts or breaches of integrity will be punished as per the personnel regulations. Cases deemed serious or involving complaints will be sent to the Human Resources Committee for consideration or legal action.	Compliance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies
4. Enhanced disclosure of ethical corporate management information (1) Does the company disclose the ethical corporate management policies and the results of its implementation on the company website and MOPS?	V		We publicize business news on the company's website and disclose material information and periodic financial information online as required. A spokesperson is available for inquiries and proactive information dissemination.	Compliance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies
5. If the company has adopted its own ethical corporate management best practice principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, please describe any deviations between the principles and their implementation: Compliance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies.				

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status (Note)</th><th rowspan="2">Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td colspan="5">6. Other important information to facilitate a better understanding of the status of operation of the company's ethical corporate management policies (e.g., the company's reviewing and amending of its ethical corporate management best practice principles):
The Company has established a code of conduct for honest business practices, which is posted on the Company's website and on the Market Observation Post System.</td></tr>
</table>

Note 1.: Regardless of whether "Yes" or "No" is ticked regarding the implementation status, an explanation should still be provided in in the explanation column for each item.

(VII) If the Company has established a code of corporate governance and related regulations, the Company shall disclose its inquiry methods and provide downloads on the → Corporate Governance Best Practice Principles and the Market Observation Post System in the → Corporate Governance section from the →Investors section of the → Company's website.

(VIII) Other Important Information on Corporate Governance:

1. Risk management system

We refer to the databases of external market survey companies and the reports of business experts and advisors to hold a strategy meeting at the end of the year. Analysis of elements in the external environment and comparison with the internal operation status are conducted based on the collected procurement reports and documents to perform risk assessment and formulate a new response plan for the next year. We conduct comparative analysis with respect to information on the macro market, national risks, and the situation of competitors to develop strategic development goals for our business groups. We have summarized the following risks, considering the challenges that food companies have been facing in recent years and with reference to the features of the industry:

Risk	Impact on Hunya Foods	Countermeasure
Political risk	The major market for Hunya Foods is Taiwan, and the risk of sales prohibition due to political elements is relatively low. We will continue to monitor this closely. Our primary production base is located at the Bade Factory in Taoyuan, and Taiwan accounts for the majority of our products (98%), followed by overseas markets (2%). Both the share of sales in China market and the impact are relatively low.	To mitigate export risk, we are developing markets in Southeast Asia, Australia and North America to reduce concentration in a single market. In 2023, we began exporting to the Philippines, with total export revenue accounting for about 2%.
Legal risk	Food-related laws and regulations have become stricter in recent years, imposing more requirements on traceability and production quality. In response to this trend, relevant facilities and systems must be used.	We pay close attention to changes in national food-related laws and regulations to ensure that all products meet the requirements of the laws. Considering the misrepresented description that products could promote health on the website, to avoid consumers' misunderstanding, we will enhance the advocacy of relevant laws and regulations to relevant staff members in the future.

Risk	Impact on Hunya Foods	Countermeasure
Demographic risk	The impact of economic and social risks on our business operations is directly reflected in operational performance and results. For example, the reduction in the number of marriages and the declining birth rate directly affects the wedding/engagement cake market.	Our management rapidly adjusts the Company's strategies in response to changing circumstances to minimize adverse effects. In 2023, the Planning Dept. and Marketing HQ identified the young generation as their primary advertising and marketing objectives. They also actively developed new consumer groups with new products. In terms of employee recruitment and retention, we have intensified our efforts in talent training and benefits, implementing additional incentives for recruitment and retention. It is recommended to explain relevant countermeasures, such as marketing strategy meetings and customer group statistics, and consistently promote the talent retention plan, strengthening employee benefits, increasing campus recruitment vacancies, and employing foreign workers, etc.
Product demand risk	Nowadays, people have a greater awareness of health and nutrition and have stricter requirements regarding healthy diets. As we are engaged in the candy and biscuit business, the operational performance of the Company is inevitably affected when people demand a reduction of sugar in products.	The R&D and design of our products aim to reduce and eventually eliminate artificial additives to meet the consumer demands for health and nutrition. Simple and healthy ingredients must be used to catch up with this tendency. In 2023, we launched products with Clean Label and health functionalities.
Supply risk	Climate change is the most critical element of the major global risks in recent years. The impact on the Company's business is high because the major (raw) material sources of the Company are primary agricultural industries, and the price and supply of agricultural products are highly affected by global climate anomalies.	To ensure the stable supply of (raw) materials, we enter into agreements with suppliers and seek alternative sources and suppliers of raw materials to ensure stable prices and uninterrupted supply and reduce impacts on the business of the Company. Additionally, we are gradually establishing a supply chain management platform to efficiently manage the risk and impact associated with (raw) material supply. In 2023, we have successfully introduced the supply chain management platform (SAP Ariba) to facilitate more transparent procurement and centralized information management.
Competition risk	The threshold for entering the food market is low, leading to fierce competition, and customers rapidly change their preferences. These factors have a certain impact on the Company's business.	We mitigate competition risk by implementing clear market segmentation, rebuilding the image of our brands, increasing brand exposure, improving consumer loyalty to the brands, and developing innovative products.
Infectious disease risk	Global pandemics affect the global economy, directly impacting supply chains and (raw) material supplies, altering consumer behavior, and thus significantly affecting the sales and operational strategies of the Company. They may directly impact the operations of both upstream and downstream supply chains, leading to delivery delays or supply shortages in	We take follow-up actions and replenish materials in advance to cope with the risk of interruptions in supplies and mitigate the impact. In 2023, as COVID-19 faded and border lockdowns were lifted, the risk of supply chain disruption related to raw materials is low, and the supply chain status is constantly monitored and observed in monthly department meetings.

Risk	Impact on Hunya Foods	Countermeasure
	production, transport and shipment.	
Climate change risk	Climate change risk will affect the business of the Company and the management of our energy and resources, (raw) materials, and supply chains. The impact on the Company at the production stage is direct and obvious.	Since 2021, we have implemented the Task Force on Climate-Related Financial Disclosures (TCFD) framework and have utilized it for assessing and planning our operational strategies. In addition, we have incorporated climate change considerations into our decision-making process. We've established a climate change risk management procedure and mechanism, incorporating it into our overall risk management policies. We actively implement various environmental protection, energy-saving and carbon reduction measures to reduce GHG emissions. Furthermore, we promote green production and food services to mitigate the impact of climate change on the business and adapt to these circumstances. More details about climate change risks are described in "4.2.1 Climate risk governance". In 2023, we planned to install smart electric meters throughout the factories, identified energy-intensive production lines for renewal and replacement, and began preparations for carbon inventory and assurance.

2. We implement the customer-oriented Customer Relationship Management (CRM) system to provide outstanding services and products for customers and maintain good communication with them through different channels. Details are described below.
   - Toll-free customer service hotline (0800):
     We provide customers with complaint, return, and replacement services. The tasks of communication with customers are assigned to different units at various levels. The corresponding service unit or store transfers the task to the responsible unit through the 0800 system to ensure customers receive the best service.
   - Online customer service:
     Designated personnel respond to customer demands through various digital channels such as Facebook, Line, Instagram, and e-commerce service. They then transfer the task to the store, business unit, or factory through the CRM system, ensuring customers can understand their purchase and transport progress rapidly and conveniently.
   - Digital tracking:
     Customer files are created through the customer information system. The service progress of the sales personnel is monitored in real-time, and they submit a monthly report each month. Customer feedback is classified and followed up in the monthly report. The comment and rating functions on Google Maps are open to customers, allowing them to express their satisfaction promptly.
   - Product feedback:
     We have established a laboratory to ensure that developed products meet customer expectations. Feedback from customers regarding the preliminarily developed concept product is collected through sampling and questionnaire survey. This feedback is then delivered to the planning personnel as a

reference for product development. This approach allows customers to truly understand and participate in the R&D process, leading to an outstanding consumer experience.

Hunya adopts the latest technological systems in information security, including IPS (Intrusion prevention system), anti-malware and application control. It sets up new next-generation firewalls and UTM to block internal and external intrusion. Additionally, it backs up systems and files to ensure the security of vital operation systems. Rivon Business Group utilizes the Point of Sale (POS) system and implements the strictest measures for confidentiality to protect the personal data of end customers on their orders, ensuring that none of this data is disclosed or stolen. In 2023, Hunya conducted information security projects, and executed relevant cyber security detection and upgrades to ensure that the Company's important information is comprehensively protected and effectively managed.

3. Employee's Rights and Communication: please refer to the Company's ESG Report for details.

4. Communication with Stakeholders
   By referencing the experiences of internal departments and other companies in the industry collected by the members of the Corporate Sustainability Committee and considering the spirit of the AA1000 SES-2011 Stakeholder Engagement Standard (SES), we have identified seven major stakeholders based on five major principles (dependence, responsibility, level of concern, influence, and diverse perspectives): investors, consumers, government authorities, employees, suppliers, distributors, communities, and others.

   AA1000 SES-2011 Five Principles.

1.	Dependence	Stakeholders who are directly or indirectly dependent on the activities and operations of the Company.
2.	Responsibility	Stakeholders for whom the Company takes responsibility currently or may do so in the future.
3.	Level of concern	Stakeholders who require the immediate concern of the Company in financial, economic, social and environmental issues.
4.	Influence	Stakeholders who only have influence on the Company or are capable of making decisions.
5.	Diverse perspectives	Stakeholders who have different perspectives and thus can provide new ideas and give assistance in the identification of new opportunities.

   To understand stakeholders' opinions on corporate governance, environmental issues, social issues, etc., Hunya has established smooth communication channels. The units most closely connected with stakeholder groups are responsible for communicating with stakeholders and collecting their opinions. These opinions will serve as references for Hunya to determine future action directions and CSR strategies. To help our employees and upstream and downstream stakeholders better understand our long-term ESG goals, we continued communicating in 2023 about our peanut skin recycling project and Forever-Love Sustainable Pineapple Cake Gift Box through relevant media outlets such as Business Weekly, Common Wealth Magazine and Business Today. With supporting topics of green operations and environmental sustainability, we aim to gain recognition from stakeholders, enhance brand awareness and recognition among consumers, and serve as a model for other food companies, encouraging them to join in implementing ESG and environmental protection for the common good.

5. Supply chain management

Based on the spirit of sustainable operations and the concept of Local Sustainability for Endless Happiness, we place great importance on supplier management. To this end, we have established comprehensive Supplier Assessment Management Regulations and strictly follow the criteria of ISO 20002 during of supplier assessment. A rating mechanism is in place based on factors such as quality, delivery time, capability and status,. This allows us to review, analyze and assess supplier product quality effectively, aiding in strategic planning and risk reduction. In 2023, we had 292 suppliers, with 211 supplying raw material, 81 supplying material, and 112 providing other products and services (stationery, equipment and machinery, consultation, and other items). Most of them were located in Taiwan. The suppliers referred to in this chapter are key raw material suppliers. All of them provide certificates or other documents required by relevant procurement regulations. They must pass the QA testing procedure to enter the supply chain. The QA Dept. is responsible for conducting random inspections and audits of suppliers on a regular basis. We have established comprehensive Supplier Assessment Management.

Regulations are established to build a sustainable supply chain management framework. Procurement is classified into raw material and material purchase categories. The responsible units conduct screening, monitoring, back-end logistics and distribution management, as well as on-site assessment, documentation/data collection, and file creation management. Continuous follow-up actions will be implemented if any food safety violations occur with a supplier. Collaboration will be terminated as per the law if any violations of the Supplier Assessment Management Regulations are identified.

In addition to purchasing (raw) materials that meet international product certifications, we provide knowledge of relevant laws and regulations and take follow-up actions to understand the effectiveness of improvements. We also employ other methods to support suppliers in acquiring relevant management system certificates. Through our efforts and policies in this respect, the number of suppliers acquiring international system certificates has increased, especially in food safety related management system certifications such as ISO 22000, HACCP, and FSSC. The number of suppliers that have passed international system certifications in the recent three years is listed below:

No.	Certification	2021		2022		2023	
		Number of Suppliers	Percentage (%)	Number of Suppliers	Percentage (%)	Number of Suppliers	Percentage (%)
1	Environmental Management Systems (ISO 14001)	15	5.15	28	9.82	32	10.95
2	Quality Management System (ISO 9001)	40	13.75	60	21.05	63	21.58
3	Food Safety Management Systems (ISO 22000)	73	25.09	80	28.07	91	31.16
4	Hazard Analysis and Critical Control Points (HACCP)	64	21.99	77	27.02	84	28.77
5	Food Safety System Certification (FSSC)*	44	15.12	54	18.95	61	20.89
6	Good Manufacturing Practice (GMP)	3	1.03	7	2.46	7	2.39
7	Food Safety Management Systems (BRC)*	13	4.47	9	3.16	10	3.42
8	Safe Quality Food (SQF)*	7	2.41	4	1.40	7	2.39
9	Total Quality Food (TQF)	6	2.06	3	1.05	5	1.71
10	Roundtable on Sustainable Palm Oil (RSPO)	0	0	3	1.05	4	1.37
Number and percentage of suppliers passing international system certification		265	91.07	253	88.77	156	53.42
Number of (raw) material suppliers		291	---	285	---	292	---

Note: * means compliance with GFSI certification

6. 2023 Directors' Continuing Education

The principal means of continuing education for the Company's directors include:

- Quarterly board meetings with presentations by the management team on business and regulatory changes and other relevant information; arranging political, economic or compliance-related presentations for directors at board meetings;

Relevant continuing education is as follows:

Time	Course name	Sponsored by	Attendees	Course hours
2023/6/20	How do directors and supervisors not from a financial and accounting background understand financial reports?	Taiwan Institute of Directors	Yun-Chi Chang, Shu-Yen Chang, Sheng-Chun Wang, Chun-Pei Liu, Tsung-Pen Chang, Cheng-Chiu Yang, Chi-Chen Lin, Tsai-Yun Yu	3
2023/11/10	Development trends and classical practices of corporate governance and CSR	Taiwan Institute of Directors	Yun-Chi Chang, Shu-Yen Chang, Sheng-Chun Wang, Chun-Pei Liu, Tsung-Pen Chang, Yen-Chuan Lin, Cheng-Chiu Yang, Chi-Chen Lin, Tsai-Yun Yu	3
2023/11/29	Summit on carbon market and sustainable future	TWSE, Taipei Exchange	Tsung-Pen Chang	3
2023/03/2	Directors' obligations to be entrusted, and responsibilities for misrepresented financial statements	National Federation of CPA Associations of the R.O.C.	Yen-Chuan Lin	3
2023/04/12	How does the Board of Directors construct sustainable governance strategies? Latest Regulations on (ESG) Sustainability Information Disclosures	Taiwan Independent Director Association	Cheng-Chiu Yang	3
2023/05/10	Good helper for the Board of Directors to review malpractices -internal investigations	Taiwan Independent Director Association	Cheng-Chiu Yang	3
2023/06/20	How do directors and supervisors not from a financial and accounting background understand financial reports?	Taiwan Institute of Directors	Cheng-Chiu Yang	3
2023/09/21	Analysis on the responsibilities of directors (independent directors) from practices	Taiwan Independent Director Association	Cheng-Chiu Yang	3
2023/11/10	Development trends and classical practices of corporate governance and CSR	Taiwan Institute of Directors	Cheng-Chiu Yang	3
2024/03/14	Analysis on how the Board of Directors control financial risks and cases	Taiwan Independent Director Association	Cheng-Chiu Yang	3
2024/04/11	Analysis on legal responsibilities from correlation between a director and an independent director and practices	Taiwan Independent Director Association	Cheng-Chiu Yang	3

7. Purchase of liability insurance for directors and supervisors

Insured Persons	Insurance Company	Insured Amount (US$)	Period of Insurance	Date of reporting to the Board

All Directors and Managers	Fubon Insurance Co., Ltd.	5,000,000	2023/10/5~2024/10/5	November 10, 2023
All Directors and Managers	Fubon Insurance Co., Ltd.	5,000,000	2022/10/5~2023/10/5	November 11, 2022
All Directors and Managers	Fubon Insurance Co., Ltd.	5,000,000	2021/10/5~2023/10/5	November 11, 2021

(IX) The implementation status of the internal control system should disclose the following matters

1. Statement on Internal Control

Hunya Foods Co., Ltd.
Statement on Internal Control

Date: February 27, 2024

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

i. The Company acknowledges that it is the responsibility of the Board of Directors and managerial officers to establish, implement, and maintain the established internal control system. The Company acknowledges that the establishment, implementation and maintenance of an internal control system is the responsibility of the Board of Directors and managers, and the Company has established an internal control system. The internal control system is designed to provide reasonable assurance for the effectiveness and efficiency of the operations (including profitability, performance and protection of assets), reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations.

ii. II. The internal control system has innate limitations. No matter how robust and effective the internal control system, it can only provide reasonable assurance of the achievement of the foregoing three goals; in addition, the effectiveness of the internal control system may vary due to changes in the environment and conditions. However, the internal control system of the Company has self-monitoring mechanisms in place, and the Company will take corrective action against any defects identified.

iii. III. The Company uses the assessment items specified in the Regulations Governing Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the "Regulations") to determine whether the design and implementation of the internal control system are effective. Based on the process of control, the assessment items specified in the Regulations divide the internal control system into five constituent elements: 1. control environment; 2. risk assessment; 3. control activities; 4. information and communications; and 5. monitoring activities. Each constituent element includes a certain number of items. For more information on such items, refer to the Regulations.

iv. The Company has adopted the aforesaid assessment items for the internal control system to determine whether the design and implementation of the internal control system are effective.

v. Based on the results of the determination in the preceding paragraph, the Company is of the opinion that, as of December 31, 2022, the internal control system (including the supervision and management of subsidiaries), including the design and implementation of the internal control system relating to the effectiveness and efficiency of the operations, reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations, is effective and can reasonably assure the achievement of the foregoing goals.

vi. This statement will constitute the main content of the Company's annual report and the prospectus and will be disclosed to the public. Any falsehood or concealment with regard to the above contents will entail legal liability under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.

vii. This statement was approved by the Board of Directors on February 22, 2023, and out of the six directors in attendance (including attendance by proxy), none objected to it and all consented to the content expressed in this statement.

Hunya Foods Co., Ltd. (Seal)
Chairman: Yun-Chi Chang Signature and seal
President: Yun-Chi Chang Signature and seal

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

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

ix. Any Dissenting Opinions Expressed by Directors or Supervisors with Respect to Major Resolutions Passed by the Board of Directors during the Most Recent Fiscal Year and during the Current Fiscal Year up to the Date of Publication of the Annual Report, where Said Dissenting Opinions Have Been Recorded or Prepared as a Written Declaration, Contract Content: None.

x. A Summary of Resignations and Dismissals of the Chairman, President, Accounting Manager, Financial Manager, Chief Internal Auditor, Corporate Governance Officer or Research and Development Officer during the Most Recent Fiscal Year and during the Current Fiscal Year Up to the Date of Publication of the Annual Report: None.

V. Information on CPA Professional Fees:

(I) Information on CPA Professional Fees

Information on CPA Professional Fees

Unit: NT$ thousand

Name of CPA Firm	Name of CPA	Audit Period	Audit Fees	Non-audit Fees	Total	Remark
Ernst & Young	Rung-Huang Shiu	20230101-20231231	NT$2,820 thousand	NT$300 thousand	NT$3,120 thousand	Non-audit fee is ESG assurance fee
	Jian-Tze Huang	20230101-20231231				

Note 1.: If the company changed its CPAs or accounting firm during the fiscal year, list the audit periods before and after the change separately, and specify the reason for the change in the "Remarks" column and disclose sequentially the audit and non-audit fees paid. For non-audit fees, additionally specify the content of the services.

Note 2.: When the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: N/A.

Note 3.: When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 15 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) thereof shall be disclosed: N/A.

(II) The audit fee referred to in the preceding paragraph refers to the fee paid by the Company to the certified public accountants for the audit, review and verification of financial reports, review of financial projections and tax certification.

(III) Evaluation of CPAs' Independence

The Company's Audit Committee annually evaluates the independence and appropriateness of the certified public accountants by requesting the certified public accountants to provide a Statement of Independence and Audit Quality Indicators (AQIs) in addition to the criteria in Note 1 and the 13 AQI indicators. We have confirmed that the accountant has no financial interest or business relationship with the Company other than the fees for certification and tax cases, and that the members of the accountant's family do not violate the independence requirements. In addition, we will continue to introduce audit tools to improve the quality of our audits in the last three years. The results of the latest annual evaluation have been discussed and approved by the Audit Committee on February 22, 2023 and submitted to the Board of Directors on February 22, 2023 for approval of the evaluation of the independence and appropriateness of the accountants.

Note 1. The results of the CPA's independent evaluation are as follows

Item No.	Evaluation Content	Please tick			Remark
		Yes	No	N/A	
01	Neither the CPA himself/herself nor his/her spouse or minor children have any investment or financial interest sharing relationship with the Company.	V			
02	The CPA has no financial borrowings from the Company for himself/herself or his/her spouse or minor children. However, if the principal is a financial institution and the transaction is normal, this does not apply.	V			
03	The CPA firm did not issue any assurance report on the effective operation of the financial information system designed or assisted in its implementation.	V			
04	Neither the CPA nor any member of the audit service team is currently, or has been for the last two years, a director or manager of the Company or has had a significant influence on the audit case.	V			
05	There are no significant items of non-audit services provided to the Company that directly affect the audit cases.	V			
06	Neither the CPA nor members of the audit service team promoted or brokered shares or other securities issued by the Company.	V			
07	The CPA or members of the audit service team do not represent the Company in defending legal cases or other disputes with third parties, except for those permitted by law.	V			
08	Neither the CPA nor any member of the audit service team is related to a spouse, consanguineous or consanguineous within two degrees of consanguinity to a director or manager of the Company or a person who has significant influence on the audit case.	V			
09	The co-practicing CPA who retired within one year did not serve as a director or manager of the Company or have significant influence on the audit.	V			
10	No member of the CPA or Audit Services Group has received any gift or special privilege of significant value from the Company or from a director, manager or substantial shareholder.	V			
11	The CPA is not currently employed by the Principal or the Auditor on a regular basis, receives a fixed salary or serves as a director or supervisor.	V			
12	Listed company: The CPA has not provided audit services to the Company for seven consecutive years. Non-listed company: The CPA has not provided audit services to the Company for ten consecutive years.	V			
13	The CPA has recused himself/herself from any matters in which he/she has a direct or material indirect interest that would affect his/her impartiality and independence.	V			
14	An audit, review, examination or opinion of the CPA is conducted in such a manner as to provide independence not only in substance but also in form.	V			
15	Members of the audit services team, other co-practicing accountants or shareholders of corporate accounting firms, accounting firms, firm affiliates and alliance firms, also maintain independence from.	V			

Item No.	Evaluation Content	Please tick			Remark
		Yes	No	N/A	
	the Company				
16	The CPA performs professional services with integrity and rigor.	V			
17	The CPA maintains an impartial and objective position when performing professional services and has avoided bias, conflict of interest or interest that would affect professional judgment.	V			
18	The CPA's lack or loss of independence has not compromised the integrity and objectivity of the position.	V			

VI. Information on Replacement of CPAs:

The Company has changed its CPA in the last two years and the subsequent periods: None.

(I) Information regarding the former CPAs: N/A

(II) Information Regarding the Successor CPAs: N/A

(III) The reply letter from the former CPA regarding the Company's disclosures regarding the matters under Article 10.6.A and 10.6.B(c) of the Regulations.

VII. Chairman, President, or Any Managerial Officer in charge of financial or accounting matters of the Company who has worked for the firm of certified public accountants or their affiliates within the last year should disclose their name, title and period of employment with the firm of certified public accountants or their affiliates: None.

VIII. Any Transfer of Equity Interests and/or Pledge of or Change in Equity Interests (during the Most Recent Fiscal Year and during the Current Fiscal Year Up to the Date of Publication of the Annual Report) by Directors, Supervisors, Managerial Officers, or Shareholders with a Stake of More than 10%

Change in Equity Interests by Directors, Supervisors, Managerial Officers, and Major Shareholders

Title (Note 1)	Name	2023		Current fiscal year as of March 26	
		Change in Number of Shares Held	Change in Number of Shares Pledged	Change in Number of Shares Held	Change in Number of Shares Pledged
Chairperson	Representative of Cheng Tian Investment Co., Ltd.: Yun-Chi Chang	—	—	—	—
Director	Representative of Tong Mao Investment Co., Ltd.: Sheng-Chun Wang	—	—	—	—
Director	Representative of Rivon Investment Co., Ltd.: Shu-Yen Chang	—	—	—	—
Independent Director	Yen-Chuan Lin	—	—	—	—

Title (Note 1)	Name	2023		Current fiscal year as of March 26	
		Change in Number of Shares Held	Change in Number of Shares Pledged	Change in Number of Shares Held	Change in Number of Shares Pledged
Independent Director	Tsung-Pen Chang	—	—	—	—
Independent Director	Chun-Pei Liu	—	—	—	—
10% Major Shareholder	Rivon Investment Co., Ltd.	—	—	—	—
Vice President	Yung-Shun Chien	—	—	—	—
Assistant Vice President of Marketing Planning	Chieh-Hui Chen	—	—	—	—
Assistant Vice President of 77 Business	Chi-Jie Chi	—	—	—	—
Assistant Vice President, Production Headquarters	Chu-Bin Yang	—	—	—	—
Assistant Vice President of Marketing Planning	Shao-Ting Chung	—	—	—	—
Chief officer of the finance department	Tsai-Yun Yu	—	—	—	—

Note 1.: Any shareholder holding more than 10 percent of the Company's total share capital shall be noted as a major shareholder, and such shareholders shall be listed individually.

Note 2.: If the counterparty of a transfer of shareholding or a pledge of shareholding is a related party, additionally complete the table below:

Information on Transfers of Shareholding

Name (Note 1)	Reason for transfer (Note 2)	Date of transfer	Counterparty	Relationship between the counterparty and the Company, directors, supervisors, managerial officers, and major shareholders	Number of Shares	Transaction Price
None	Cheng Tian Investment Co., Ltd.	2023/6/9	Zhan Guizhi Chang	Yun-Chi Chang's mother	1,729,566	21.2
Shu-Yen Chang	Acquired	2023/8/25	Chun-Guei Chang Chao	Shu-Yen Chang's mother	770,000	19.4

Note 1.: Fill in the names of the directors, supervisors, and managerial officers, and the shareholders with greater than 10 percent shareholding.

Note 2.: Specify whether the shares are acquired or disposed of.

Information on Pledges of Shareholding

Name (Note 1)	Reason for change in pledge status (Note 2)	Date of change	Counterparty	Relationship between the counterparty and the Company, directors, supervisors, managerial officers, and major shareholders	Number of Shares	Shareholding Ratio	Pledge Ratio	Amount borrowed under pledges (or redeemed)
None	-	-	-	-	-	-	-	-

Note 1.: Fill in the names of the directors, supervisors, and managerial officers, and the shareholders with greater than 10 percent shareholding.

Note 2.: Specify whether it is a pledge or redemption.

IX. Relationship information, if among the company's ten largest shareholders any one is a related party or a relative within the second degree of kinship of another

Relationships Among the Top 10 Shareholders

Date: March 26, 2024

Name (Note 1)	Shareholding		Spouse & Minor Shareholding		Total shareholding by nominee arrangements		Specify the name of the entity or person and their relationship to any of the other top 10 shareholders with which the person is a related party or has a relationship of spouse or relative within the 2nd degree of kinship (Note 3)		Remark
	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Name	Relationship	
Rivon Investment Co., Ltd. (Representative: Shu-Yen Chang)	12,765,032	14.73%	-	-	-	-	Chun-Guei Chang Chao Hsiu-Ching Chang	Mother and daughter Sister	
Shu-Yen Chang	4,694,732	5.41%	975,956	1.13%	-	-	Chun-Guei Chang Chao Hsiu-Ching Chang	Mother and daughter Sister	
Cheng Tian Investment Co., Ltd. (Representative: Yun-Chi Chang)	9,711,652	11.20%	-	-	-	-	Yun-Chi Chang	President	
Yun-Chi Chang	1,786,080	2.06%	70,712	0.08%	-	-	Cheng Tian Investment Co., Ltd.	Chairperson	
Kuo-Chen Chang	6,570,616	7.58%	1,999,300	2.31%	-	-	-	-	
Lian-Yuan Wang	2,541,828	2.93%	368,797	0.43%			Sheng-Chun Wang Sheng-Ru Wang	Father and son Father and daughter	
Hsiu-Ching Chang	2,970,421	3.43%	-	-	-	-	Chun-Guei Chang Chao Shu-Yen Chang	Mother and daughter Sister	
XB Investments Inc. (Representative: Da-Cheng Lin)	3,660,000	4.22%	-	-	-	-	Hsiu-Ching Chang	Marital relationship with Da-Cheng Lin	

Name (Note 1)	Shareholding		Spouse & Minor Shareholding		Total shareholding by nominee arrangements		Specify the name of the entity or person and their relationship to any of the other top 10 shareholders with which the person is a related party or has a relationship of spouse or relative within the 2nd degree of kinship (Note 3)		Remark
	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Name	Relationship	
Sheng-Chun Wang	2,752,236	3.18%	34,000	0.04%	-	-	Lian-Yuan Wang Sheng-Ru Wang	Father and son Brother and Sister	
Sheng-Ru Wang	2,695,299	3,11%	-	-	-	-	Lian-Yuan Wang Sheng-Chun Wang	Father and daughter Brother and Sister	
Special account for entrusted trust property of Sinopac Securities	2,080,000	2.40%	-	-	-	-	-	-	
Special account for entrusted trust property of Sinopac Securities	2,080,000	2.40%	-	-	-	-	-	-	

Note 1.: All of the top 10 shareholders should be listed, and the names of corporate/juristic person shareholders and their representatives should be listed separately.

Note 2.: The shareholding ratio (%) is calculated as the total numbers of shares respectively held by the shareholder, their spouse and minor children, or through nominees.

Note 3.: Disclose the relationships among the above-listed shareholders, including corporate/juristic person shareholders and natural person shareholders, in accordance with the provisions of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

X. Total Number of Shares and Total Equity Stake Held in any Single Enterprise by the Company, Its Directors and Supervisors, Managers, and Any Companies Controlled Either Directly or Indirectly by the Company

<u>Total Ownership of Shares in Investee Enterprises</u>

Investee enterprise (Note)	Ownership by the Company		Investment by Directors/Managerial Officers and Companies Directly or Indirectly Controlled by the Company		Total Ownership	
	Number of Shares	Percentage of Ownership	Number of Shares	Percentage of Ownership	Number of Shares	Percentage of Ownership
Croissants Bakery Co., Ltd.	1,020,000	100%			1,020,000	100%

Note: The Company's investments are accounted for by the equity method.

Chapter 4 Capital Overview

Chapter 4. Capital Overview

I. Capital and Shares

(I) Source of Capital

March 31, 2024

Year/ Month	Par Value	Authorized Capital		Paid-in Capital		Remark		
		Number of Shares (Shares)	Amount (NT$ thousand)	Number of Shares (Shares)	Amount (NT$ thousand)	Source of Capital	Capital Increase by Assets Other than Cash	Others
1976.06	1,000	5,350	5,350	5,350	5,350	Start-up NT$5,350 thousand	None	
1978.12	1,000	18,000	18,000	18,000	18,000	Cash capital increase of NT$12,650 thousand	None	
1982.09	1,000	28,000	28,000	28,000	28,000	Cash capital increase of NT$10,000 thousand	None	
1983.08	1,000	50,000	50,000	50,000	50,000	Cash capital increase of NT$22,000 thousand	None	
1987.09	1,000	75,000	75,000	75,000	75,000	Cash capital increase of NT$25,000 thousand	None	
1990.11	1,000	163,000	163,000	163,000	163,000	Cash capital increase of NT$88,000 thousand	None	
1992.10	1,000	19,966,300	199,663	19,966,300	199,663	Consolidated of NT$36,663 thousand	None	Note 1
1994.10	10	80,000,000	800,000	38,602,330	386,023	Cash capital increase of NT$166,394 thousand Capital Surplus of NT$19,966 thousand	None	Note 2
1995.08	10	80,000,000	800,000	43,234,610	432,346	Capital increase from earnings of NT$7,720 thousand Capital Surplus of NT$38,603 thousand	None	Note 3
1996.08	10	80,000,000	800,000	48,422,764	484,227	Capital increase from earnings of NT$30,264 thousand Capital Surplus of NT$21,618 thousand	None	Note 4
1997.07	10	80,000,000	800,000	54,717,723	547,177	Capital increase from earnings of NT$38,738 thousand Capital Surplus of NT$24,212 thousand	None	Note 5
1998.07	10	80,000,000	800,000	61,283,850	612,838	Capital increase from earnings of NT$65,661 thousand	None	Note 6
2002.08	10	80,000,000	800,000	63,122,366	631,224	Capital increase from earnings of NT$18,385 thousand	None	Note 7
2003.08	10	80,000,000	800,000	66,278,484	662,785	Capital increase from earnings of NT$31,561 thousand	None	Note 8
2004.08	10	80,000,000	800,000	71,580,763	715,808	Capital increase from earnings of NT$53,023 thousand	None	Note 9
2005.08	10	80,000,000	800,000	75,159,801	751,598	Capital increase from earnings of NT$35,790 thousand	None	Note 10
2006.08	10	120,000,000	1,200,000	81,172,585	811,726	Capital increase from earnings of NT$60,128 thousand	None	Note 11
2008.08	10	120,000,000	1,200,000	85,231,214	852,312	Capital increase from earnings of NT$40,586 thousand	None	Note 12
2010.07	10	120,000,000	1,200,000	92,049,711	920,497	Capital increase from earnings of NT$68,185 thousand	None	Note 13
2011.08	10	120,000,000	1,200,000	98,493,191	984,932	Capital increase from earnings of NT$64,435 thousand	None	Note 14
2012.07	10	120,000,000	1,200,000	108,342,510	1,083,425	Capital increase from earnings of NT$98,493 thousand	None	Note 15
2023.10	10	200,000,000	1,200,000	86,674,008	866,740	Capital decrease of NT$216,685 thousand	None	Note 16

Note 1. Merged in the form of three shares for one share with a capital of NT$36,663 thousand.
Note 2. 1994.08.27 Approved by (83) Tai-cai-zheng (I) No. 32626.
Note 3. 1995.06.23 Approved by (84) Tai-cai-zheng (I) No. 37255.
Note 4. 1996.06.26 Approved by (85) Tai-cai-zheng (I) No. 40015.
Note 5. 1997.06.03 Approved by (86) Tai-cai-zheng (I) No. 44636.
Note 6. 1998.05.26 Approved by (87) Tai-cai-zheng (I) No. 46022.
Note 7. 2002.06.17 Approved by Tai-cai-zheng I No. 0910132750.
Note 8. 2003.06.24 Approved by Tai-cai-zheng I No. 0920127913.
Note 9. 2004.06.18 Approved by Tai-cai-zheng I No. 0930127294.
Note 10. 2005.06.17 Approved by Jin-guan-zheng I No. 0940124435.
Note 11. 2006.06.29 Approved by Jin-guan-zheng I No. 0950127088.
Note 12. 2008.06.23 Approved by Jin-guan-zheng I No. 0970031146.
Note 13. 2010.06.23 Approved by Jin-guan-zheng–fa No. 0990032431.
Note 14. 2011.06.27 Approved by Jin-guan-zheng–fa No. 1000029539.
Note 15. 2012.06.18 Approved by Jin-guan-zheng–fa No. 1010027140.
Note 16. 2023.08.22 Approved by Shou-shang No. 11230160290.

Share Type	Authorized Capital			Remark
	Issued Shares	Unissued Shares	Total	
Common stock	86,674,008	113,325,992	200,000,000	Listed stocks

Information on the shelf registration system: N/A.

(II) Structure

March 26, 2024

Item \ Structure	Government Agencies	Financial Institutions	Other Institutional Shareholders	Foreign Institutions and Natural Persons	Domestic Natural Persons	Total
Number of Shareholders	0	3	149	26	11,354	11,532
Shares Held	0	4,180,000	28,556,903	359,550	53,577,555	86,674,008
Percentage of Ownership	0.00%	4.82%	32.95%	0.41%	61.32%	100.00%

Note: First listed (over-the-counter) companies and emerging companies shall disclose the proportion of their shares held by Chinese capital: Chinese capital refers to the people, legal entities, organizations, and other institutions in mainland China or their companies invested in third regions as stipulated in Article 3 of the Regulations for the Permission of People to Invest in Taiwan.

(III) Shareholding Distribution Status

Shareholding Distribution Status

March 26, 2024

Range of Shares	Number of Shareholders	Shares Held	Percentage of Ownership
1 ~ 999	9,365	1,623,519	1.87%
1,000 ~ 5,000	1,700	3,510,361	4.05%
5,001 ~ 10,000	218	1,573,319	1.82%
10,001 ~ 15,000	67	836,075	0.97%
15,001 ~ 20,000	49	849,476	0.98%
20,001 ~ 30,000	38	963,191	1.11%
30,001 ~ 40,000	16	555,564	0.64%
40,001 ~ 50,000	12	553,033	0.64%
50,001 ~ 100,000	24	1,788,489	2.06%
100,001 ~ 200,000	11	1,594,403	1.84%
200,001 ~ 400,000	9	2,489,129	2.87%
400,001 ~ 600,000	0	0	0.00%
600,001 ~ 800,000	1	784,600	0.91%
800,001 ~ 1,000,000	2	1,839,956	2.12%
Over 1,000,001	20	67,712,893	78.12%
Total	11,532	86,674,008	100.00%

(IV) List of Major Shareholders: Shareholders with 5% or more of shareholding or top ten shareholders

March 26, 2024

Name of Major Shareholders \ Shareholding	Shares Held	Percentage of Ownership
Rivon Investment Co., Ltd.	12,765,032	14.73%
Cheng Tian Investment Co., Ltd.	9,711,652	11.20%
Kuo-Chen Chang	6,570,616	7.58%
Shu-Yen Chang	4,694,732	5.41%
XB Investments Inc.	3,660,000	4.22%
Hsiu-Ching Chang	2,970,421	3.43%
Sheng-Chun Wang	2,752,236	3.18%
Sheng-Ru Wang	2,695,299	3.11%
Lian-Yuan Wang	2,541,828	2.93%
Special account for entrusted trust property of Sinopac Securities	2,080,000	2.40%

(V) Share Price for the Past 2 Fiscal Years, with Net Worth per Share, Earnings per Share, Dividends per Share, and Related Information

Item			Year 2022	2023
Market Price Per Share (Note 1)	Highest		30.5	25.1
	Lowest		17.65	20.6
	Average		24.92	23.35
Net Worth per Share (Note 2)	Before distribution		27.07	23.80
	After distribution		26.07	22.80
Earnings per Share	Weighted average number of shares		108,342,510	99,734,475
	Earnings per Share (Note 3)		3.91	0.16
Dividends Per Share	Cash		1	0.65
	Stock dividends	—	—	—
		—	—	—
	Accumulated unpaid dividends (Note 4)		—	—
Return on Investment	Price-to-earnings ratio (|Note 5)		—	—
	Price-to-dividend ratio (Note 6)		24.92	23.35
	Cash dividend yield (Note 7)		4.01%	2.78%

* 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.: List the highest and lowest market price of common shares in each fiscal year and calculate the average market price by weighing transacted prices against transacted volumes in each respective fiscal year.

Note 2.: Calculate the net worth per share based on the number of outstanding shares at yearend. Calculate the amount of distribution based on the amount resolved by the board of directors or resolved in the next year's shareholders meeting.

Note 3.: If retrospective adjustments are required because of issuance of stock dividends, the earnings per share should be disclosed in the amounts before and after the retrospective adjustments.

Note 4.: If equity securities are issued with terms that allow undistributed dividends to be accrued and accumulated until the year the Company makes profit, the amount of cumulative undistributed dividends up until the current year should be disclosed separately.

Note 5.: Price/earnings ratio = average closing price per share for the year / earnings per share.

Note 6.: Price / dividend ratio = average closing price per share for the year / cash dividends per share.

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

Note 8.: Net worth per share and earnings per share are based on audited (auditor-reviewed) data as at the latest quarter before the publication date of the annual report. For all other fields, calculations are based on the data for the current year as of the date of publication of the annual report.

Note 9.: The Board of Directors has approved the resolution on the appropriation of earnings for 2021.

(VI) Dividend Policy and Its Implementation

1. The Company's dividend policy is based on the Company's operational needs to maximize profitability and shareholders' equity, and to ensure stable business development; Cash dividends shall account for at least 20% of the dividends paid.
2. On February 27, 2024, the Board of Directors approved the appropriation of 2023 earnings, which provided for a cash dividend of NT$0.65 per share.

(VII) Effect on the Operating Performance and Earnings per Share of Distribution of Stock Dividends Proposed or Adopted in the Most Recent Shareholders' Meeting: None.

(VIII) Remuneration of Employees and Directors and Supervisors

1. The percentage or range of remuneration for employees and directors and supervisors as stated in the Company's Articles of Incorporation: If the Company makes a profit in a year, it shall contribute 1% to 3% of the remuneration for employees and less than 2% of the remuneration for directors and supervisors based on the balance before deducting the remuneration for employees and directors and supervisors from the pre-tax income.
2. The amount of compensation to employees and directors and supervisors is estimated based on the amount set forth in the Articles of Incorporation, taking into account the legal reserve and other factors, and is recognized as operating expenses for the current year. If the actual allotment amount is different from the estimated amount at the shareholders' meeting, the difference is recognized as profit or loss in the following year.
3. The Board of Directors approved the following information on the proposed allotment of employees' remuneration:
   A. Allotment of cash and stock-based compensation to employees and compensation to directors and supervisors and the amount of differences, the reasons for the differences and the circumstances under which they were handled:

      The Board of Directors resolved on February 27, 2024 to distribute cash compensation to employees and remuneration to directors and supervisors, as compared to the amount estimated in 2023:

      Employee compensation expense of NT$1,105 thousand, difference of NT$0

      Remuneration to directors and supervisors NT$5533 thousand, difference NT$0
   B. Proposed allotment of employee stock-based compensation and share of net income after tax for the period, individually or separately:

      Total compensation to employees (as a percentage of net income after tax): 7.04%.
   C. The calculated earnings per share after considering the proposed compensation to employees, directors and supervisors: 0.16 per share.
4. The actual allotment of employees', directors' and supervisors' remuneration (including the number of shares allotted, the amount and share price) in the previous year, and the difference between the allotment and the recognition of employees', directors' and supervisors' remuneration, should be stated as well as the number of differences, the reasons for the differences and the treatment of the differences: None.

(IX) Share Repurchases: None.

II. Corporate Bonds: None.

III. Preferred Shares: None.

IV. Global Depository Receipts: None.

V. Employee Stock Options: None.

VI. New Restricted Employee Shares: None.

VII. Issuance of New Shares in Connection with Mergers or Acquisitions or with Acquisitions of Shares of Other Companies: None.

VIII. Implementation of Capital Allocation Plans

(I) Description of Plans

For the period as of the quarter preceding the date of publication of the Annual Report, with respect to each uncompleted public issue or private placement of securities, and to such issues and placements that were completed in the most recent 3 years but have not yet fully yielded the planned benefits: None.

(II) Implementation: N/A.

Chapter 5 Operational Highlights

I. **Business Activities**

II. **Analysis of Market and Production and Marketing Situation**

III. **Information on Employees for the Two Most Recent Fiscal Years and during the Current Fiscal Year Up to the Date of Publication of the Annual Report**

IV. **Disbursements for Environmental Protection**

V. **Labor Relations**

VI. **Material Contract**

I. Business Activities:

Chapter 5. Operational Highlights

(I) Scope of Business

1. The main contents of the Company's current business and their operating weight:

   A. The manufacturing and sales of "77 Chocolate" series products account for approximately 70% of our sales.

   B. We manufacture and sell "Rivon Wedding Cake" and French bakery products, with a 30% share of sales.

2. The Company's current products include:

   A. Chocolates: 77 Nougat, 77 Crisp Plus, 77 Noble Pie and Daguerreotype, Milano Tart, Ove's Chocolate, Chocolatier, Chocolate Flakes, Chocolate Spread and various gift boxes

   B. Wedding cake and bakery: Rivon "Happy bouquet Rococo", "Wishing Wings" wedding cake gift box, French desserts such as dacquoise/cookies/almond pastry, moon cake, mid-autumn moon cake, festival gift box, etc.

   C. OEM of all kinds of bakery products for cakes and buns.

3. New products planned for development:

   The application of various functional materials, such as GABA, lactic acid bacteria, food fiber, immune system enhancement, bone strengthening, etc., can better highlight the characteristics of our products and meet the needs of market consumers. We are developing highly profitable organic products with no additives that are low in sugar but high in protein, plant heat, natural ingredients, innovation, and highlights to meet the demands of diversified consumer groups.

(II) Overview of the Industry

1. Current status and development of the industry

   Globalization has bought about more challenges in business issues (labor, environmental protection, green energy, corporate governance, social responsibility, etc.) within the industry. Similarly, our company operates in the food industry, and as people's living standards improve, they become more discerning about their diets. Chocolate products meet the taste of modern people seeking a quality life, hence, there is a lot of room for market development. In addition to engagement cakes, Rivon will continue to develop its branded retail and festive merchandise to enrich its product line.

   Concerning the long-term direction of the company, focusing on product quality, safety and hygiene, our future development will not only involve expanding product categories and refining the brand, but also ensuring differentiation and uniqueness from competing products to establish product recognition and increase product value and business niche.

2. Correlation between Upstream, Midstream, and Downstream of the Industry

   Since last year, international raw material prices have risen from the bottom, exerting pressure on rising costs. The production process involves upstream purchase of agricultural products, agro-processed products, dairy products, oils and fats, cocoa powder, and other raw materials for processing, refining and baking, which are then made into chocolate, cakes and other series of products through strict production and quality control:

Upstream	Midstream	Downstream
Sugar Industry	Chocolate	Mass merchandise
Agricultural Products Processing Industry	Bread & Cake	Pxmart
Dairy Products Industry	Pastry	Convenience Stores
Oil and Fats Industry		Reseller
Can Manufacturing Industry		Department Stores
Plastic Industry		Distributor
Paper Products Processing Industry		Food Processing
		Direct Store
		Foreign Sales

3. Various development trends and competition of products

With improved living standards and raised consumer awareness, the development of product categories is important, but the control of quality is even more vital. This is especially important as with the advancement of technology and the rapid changes in consumer patterns and business models, the management ability of products and operations must keep pace with the times.

The Company primarily operates within the domestic demand industry, with its main competitors in the chocolate products sector being domestic manufacturers and import agents. the company has fostered strong brand recognition and a loyal consumer following through years of strategic marketing efforts. In the pastry market, our products are marketed under the "Rivon" brand, facing competition primarily from domestic pastry manufacturers and sporadically from overseas sources. Despite challenges, the Company has maintained a stable market presence, buoyed by ongoing orders from traditional bakeries. Moving forward, we remain committed to exploring untapped market potential beyond our current focus on wedding cakes.

(III) Overview of Technologies and R&D Work

We are committed to providing safe, hygienic, high-quality food products that meet our customers' needs. Our main research and development projects are biscuits, fine chocolates, premium pastries, and a wide range of flavors.

Despite the rapid changes in food technology, consumers' preference for good food will not change, so we develop our products with health and taste as the starting point, strictly control the quality of hygiene and safety, improve production efficiency, offer reasonable prices, and meet consumer demand.

(IV) Long-term and Short-term Business Development Plans

1. Short-term plan: Refine research and development, develop niche products, expand general sales categories, increase market coverage, and deepen brand cultivation.
2. Long-term plan: Offer unique and differentiated products, a service-oriented business philosophy, innovation, and refined management capabilities.

II. Analysis of the Market and Production and Marketing Situation:

(I) Market Analysis

1. Major product sales regions

Company sales are largely made up of 77 Chocolates, Rivon, and Croissant Bakery, whose business structure and sales methods are as follows:

A. 77 Chocolate Series:

Primary sales channels are department stores, supermarkets, convenience stores, Pxmart, and distributors, etc. The company is a major chocolate manufacturer in Taiwan.

B. Rivon Series:

We mostly sell engagement cakes, mid-autumn moon cakes, cakes and festival gift boxes in Taiwan. There are 14 directly managed stores in the province, and distributors in areas without directly managed stores.

C. The Croissant factory is in Guan Yin District, Taoyuan City, and provides bakery services for bread and cakes.

2. Market Share and Supply and Demand in the Market and Possible Future Growth

Chocolate products face stiff competition primarily from foreign offerings, with the domestic pastry industry also posing a significant challenge. The market's internationalization has led to an influx of products from around the globe. Since its inception, the Company has honed its R&D and production technologies, resulting in products cherished by domestic consumers for their taste and quality, setting them apart from competitors.

As for cakes, Chinese festive customs and the perishable nature of these products limit the involvement of foreign competitors. The evolving concept of marriage necessitates wedding cakes that blend tradition with modernity, catering to diverse market needs such as souvenirs, festivals, groups, local specialties, and retail, to drive revenue growth.

The Company specializes in casual food products, with a well-established operational infrastructure spanning R&D, manufacturing, branding, and distribution. With years of industry experience, the company holds a niche market share ranging from 5% to 10% across different product lines. To fuel future growth, continued focus on product development and innovation is essential for expanding the company's business footprint.

3. Competitive Niches and Development Prospects: Favorable and Unfavorable Factors and Countermeasures

Favorable factors for assessing future development prospects are:

A. The Company has a complete business structure of branding, distribution, R&D, and manufacturing, and has a high product launch efficiency.

B. High coverage rate.

C. Independent research and development capabilities, process management capabilities in compliance with FGMP, ISO14001, ISO22000, OHSAS18001, and HACCP, are sufficient to serve as a favorable foundation for product extension and sales, and to enhance food-safety risk control capabilities by obtaining FSSC certification in the future.

Unfavorable factors are:

A. Market maturity - To continuously innovate and enrich product lines (product mix, flavor extension, personalized products) to differentiate the market.

B. Increase in channel costs - deep branding, product differentiation to enhance added value. (Taste extension, personalized products), differentiate the market.

C. Food safety issues - improve the control of each level, from raw material procurement and production to sales and distribution.

D. Supply chain – Through our ESG management concept, we are deeply engaged in the supply chain, and create a mutually beneficial and stable supplier relationship through agricultural product cooperation, sharing and common prosperity.

(II) Usage and Manufacturing Processes for Main Products

1. Important Applications of Main Products

A. 77 Nougat, Noble pie, Ove's Chocolate, and other chocolates: casual snacks, great gifts

B. Chocolate for processing: supplying chocolate ices, pastry cakes, etc.

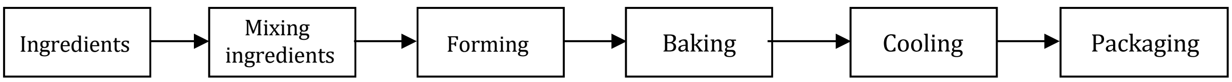
C. Rivon Engagement Box: The best choice for a premium and sophisticated engagement box.

D. Festive gift box: Souvenir, festive gift, seasonal goods.

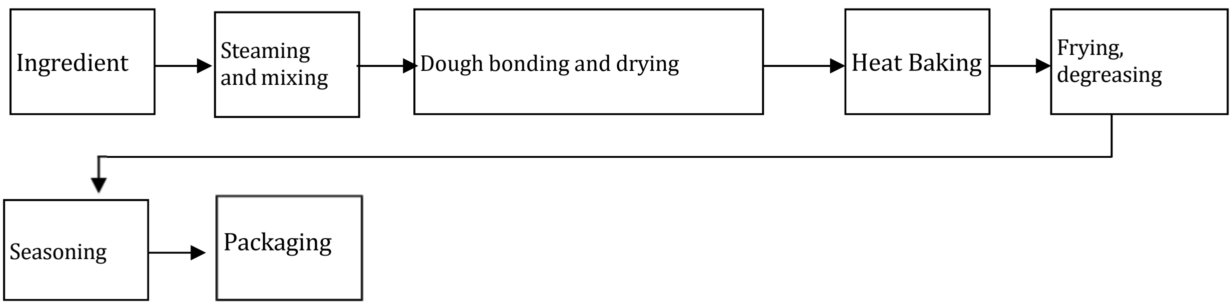
E. Croissant Bakery provides a cake baking OEM service.

2.

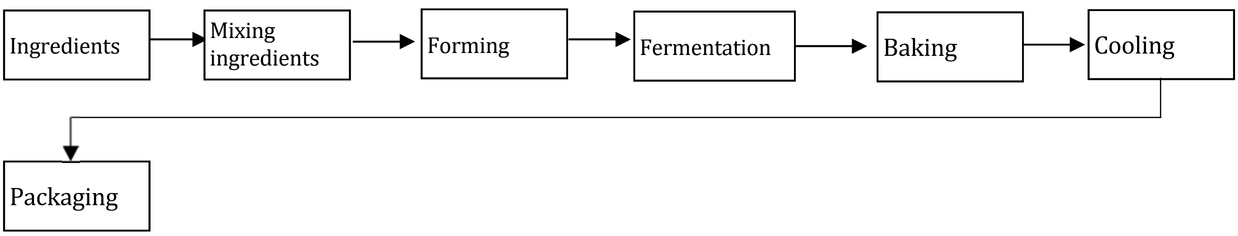
(1) Production process of major products



(1) Crunching process



(2) Bread and cake baking production process



(III) Supply of Major Raw Materials

The Company requires a wide variety of raw materials for production, mainly agricultural products (processed) and general packaging materials (cartons, cartons, film rolls, etc.); except for peanuts, sugar, eggs and packaging materials, which are mainly purchased domestically, the other materials are imported from abroad (milk powder, cocoa powder, cream, etc.), and supply is stable. However, the supply chain was affected by the pandemic and high transportation costs, which impacted the profitability margin to adjust the product group and improve cost control to mitigate the negative impact.

(IV) The names of customers who have accounted for more than 10% of the total purchases (sales) in any of the last two years, the amount and proportion of purchases (sales), and the reasons for the increase or decrease:

1. Purchases - There were no suppliers accounting for more than 10% of total purchases in the last two years.
2. Sales - Customers accounting for more than 10% of total sales in the last two years:

Unit: NT$ thousand

	2023				2020			
Item	Name of customers	Amount	Proportion to Net Sales for the Year 〔%〕	Relationship with the Issuer (Note 2)	Name of customer s	Amount	Proportion to Net Sales for the Year 〔%〕	Relationship with the Issuer
1	Customer A	449,799	23%	5	Customer A	500,147	24%	5
2	Customer C	169,123	9%	5	Customer C	172,756	8%	5
3	Customer B	117,303	6%	5	Customer B	112,735	5%	5
	Others	1,193,728	62%	5	Others	1,323,015	63%	5
	Net sales	1,929,953	100%		Net sales	2,108,653	100%	

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

Note 2.: 1. Subsidiaries 2. Other equity-method investees 3. Other related parties in substance 4. Major shareholders holding 10% or more of the shares 5. None

(V) Production Volume and Value for the Most Recent 2 Years

Unit: box, NT$ thousand

Year / Production Volume and Value / Main Products	2023			2022		
	Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value
Nougat Chocolate	750,000	378,857	301,785	750,000	381,651	344,490
Wafer	3,000,000	1,194,484	393,052	3,000,000	1,181,139	377,947
Wedding Cake/Pastry (box)	5,600,000	1,184,280	277,302	5,600,000	1,488,697	373,786
Bread & Cake	375,000	293,332	156,403	375,000	302,110	179,022
Others	650,000	381,864	231,169	650,000	376,613	178,328
Total			1,359,711			1,453,573

Note 1.: Production capacity refers to the quantity that the Company can produce using existing production facilities in normal operations, after consideration of factors such as necessary suspensions of operations and holidays.

Note 2.: If there is substitutability in the production of any products, they may be calculated on a consolidated basis, and an explanatory note should be provided.

(VI) Sales Volume and Value for the Most Recent 2 Years

Unit: box, NT$ thousand

Main Products \ Sales Volume and Value \ Year	2023				2022			
	Domestic Sales		Foreign Sales		Domestic Sales		Foreign Sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Nougat Chocolate	498,152	528,787	0	0	377,745	531,367	140	101
Wafer	1,504,272	527,766	200	122	1,204,042	514,619	15,673	9,454
Wedding Cake/Pastry (box)	1,304,616	442,502	3,132	6,138	2,149,974	596,531	10,201	16,803
Bread & Cake	299,728	187,411	4,350	3,907	304,138	225,053	6,387	5,875
Others	461,450	205,626	16,549	27,694	384,447	195,873	12,925	12,977
Visitor (person)								
Total		1,892,092		37,861		2,063,443		45,210

III. Employee

Information on Employees for the Two Most Recent Fiscal Years and during the Current Fiscal Year Up to the Date of Publication of the Annual Report

March 31, 2024

Year		2022	2023
Number of Employees	Office workers	246	387
	Operators	373	253
	Temporary workers	138	35
	Total	757	675
Average Age		38.90	38.90
Average Service Year		9.23	9.23
Academic Background Distribution (%)	PhD	0	0
	Master's	5%	4%
	Bachelor's	40%	41%
	High school	47%	47%
	Below high school	8%	8%

IV. Disbursements for Environmental Protection

Losses and Fines in the Most Recent Fiscal Year and in the Current Fiscal Year Up to the Date of Publication of the Annual Report due to Environmental Pollution Incidents: None.

Products sold by our company are not subject to RoHS (Restriction of Hazardous Substances Directive).

V. Labor Relations

(I) Employee Benefit Plans, Continuing Education, Training, and Retirement Systems and the Status of Their Implementation, and the Status of Labor-management Agreements and Measures for Preserving Employees' Rights and Interests

Our company focuses on an employee welfare system, employee career planning and education training, and harmonious labor relations. An employee welfare committee is set up and monthly welfare funds are allocated. The committee organizes various welfare programs, such as annual trips or gifts, employee birthday celebrations, wedding and funeral medical subsidies, and various club activities. In accordance with the provisions of the Labor Standards Act, the Company shall establish a retirement plan for its employees, make monthly contributions to the retirement reserve, and establish a supervisory committee.

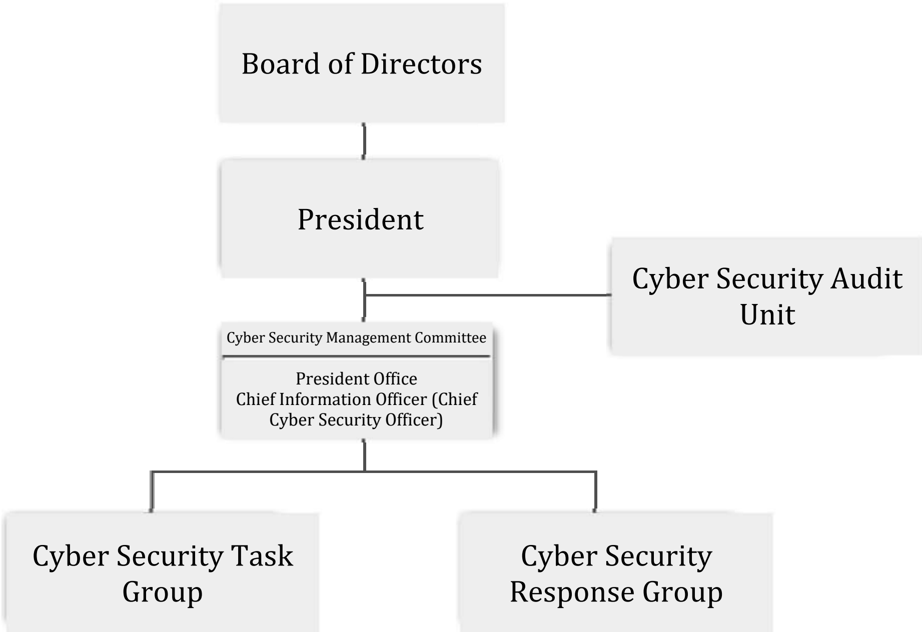
(II) Loss Resulting from Labor-management Relations in the Most Recent Fiscal Year and in the Current Fiscal Year Up to the Date of Publication of the Annual Report: None.

VI. Material Contract: None.

VII. Cyber security management:

(I) Information Security Policy and Organization

The Company has established an information security management team, with the top executive of the Information Technology Department as the convener, overseeing network service members who implement the information security plan. The team is responsible for external information risk assessment and resource import assistance, information security system establishment, information security supervision, and the continuous reinforcement of information security concepts. The following table shows the information security organization:



Hunya Food Co., Ltd. (hereinafter referred to as the Company) has established an Information Security Policy to uphold overall information security, fortify the management of diverse information assets, and ensure their confidentiality, integrity, and availability. This policy aims to create a secure and dependable operational environment, safeguarding data security, system integrity, equipment, and network security. By doing so, we aim to protect the rights and interests of the Company's employees and associated internal and external personnel.
This policy applies to all employees across all units of the Company, outsourced vendors, third-party personnel of external information services (including cloud services), and all associated information products. Its purpose is to pre-empt improper use, leakage, tampering, or destruction of data due to human error, intentional actions, or natural disasters, all of which could pose various risks and potential disasters to the Company.

(II) Implementation of information security

The information security organization was established by Hunya Food to set up a strict information security layout and a perfect information security management process. The head of the information department regularly reports to the president with information on security implementation results, policy implementation status and future planning, covering four major topics.

1. Common Information Security Attacks and Threats in the Enterprise
2. Hunya Food Information Security Strategy

3. Raising awareness of information security among colleagues
4. Strengthen the information security infrastructure

The Company has set the objectives of its information security policy to ensure the confidentiality, integrity and availability of information.

1. Availability:

To ensure that each information asset provides an immediate and accurate service to meet the needs of users.

2. Integrity:

Classify information assets according to their importance and provide appropriate protection to ensure the integrity of information assets.

3. Confidentiality:

We will appropriately classify the confidentiality of the data, and appropriately regulate and protect it according to its confidentiality level.

The Company adheres to the ISO27001 standard for information security. However, it has not obtained international certification requirements for information security policies and specific management programs. Despite this, the Company remains committed to reinforcing information security measures and establishing collaborative prevention initiatives. Additionally, a dedicated team regularly attends information security management-related training courses annually to enhance professional skills and stay abreast of pertinent issues.

The Company's primary information equipment is housed in the server room of Everest Telecom, which holds certifications for compliance with the "Personal Information Protection Law PIMS ISO29100 Certification" and "Information Security Management System ISMS ISO27001 Certification".

(III) Information security policy specific management plan and implementation status

1. Personnel safety management and education training

   Operations:

   Continuously build, educate and promote employee awareness of information security in order to improve the standard of information security

   Implementation:

   (1) Occasionally send information security bulletins by E-Mail

   (2) All new employees must perform information security orientation

   (3) Annual information security promotion by company staff

   (4) Occasional Social Engineering Email Exercises

2. Computer system security management

   Operations:

   Safety management, special operations management, use management, outsourcing management

   Implementation:

   (1) All company computers are installed with commercial anti-virus software, and automatic updates are activated.
   (2) The Company's computer operating system needs to be kept up to date with automatic updates activated.
   (3) Important information system changes are updated according to software management.
   (4) The outsourced maintenance management operation should be conducted after the application according to the application form.

3. Network Security Management

   Operations:

   External Link Management, Internal Link Management

   Implementation:

   (1) Internet connection management (firewall installation)
   (2) Company intranet splitting into different V-LAN and network segments

4. System access control

   Operations:

   System access policy, personnel variation management, personnel identification management, remote access management

   Implementation:

   (1) System access rights are set separate by position and department.
   (2) Personnel changes and authority changes must be recorded in accordance with the implementation process.
   (3) Home office or field colleagues must always connect to the company using VPN software through a secure channel with encrypted information.

5. System development and maintenance security management

   Operations:

   System development management, outsourcing vendor management, system development and maintenance security management during the commissioning period

   Implementation:

   (1) The software development and modification process, whether self-developed or outsourced development, is in accordance with the software project framework to retain the documentation and implementation of the content.
   (2) External vendor maintenance always uses VPN software for encrypted

connections.

(3) The account number used by the outsourced vendor must be filled out on demand and activated for a fixed period.

6. Information asset security management

Operations:

Information asset catalog, information security level, data export management

Implementation:

(1) Software inventory records are kept, and hardware assets are regularly inventoried each year.

(2) The security level of each information file is defined and a classification appropriateness assessment is performed.

(3) Information security records all output data specification and content.

7. Planning and management of business sustainability plans

Operations:

Emergency Response, Sustainability Plan

Implementation:

(1) Establishing an emergency response recovery plan

(2) Disaster recovery drills are conducted annually to confirm emergency response measures.

(3) Off-site backup

Building upon identified information security risks, the Company crafts management policies encompassing compliance standards, management procedures, and implementation strategies. Furthermore, specific management operations are developed for execution in alignment with these policies. These operations cover a range of areas, including security management, firewall management, user system authority oversight, data modification application management, information system emergency response protocols, information system file backup procedures, management of information equipment retirement and handover operations, and electronic file management.

In addition to conducting annual external audits for information security inspections and semi-annual internal audits, the Audit Department will integrate information security inspections into the annual audit plan. Subsequently, the department will report to the Board of Directors on the implementation of information security risk management.

Chapter 6 Financial Information

I. Condensed Financial Information for the Past Five Fiscal Years

II. Financial Analyses for the Past Five Fiscal Years

III. Supervisors' Review Report on Financial Statements for the Most Recent Fiscal Year

IV. CPAs' Audit Report on Financial Statements for the Most Recent Fiscal Year

V. Parent Company Only Financial Statements for the Most Recent Fiscal Year, Audited by CPAs

VI. Effect on the Financial Position of Any Financial Difficulties Experienced by the Company and Its Affiliates in the Most Recent Fiscal Year and during the Current Fiscal Year Up to the Date of Publication of the Annual Report

Chapter 6. Financial Information

I. Condensed Balance Sheets and Statements of Comprehensive Income for the Past Five Fiscal Years

1. Condensed Balance Sheets and Statements of Comprehensive Income

Condensed Balance Sheets (Consolidated)

Unit: NT$ thousand

Item \ Year		Financial Information for the Past Five Fiscal Years (Note 1)				
		2019	220	2021	2022	2023
Current Assets		814,914	745,312	887,221	811,101	773,631
Property, Plant, and Equipment (Note 2)		1,505,238	1,459,672	1,348,443	1,811,357	1,838,907
Intangible Assets		10,607	31,767	22,829	16,275	16,739
Other Assets (Note 2)		405,326	528,221	1,198,003	1,484,103	1,199,696
Total Assets		2,736,135	2,764,972	3,456,496	4,122,836	3,828,973
Current Liabilities	Before distribution	562,141	586,035	724,531	653,745	680,521
	After distribution	594,644	607,704	778,702	762,088	736,859
Non-current Liabilities		489,482	570,956	603,474	536,485	737,193
Total Liabilities	Before distribution	1,051,623	1,156,991	1,328,005	1,190,230	1,417,714
	After distribution	1,084,126	1,178,660	1,382,176	1,298,573	1,474,052
Equity Attributable to Owners of the Parent		1,684,512	1,607,981	2,128,491	2,932,606	2,411,259
Capital Stock		1,083,425	1,083,425	1,083,425	1,083,425	866,740
Capital Surplus		33,780	33,812	33,842	34,205	34,205
Retained Earnings	Before distribution	423,131	410,079	444,327	1,033,396	1,015,933
	After distribution	390,628	388,410	390,156	925,053	959,595
- Other Equity		144,176	80,665	566,897	781,580	494,381
Treasury Stock		-	-	-	-	-
Non-controlling Interests		-	-	-	-	-
Total Equity	Before distribution	1,684,512	1,607,981	2,128,491	2,932,606	2,411,259
	After distribution	1,652,009	1,586,312	2,074,320	2,824,263	2,354,921

∗ A company that has compiled parent company only financial statements shall also compile parent company only condensed balance sheets and statements of comprehensive income for the most recent 5 fiscal years.

∗ A company that has adopted the International Financial Reporting Standards for its financial information for less than 5 fiscal years shall additionally prepare Table (2) below presenting its financial information under the Enterprise Accounting Standards of the R.O.C.

Note 1.: If the information for any fiscal year has not been audited and attested by a CPA, this fact shall be noted.

Note 2.: If the company that has conducted any asset revaluation in a fiscal year, it shall state the date of the asset revaluation and the amount of the revaluation increment.

Note 3.: If, up to the date of publication of the annual report for a TWSE or TPEx listed or Emerging Stock company, there is any financial data audited and attested or reviewed by a CPA for the most recent period, it shall also be disclosed.

Note 4.: For the “after distribution” figures above, please fill in the amounts based on the amount resolved by the board of directors or resolved in the next year's shareholders meeting.

Note 5.: If the competent authority has notified the Company to make a correction or restatement to its financial information, this table shall be prepared based on the corrected or restated figures, and a note shall be give specifying the specific circumstances and reasons.

Condensed Balance Sheets (Parent Company Only) - Supplemental Disclosure

Unit: NT$ thousand

Item \ Year		Financial Information for the Past Five Fiscal Years (Note 1)				
		2019	2020	2021	2022	2023
Current Assets		809,350	731,206	895,759	747,395	662,003
Property, Plant, and Equipment (Note 2)		1,505,288	1,459,672	1,348,443	1,645,918	1,704,604
Intangible Assets		10,607	31,767	22,829	16,208	16,699
Other Assets (Note 2)		405,285	527,709	1,197,215	1,661,400	1,391,905
Total Assets		2,730,530	2,750,354	3,464,246	4,070,921	3,775,211
Current Liabilities	Before distribution	556,536	571,941	721,511	612,822	637,534
	After distribution	589,039	593,610	775,682	721,165	693,872
Non-current Liabilities		489,482	570,432	614,244	525,433	726,418
Total Liabilities	Before distribution	1,046,018	1,142,373	1,355,755	1,138,315	1,363,952
	After distribution	1,078,521	1,164,042	1,409,926	1,246,658	1,420,290
Equity Attributable to Owners of the Parent		1,684,512	1,607,981	2,128,491	2,932,606	2,411,259
Capital Stock		1,083,425	1,083,425	1,083,425	1,083,425	866,740
Capital Surplus		33,780	33,812	33,842	34,205	34,205
Retained Earnings	Before distribution	423,131	410,079	444,327	1,033,396	1,015,933
	After distribution	390,628	388,410	390,156	925,053	959,595
Other Equity		144,176	80,665	566,897	781,580	494,381
Treasury Stock		-	-	-	-	-
Non-controlling Interests		-	-	-	-	-
Total Equity	Before distribution	1,684,512	1,607,981	2,128,491	2,932,606	2,411,259
	After distribution	1,652,009	1,586,312	2,074,320	2,824,263	2,354,921

* A company that has compiled parent company only financial statements shall also compile parent company only condensed balance sheets and statements of comprehensive income for the most recent 5 fiscal years.

* A company that has adopted the International Financial Reporting Standards for its financial information for less than 5 fiscal years shall additionally prepare Table (2) below presenting its financial information under the Enterprise Accounting Standards of the R.O.C

Note 6.: If the information for any fiscal year has not been audited and attested by a CPA, this fact shall be noted.

Note 7.: If the company that has conducted any asset revaluation in a fiscal year, it shall state the date of the asset revaluation and the amount of the revaluation increment.

Note 8.: If, up to the date of publication of the annual report for a TWSE or TPEx listed or Emerging Stock company, there is any financial data audited and attested or reviewed by a CPA for the most recent period, it shall also be disclosed.

Note 9.: For the "after distribution" figures above, please fill in the amounts based on the amount resolved by the board of directors or resolved in the next year's shareholders meeting.

Note 10.: If the competent authority has notified the Company to make a correction or restatement to its financial information, this table shall be prepared based on the corrected or restated figures, and a note shall be give specifying the specific circumstances and reasons.

Condensed Statements of Comprehensive Income (Consolidated)

Unit: NT$ thousand

Item \ Year	Financial Information for the Past Five Fiscal Years (Note 1)				
	2019	2020	2021	2022	2023
Operating Revenue	1,864,663	1,637,280	1,755,115	2,108,653	1,929,953
Gross Profit	502,571	468,376	452,291	568,730	537,476
Operating Income	1,000	(11,492)	(48,607)	4,372	13,194
Non-operating Income and Expenses	16,698	11,667	18,174	462,474	22,009
Income before Tax	17,698	175	(30,433)	466,846	35,203
Income from Continuing Operations	15,779	180	(27,357)	424,156	15,690
Loss from Discontinued Operations	–	–	–	–	–
Net Income (Loss)	15,779	180	(27,357)	424,156	15,690
Other Comprehensive Income (Net after Tax)	(121,956)	(44,240)	569,505	433,767	(212,009)
Total Comprehensive Income	(106,177)	(44,060)	542,148	857,923	(196,319)
Net Income Attributable to Shareholders of the Parent	15,779	180	542,148	424,156	15,690
Net Income Attributable to Non-controlling Interests	–	–	–	–	–
Comprehensive Income Attributable to Owners of the Parent	(106,177)	(44,060)	542,148	857,923	(196,319)
Comprehensive Income Attributable to Non-controlling Interests	–	–	–	–	–
Earnings Per Share (NT$)	0.15	0.0017	(0.25)	3.91	0.16

＊ A company that has compiled parent company only financial statements shall also compile parent company only condensed balance sheets and statements of comprehensive income for the most recent 5 fiscal years.

＊ A company that has adopted the International Financial Reporting Standards for its financial information for less than 5 fiscal years shall additionally prepare Table (2) below presenting its financial information under the Enterprise Accounting Standards of the R.O.C

Note 1.: If the information for any fiscal year has not been audited and attested by a CPA, this fact shall be noted.

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

Note 3.: For loss from discontinued operations, the net amount after deduction of income tax shall be stated.

Note 4.: If the competent authority has notified the Company to make a correction or restatement to its financial information, this table shall be prepared based on the corrected or restated figures, and a note shall be give specifying the specific circumstances and reasons.

Condensed Statements of Comprehensive Income (Parent Company Only) - Supplementary Disclosure

Unit: NT$ thousand

Item \ Year	Financial Information for the Past Five Fiscal Years (Note 1)				
	2019	2020	2021	2022	2023
Operating Revenue	1,866,540	1,638,916	1,741,753	1,871,540	1,750,034
Gross Profit	501,496	458,256	450,012	515,527	510,268
Operating Income	15,472	(2,531)	(29,871)	(14,366)	16,239
Non-operating Income and Expenses	2,226	2,706	(562)	463,828	18,946
Income before Tax	17,698	175	(30,433)	463,828	35,185
Income from Continuing Operations	15,779	180	(27,357)	424,156	15,690
Loss from Discontinued Operations	–	–	–	–	–
Net Income (Loss)	15,779	180	(27,357)	424,156	15,690
Other Comprehensive Income (Net after Tax)	(121,956)	(44,240)	569,505	433,767	(212,009)
Total Comprehensive Income	(106,177)	(44,060)	542,148	857,923	(196,319)
Net Income Attributable to Shareholders of the Parent	15,779	180	(27,357)	424,156	15,690
Net Income Attributable to Non-controlling Interests	–	–	–	–	–
Comprehensive Income Attributable to Owners of the Parent	(106,177)	(44,060)	542,148	857,923	(196,319)
Comprehensive Income Attributable to Non-controlling Interests	–	–	–	–	–
Earnings Per Share (NT$)	0.15	0.0017	(0.25)	3.91	0.16

＊ A company that has compiled parent company only financial statements shall also compile parent company only condensed balance sheets and statements of comprehensive income for the most recent 5 fiscal years.

＊ A company that has adopted the International Financial Reporting Standards for its financial information for less than 5 fiscal years shall additionally prepare Table (2) below presenting its financial information under the Finance and Accounting Standards of the R.O.C

Note 1.: If the information for any fiscal year has not been audited and attested by a CPA, this fact shall be noted.

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

Note 3.: For loss from discontinued operations, the net amount after deduction of income tax shall be stated.

Note 4.: If the competent authority has notified the Company to make a correction or restatement to its financial information, this table shall be prepared based on the corrected or restated figures, and a note shall be give specifying the specific circumstances and reasons.

3. Name of CPAs and Audit Opinions for the Last Five Years

Year	CPA	Opinions
2019	Ernst & Young Cheng-Tao Chang, Jian-Tze Huang	Unmodified opinion
2020	Ernst & Young Cheng-Tao Chang, Jian-Tze Huang	Unmodified opinion
2021	Ernst & Young Rung-Huang Shiu, Jian-Tze Huang	Unmodified opinion
2022	Ernst & Young Rung-Huang Shiu, Jian-Tze Huang	Unmodified opinion
2023	Ernst & Young Rung-Huang Shiu, Jian-Tze Huang	Unmodified opinion

Note 1.: The reason for the change of CPA in the last five years: internal rotation of the firm's operations.

II. Financial Analyses for the Past Five Fiscal Years

1. Financial Analysis (Consolidated financial statements)

Analysis Item (Note 3) / Year (Note 1)		Financial Analyses for the Past Five Fiscal Years				
		2019	2020	2021	2022	2023
Financial structure %	Debt ratio	38.43	41.84	38.42	28.87	37.03 (Note A)
	Ratio of long-term capital to property, plant, and equipment	144.42	149.28	202.6	191.52	171.21
Solvency %	Current ratio	144.97	127.18	122.45	124.07	113.68
	Quick ratio	95.67	71.02	83.95	79.48	71.49
	Interest coverage ratio	4.64	1.03	-4.24	60.48	4.56 (Note B)
Operating ability	Accounts receivable turnover rate (times)	4.21	4.10	5.10	5.10	4.71
	Average days for cash receipts	86.69	89.02	71.56	71.56	77.49
	Inventory turnover rate (times)	5.24	4.33	4.65	6.13	5.37 (Note C)
	Accounts payable turnover rate (times)	5.77	5.01	5.84	6.89	6.08
	Average days for sale of goods	69.65	84.29	78.49	59.54	67.97 (Note C)
	Property, plant, and equipment turnover rate (times)	1.20	1.10	1.25	1.33	1.06
	Total assets turnover rate (times)	0.67	0.60	0.56	0.56	0.49
Profitability	Return on total assets (%)	0.71	0.17	-0.73	11.36	0.59 (Note D)
	Return on equity (%)	0.90	0.01	-1.46	16.76	0.59 (Note D)
	Ratio of income before tax to paid-in capital (%) (Note 7)	1.63	0.02	-2.81	43.09	4.06 (Note D)
	Net profit margin (%)	0.85	0.01	-1.56	20.12	0.81 (Note D)
	Earnings Per Share (NT$)	0.15	0.0017	-0.25	3.91	0.16 (Note 4)
Cash Flows	Cash flow ratio (%)	25.03	38.70	22.77	23.16	40.15
	Cash flow adequacy ratio (%)	101.47	141.18	155.80	106.62	95.87 (Note E)
	Cash reinvestment ratio (%)	2.38	4.65	3.34	2.01	3.35 (Note E)
Leverage	Operating leverage	77.21	-6.40	-1.07	34.22	10.18 (Note F)
	Financial leverage	-0.26	0.67	0.89	-1.26	3.98 (Note G)

Please explain the causes of changes in the financial ratios in the most recent 2 fiscal years. (Analysis is not required if the increase or decrease is less than 20%.)

Note A: This was mainly due to the repayment of bank loans from the sale of Bade real estate and Pharmaessentia's shares.
Note B: This was mainly due to the sale of Bade real estate, which resulted in a significant increase in EBITDA.
Note C: This was mainly due to the growth in product sales and proper inventory control.
Note D: This was mainly due to the significant increase in net income before tax as a result of the sale of Bade real estate.
Note E: This was mainly due to the purchase of corporate headquarters, construction of plants and investment in new production lines and equipment.
Note F: This was mainly due to the improvement in operating income as a result of the gradual improvement in product profitability.
Note G: Operating income includes expenses related to the sale of Bade real estate, so interest expense cannot be charged.

※ A company that has compiled parent company only financial statements shall also compile parent company only financial ratio analysis.

※ A Company that has adopted the International Financial Reporting Standards for its financial information for less than 5 fiscal years shall additionally prepare Table (2) below presenting its financial information under the Enterprise Accounting Standards of the R.O.C.

Note 1.: If the information for any fiscal year has not been audited and attested by a CPA, this fact shall be noted.

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

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

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

Note 4.: Special attention should be paid to the following when calculating earnings per share by the above equation:

1. The weighted average quantity of outstanding common shares shall be taken as the standard, not the quantity of outstanding shares at the end of the year.
2. If there is any cash capital increase or treasury stock transaction, take the circulation periods into account when calculating the weighted average quantity of outstanding shares.
3. If there is any capitalization of retained earnings or capital surplus, the annual and semi-annual earnings per share of past years shall be retrospectively adjusted pro rata to the size of the capital increase, without considering the issuance period of the capital increase.
4. If the preferred shares are non-convertible cumulative preferred shares, the dividend for the fiscal year (whether it has been distributed or not) shall be deducted from the net income after tax or added to the net loss after tax. If the preferred shares are non-cumulative, the dividend shall be deducted from the net income after tax if there is net income after tax and no adjustment is required in case there is loss.

Note 5.: Special attention shall be paid to the following when making the calculations for cash flow analysis:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditures refers to the annual cash outflow used in capital investment.
3. Increase in inventory is counted only when the balance at the end of the period is greater than the balance at the beginning of the period. If the inventory has decreased at the end of the year, it is counted as zero.
4. Cash dividends include the cash dividends of common stock and preferred stock
5. Gross property, plant and equipment refers to the total property, plant and equipment without deduction of

accumulated depreciation.

Note 6.: The issuer shall categorize the operating costs and operating expenses into fixed ones and variable ones in accordance with their properties. If the categorization is subject to estimation or subjective judgment, attention shall be paid to ensure that it is done rationally and consistently.

Note 7.: If the Company's shares have no par value or the par value per share is not NT$10, the paid-in capital involved in the calculation of the above ratio shall be replaced by the equity attributable to owners of the parent company on the balance sheet.

Note 8.: Certain financial ratios have been calculated on an annualized basis.

Financial Analysis: (Parent Company Only) - Supplementary Disclosure

Analysis Item (Note 3)	Year (Note 1)	2019	2020	2021	2022	2023
		Financial Analyses for the Past Five Fiscal Years				
Financial structure %	Debt ratio	38.31	41.54	38.56	27.96	36.13 (Note A)
	Ratio of long-term capital to property, plant, and equipment	144.42	149.24	203.4	210.1	184.07
Solvency %	Current ratio	145.43	127.85	124.15	121.95	103.84
	Quick ratio	96.32	72.84	85.96	76.10	59.99 (Note A)
	Interest coverage ratio	4.65	1.03	-4.26	62.06	4.56 (Note B)
Operating ability	Accounts receivable turnover rate (times)	4.19	3.97	4.74	4.59	4.62
	Average days for cash receipts	87.11	91.94	77.00	79.52	79.00
	Inventory turnover rate (times)	5.29	4.51	4.52	5.54	4.94
	Accounts payable turnover rate (times)	5.80	5.08	5.80	6.42	6.11
	Average days for sale of goods	69.00	80.93	80.75	65.88	73.89
	Property, plant, and equipment turnover rate (times)	1.20	1.11	1.24	1.25	1.04
	Total assets turnover rate (times)	0.68	0.60	0.56	0.50	0.45
Profitability	Return on total assets (%)	0.71	0.17	-0.73	11.42	0.6 (Note C)
	Return on equity (%)	0.90	0.01	-1.46	16.76	0.59 (Note C)
	Ratio of income before tax to paid-in capital (%) (Note 7)	1.63	0.02	-2.81	42.81	4.06 (Note C)
	Net profit margin (%)	0.85	0.01	-1.57	22.66	0.9 (Note C)
	Earnings Per Share (NT$)	0.15	0.0017	-0.25	3.91	0.16 (Note C)
Cash Flows	Cash flow ratio (%)	26.67	38.59	25.02	21.33	39.50 (Note E)
	Cash flow adequacy ratio (%)	102.38	141.03	162.19	107.98	94.17
	Cash reinvestment ratio (%)	2.57	4.51	3.65	1.59	2.94 (Note D)
Leverage	Operating leverage	5.42	-30.01	-2.11	-9.10	8.11 (Note F)
	Financial leverage	1.46	0.31	0.84	0.65	2.55 (Note G)

Please explain the causes of changes in the financial ratios in the most recent 2 fiscal years. (Analysis is not required if the increase or decrease is less than 20%.)

Note A: This was mainly due to the repayment of bank loans from the sale of Bade real estate and Pharmaessentia's shares.

Note B: This was mainly due to the sale of Bade real estate, which resulted in a significant increase in EBITDA.

Note C: This was mainly due to the growth in product sales and proper inventory control.

Note D: This was mainly due to the significant increase in net income before tax as a result of the sale of Bade real estate.

Note E: This was mainly due to the purchase of corporate headquarters, construction of plants and investment in new production lines and equipment.

Note F: This was mainly due to the improvement in operating income as a result of the gradual improvement in product profitability.

Note G: Operating income includes expenses related to the sale of Bade real estate, so interest expense cannot be charged.

※ A company that has compiled parent company only financial statements shall also compile parent company only financial ratio analysis.

※ A company that has adopted the International Financial Reporting Standards for its financial information for less than 5 fiscal years shall additionally prepare Table (2) below presenting its financial information under the Enterprise Accounting Standards of the R.O.C.

Note 1.: If the information for any fiscal year has not been audited and attested by a CPA, this fact shall be noted.

Note 2.: The following formulas for the calculation of the financial ratios shall be listed below this table in the annual report:

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

Note 3.: Special attention should be paid to the following when calculating earnings per share by the above equation:

1. The weighted average quantity of outstanding common shares shall be taken as the standard, not the quantity of outstanding shares at the end of the year.
2. If there is any cash capital increase or treasury stock transaction, take the circulation periods into account when calculating the weighted average quantity of outstanding shares.
3. If there is any capitalization of retained earnings or capital surplus, the annual and semi-annual earnings per share of past years shall be retrospectively adjusted pro rata to the size of the capital increase, without considering the issuance period of the capital increase.
4. If the preferred shares are non-convertible cumulative preferred shares, the dividend for the fiscal year (whether it has been distributed or not) shall be deducted from the net income after tax or added to the net loss after tax. If the preferred shares are non-cumulative, the dividend shall be deducted from the net income after tax if there is net income after tax and no adjustment is required in case there is loss.

Note 4.: Special attention shall be paid to the following when making the calculations for cash flow analysis:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditures refers to the annual cash outflow used in capital investment.
3. Increase in inventory is counted only when the balance at the end of the period is greater than the balance at the beginning of the period. If the inventory has decreased at the end of the year, it is counted as zero.
4. Cash dividends include the cash dividends of common stock and preferred stock
5. Gross property, plant and equipment refers to the total property, plant and equipment without deduction of accumulated depreciation.

Note 5.: The issuer shall categorize the operating costs and operating expenses into fixed ones and variable ones in accordance with their properties. If the categorization is subject to estimation or subjective judgment, attention shall be paid to ensure that it is done rationally and consistently.

III. Supervisors' or Audit Committee's Review Report on Financial Statements for the Most Recent Fiscal Year

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2023 annual report on operations, financial statements (including consolidated and individual financial statements), and proposal for distribution of earnings, of which the financial statements have been audited and completed by Ernst & Young, LLP, which has issued an audit report. The above-mentioned business report, financial report and proposal for distribution of earnings have been reviewed by the Audit Committee and are not yet in conformity with the requirements of Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Hunya Foods Co., Ltd.

Convener of the Audit Committee: Tsung-Pen Chang

February 27, 2024

IV. Financial Statements for the Most Recent Fiscal Year

Declaration of Consolidated Financial Statements of Affiliates

The entities that are required to be included in the combined financial statements of Hunya Foods Co., Ltd. for 2023 (January 1, 2023 to December 31, 2023), under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Hunya Foods Electronics Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Sincerely,

Name of Company: Hunya Foods Co., Ltd.

Chairperson: Yun-Chi Chang

February 27, 2024

Independent Auditors' Report

Hunya Foods Co., Ltd.:

Opinions

We have audited the accompanying consolidated balance sheets of Hunya Foods Co., Ltd. and its subsidiaries (the "Group") as of December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2023 and 2022, and notes to the consolidated financial statements, including the summary of significant accounting policies (collectively "the consolidated financial statements").

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Hunya Foods Co., Ltd. and its subsidiaries as of December 31, 2023 and 2022, and their consolidated financial performance and cash flows for the years ended December 31, 2023 and 2022, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

Basis for Opinions

We conducted our audits in accordance with the Regulations Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants and Auditing Standards. 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 Hunya Foods Co., Ltd. and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China ("The Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. 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 Hunya Foods Co., Ltd. and its subsidiaries for the year ended December 31, 2023. 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.

Inventory valuation

As of December 31, 2023, Hunya Foods Co., Ltd. and its subsidiaries' inventory amounts to NT$270,006 thousand and accounts for 7% of the consolidated total asset, which is material to the financial statements. Since the prices of inventory products are subject to competition from industry peers and may decrease, and since inventories are evaluated based on the number of days to expiration, the calculation of the net realizable value of inventories is complicated. Therefore, inventory evaluation is one of the important evaluation items in the accountant's auditing on the financial review of Hunya Foods Co. Ltd. and its subsidiaries. Our audit procedures include, but are not limited to, those relating to the following: Understanding the internal control system established by management for inventory valuation management, evaluating the net realizable value estimated by management for inventory valuation, including sampling the relevant import and export certificates used by management to evaluate the net realizable value of inventory to verify the net realizable value used by management; sampling the inventory inbound and outbound records to verify the correctness of inventory aging and the reasonableness of the allowance for doubtful losses based on inventory aging; and conducting analytical procedures for inventory balances and inventory turnover rates. We also consider the appropriateness of the disclosure of inventories in the consolidated financial statements, as described in Note 4.10, Note 5 and Note 6 to the consolidated financial statements.

Loss allowance for accounts receivable

As of December 31, 2023, the carrying amounts of accounts receivable and allowance for losses of Hunya Foods Co. Ltd. and its subsidiaries were NT$360,818 thousand and NT$997 thousand, respectively, and the net accounts receivable accounted for 9% of total individual assets and were material to the financial statements. Since the allowance for losses on accounts receivable is measured

based on the expected credit losses over the period of time, the measurement process requires appropriate grouping of accounts receivable and judgmental analysis of the use of assumptions related to the measurement process, including the appropriate aging range, the loss rate for each aging range and the consideration of forward-looking information. Therefore, this is one of the important evaluation items in the accountant's auditing on the financial review of Hunya Foods Co. Ltd. and its subsidiaries. Our audit procedures include, but are not limited to, those relating to the following: Verifying if customer groups with significantly different loss types are appropriately grouped; testing the reserve matrix, including assessing the reasonableness of the determination of the age range of each group and checking the correctness of the original evidence against the underlying information; testing statistical information related to loss ratio calculated by rolling rate; considering the reasonableness of the forward-looking information included in the loss ratio assessment; and assessing whether such forward-looking information affects the loss ratio. In addition, we perform analytical review procedures to evaluate whether there is any significant abnormality in the two-period comparison of the changes in accounts receivable. The collectability of accounts receivable is evaluated by reviewing the collection status of accounts receivable after the due date for customers with large receivable balances at the end of the period. We also considered the appropriateness of the disclosure of accounts receivable in the consolidated financial statements as described in Note 5, Note 6 and Note
12.4 to the consolidated financial statements.

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

To ensure that the Consolidated Financial Statements do not contain material misstatements caused by fraud or errors, the management is responsible for preparing prudent Consolidated Financial Statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for preparing and maintaining necessary internal control procedures pertaining to the Consolidated Financial Statements.

In preparing the Consolidated Financial Statements, the management is responsible for assessing Hunya Foods Co. Ltd. and its subsidiaries' ability to continue as a going concern, disclosing, as applicable, matters related to the going concern and using the going concern basis of accounting unless the management either intends to liquidate Hunya Foods Co. Ltd. and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the Audit Committee, are responsible for overseeing Hunya Foods Co. Ltd. and its subsidiaries' financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatements, 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 generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

1. Identify and evaluate the risk of material misstatements due to fraud or error in the Consolidated Financial Statements; design and carry out appropriate countermeasures for the evaluated risk; and obtain sufficient and appropriate evidence as the basis for audit 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 controls 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 controls of Hunya Foods Co. Ltd. and its subsidiaries.

3. Assess the appropriateness of the accounting policies adopted by the management, as well as the reasonableness of their accounting estimates and relevant disclosures.

4. Conclude on the appropriateness of the 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 Hunya Foods Co., Ltd. and its subsidiaries' ability to operate 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 Hunya Foods Co., Ltd. and its subsidiaries to cease to continue as a going concern.

5. Evaluate the overall expression, structure and contents of the Consolidated Financial Statements (including relevant Notes), and whether the Consolidated Financial Statements fairly present relevant transactions and items.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Hunya Foods Co., Ltd. and its subsidiaries to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision, and performance of the audit and for expressing an opinion on the Group's audits.

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

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

From the matters communicated with those charged with governance, we determine the key audit matters of Hunya Foods Co., Ltd. and its subsidiaries' Consolidated Financial Statements for the year ended December 31, 2023. 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.

Others

We have also audited the Parent Company Only Financial Statements of Hunya Foods Co., Ltd. for the years ended December 31, 2023 and 2022, on which we have issued an unqualified opinion.

Ernst & Young, Taiwan
Financial Report of TWSE Listed Company as Authorized by the Competent Authority
Auditing and Attestation No.: No. FSC (6) No. 0930133943
No. FSC (6) No. 0970038990

CPA: Rung-Huang Shiu
Jian-Tze Huang
February 27, 2024

Hunya Foods Co., Ltd. and Subsidiaries
Consolidated Balance Sheets
January 1 to December 31, 2023 and 2022

Expressed in Thousands of New Taiwan Dollars

Assets			December 31, 2023		December 31, 2022	
Code	Account Names	Note	Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	4 and 6	$118,829	3	$68,219	2
1150	Notes receivable, net	4 and 6	6,128	-	4,187	-
1170	Accounts receivable, net	4 and 6	359,821	9	446,979	11
1200	Other receivables		1,620	-	195	-
1220	Current tax assets		86	-	-	-
130x	Inventories	4 and 6	270,006	7	234,250	6
1410	Prepayments		15,099	1	24,961	-
1470	Other current assets	8	2,042	-	32,310	1
11xx	Total current assets		773,631	20	811,101	20
	Non-current assets					
1517	Non-current financial assets at fair valu through other comprehensive income	4 and 6	708,418	19	1,014,719	25
1600	Property, plant and equipment	4 and 6	1,838,907	48	1,811,357	44
1755	Right-of-use assets	4 and 6	37,078	1	30,733	1
1760	Investment property, net	4 and 6	186,807	5	165,205	4
1780	Intangible assets	4 and 6	16,739	-	16,275	-
1840	Deferred tax assets	4 and 6	20,258	1	19,974	-
1900	Other non-current assets	4 and 6	247,135	6	253,472	6
15xx	Total non-current assets		3,055,342	80	3,311,735	80
1xxx	Total assets		$3,828,973	100	$4,122,836	100

Liabilities and Equity			December 31, 2023		December 31, 2022	
Code	Account Names	Note	Amount	%	Amount	%
	Current liabilities					
2100	Short-term borrowings	6	$50,000	1	$44,867	1
2130	Current contract liabilities		37,014	1	19,452	1
2150	Notes payable		20,326	-	16,189	-
2180	Accounts payable		205,456	5	216,170	5
2200	Other payables		272,576	7	309,308	9
2230	Current tax liabilities	4 and 6	23,686	1	13,575	-
2280	Current lease liabilities	4 and 6	15,781	-	14,354	-
2300	Other current liabilities		33,460	1	19,830	1
2322	Current portion of long-term borrowin	6	22,222	2	-	-
21xx	Total current liabilities		680,521	18	653,745	17
	Non-current liabilities					
2540	Long-term borrowings	6	685,000	18	488,889	12
2570	Deferred tax liabilities	4 and 6	10,058	-	15,499	-
2580	Non-current lease liabilities	4 and 6	21,663	1	16,795	-
2600	Other non-current liabilities		5,433	-	4,211	-
2640	Net defined benefit liability	4 and 6	15,039	-	11,091	-
25xx	Total non-current liabilities		737,193	19	536,485	12
2xxx	Total iabilities		1,417,714	37	1,190,230	29
31xx	Equity attributable to owners of parent					
3100	Share capital					
3110	Ordinary shares	6	866,740	23	1,083,425	26
3200	Capital surplus	6	34,205	1	34,205	1
3300	Retained earnings					
3310	Legal reserve		325,757	8	261,433	6
3350	Unappropriated retained earnings	6	690,176	18	771,963	19
	Total retained earnings		1,015,933	26	1,033,396	25
3400	Other equity interest		494,381	13	781,580	19
3xxx	Total equity		2,411,259	63	2,932,606	71
	Total liabilities and equity		$3,828,973	100	$4,122,836	100

(See accompanying notes to consolidated financial statements.)

Chairperson: Yun-Chi Chang Manager: Yun-Chi Chang Accounting Manager: Tsai-Yun Yu

Hunya Foods Co., Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income
January 1 to December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars, Except Earnings Per Share)

Expressed in Thousands of New Taiwan Dollars

Code	Account Names	Note	2023 Amount	2023 %	2022 Amount	2022 %
4000	Operating revenue	4 and 6	$1,929,953	100	$2,108,653	100
5000	Operating costs	6 and 7	(1,392,477)	(72)	(1,539,923)	(73)
5900	Gross profit from operations		537,476	28	568,730	27
6000	Operating expenses	6				
6100	Selling expenses		(403,106)	(21)	(419,121)	(20)
6200	Administrative expenses		(96,769)	(5)	(127,242)	(6)
6300	Research and development expenses		(24,407)	(1)	(17,995)	(1)
	Total operating expenses		(524,282)	(27)	(564,358)	(27)
6900	Net operating income	4 and 6	13,194	1	4,372	-
7000	Non-operating income and expenses					
7010	Other income	4 and 6	26,738	1	31,895	2
7020	Other gains and losses	6 and 7	5,149	-	438,428	20
7050	Finance costs	6	(9,878)	-	(7,849)	-
	Total non-operating income and expenses		22,009	1	462,474	22
7900	Profit before tax		35,203	2	466,846	22
7950	Tax expenses	4 and 6	(19,513)	(1)	(42,690)	(2)
8200	Profit		15,690	1	424,156	20
8300	Other comprehensive income					
8310	Components of other comprehensive income that will not be	6				
8311	Gains (losses) on remeasurements of defined benefit plans		(4,456)	-	6,703	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income		(204,422)	(11)	442,030	21
8349	Income tax related to components of other comprehensive income that will not be reclassified to		(4,059)	-	(14,919)	-
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss	6				
8361	Exchange differences on translation of foreign financial statements		928	-	(58)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss		-	-	11	-
	Other comprehensive income, net		(212,009)	(11)	433,767	21
8500	Total comprehensive income		$(196,319)	(10)	$857,923	41
8600	Profit attributable to:					
8610	owners of parent		$15,690		$424,156	
8700	Total comprehensive income attributable to:					
8710	owners of parent		$(196,319)		$857,923	
	Earnings per common share (expressed in dollars)					
9750	Basic earnings per share					
9710	Profit from continuing operations	6	$0.16		$3.91	

(See accompanying notes to consolidated financial statements.)

Chairperson: Yun-Chi Chang Manager: Yun-Chi Chang Accounting Manager: Tsai-Yun Yu

Hunya Foods Co., Ltd. and Subsidiaries

Consolidated Statements of Changes in Equity

January 1 to December 31, 2023 and 2022

Expressed in Thousands of New Taiwan Dollars

Item	Equity Attributable to Owners of Parent							Total Equity
			Retained Earnings		Other Equity Interest			
	Share Capital	Capital Surplus	Legal Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gains (Losses) on Equity Instruments Measured at Fair Value Through Other Comprehensive Income	Total	
Balance at January 1, 2022	$1,083,425	$33,842	$255,841	$188,486	$(881)	$567,778	$2,128,491	$2,128,491
Changes in other capital reserves								
Other	-	363	-	-	-	-	363	363
Earnings assignment and distribution in 2021:								
Legal reserve	-	-	5,592	(5,592)	-	-	-	-
Cash dividends	-	-	-	(54,171)	-	-	(54,171)	(54,171)
Net profit for 2022	-	-	-	424,156	-	-	424,156	424,156
Other comprehensive income for 2022	-	-	-	5,362	(47)	428,452	433,767	433,767
Total comprehensive income	-	-	-	429,518	(47)	428,452	857,923	857,923
instruments designated at fair value through other comprehensive income	-	-	-	213,722	-	(213,722)	-	-
Balance at December 31, 2022	$1,083,425	$34,205	$261,433	$771,963	$(928)	$782,508	$2,932,606	$2,932,606
Balance at January 1, 2023	$1,083,425	$34,205	$261,433	$771,963	$(928)	$782,508	$2,932,606	$2,932,606
Earnings assignment and distribution in 2022:								
Legal reserve	-	-	64,324	(64,324)	-	-	-	-
Cash dividends	-	-	-	(108,343)	-	-	(108,343)	(108,343)
Net profit for 2023	-	-	-	15,690	-	-	15,690	15,690
Other comprehensive income for 2023	-	-	-	(3,565)	928	(209,372)	(212,009)	(212,009)
Total comprehensive income	-	-	-	12,125	928	(209,372)	(196,319)	(196,319)
instruments designated at fair value through other comprehensive income	-	-	-	78,755	-	(78,755)	-	-
Capital reduction by cash	(216,685)	-	-	-	-	-	(216,685)	(216,685)
Balance at December 31, 2023	$866,740	$34,205	$325,757	$690,176	$-	$494,381	$2,411,259	$2,411,259

(See accompanying notes to consolidated financial statements.)

Chairperson: Yun-Chi Chang | Manager: Yun-Chi Chang | Accounting Manager: Tsai-Yun Yu

Hunya Foods Co., Ltd. and Subsidiaries
Consolidated Statements of Cash Flows
January 1 to December 31, 2023 and 2022

Expressed in Thousands of New Taiwan Dollars

Item	2023 Amount	2022 Amount
Cash flows from operating activities:		
Profit before tax	$35,203	$466,846
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	144,575	152,128
Amortization expense	39,679	39,634
Interest expense	9,878	7,849
Interest income	(2,216)	(288)
Other income	(260)	(164)
Gains on disposal of property, plant and equipment	(2,399)	(445,122)
Losses on disposals of property, plant and equipment	397	-
Effects of Changes in Foreign Exchange Rates	(1,043)	4,551
Other income - Gain recognized in bargain purchase transaction	-	(8,520)
Changes in operating assets and liabilities:		
Decrease (increase) in notes receivable	(1,941)	739
Decrease (increase) in accounts receivable	87,158	(41,764)
Decrease (increase) in other receivables	(1,307)	429
Decrease (increase) in inventories	(35,756)	29,776
Decrease (increase) in prepayments	9,862	(5,111)
Decrease (increase) in other current assets	30,268	(26,198)
Increase (decrease) current contract liabilities	17,562	(17,134)
Increase in notes payable	4,137	1,518
Decrease in accounts payable	(10,714)	(6,750)
Increase (decrease) in other payables	(36,732)	50,892
Increase (decrease) in other current liabilities	13,630	(423)
Increase (decrease) in net defined benefit liability	384	(2,934)
Cash generated from operations	300,365	199,954
Interest income received	2,098	288
Interest paid	(9,081)	(7,317)
Income tax paid	(20,163)	(41,515)
Net cash generated from operating activities	273,219	151,410
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(154,586)	(310,929)
Proceeds from disposal of property, plant and equipment	37,494	463,738
Net cash flow from acquisition of subsidiaries	-	(153,787)
Invest in financial assets at fair value through other comprehensive income	-	(95,000)
Proceeds from disposal of financial assets at fair value through other comprehen	101,879	284,147
Increase in intangible assets	(8,632)	(3,475)
Decrease in refundable deposits	1,429	93
Increase in other non-current assets	(83,826)	(167,357)
Net cash flows from (used in) investing activities	(106,242)	17,430
Cash flows from financing activities:		
Cash dividends paid	(108,343)	(54,171)
Increase (decrease) in short-term borrowings	5,133	(39,133)
Decrease in short-term notes and bills payable	-	(69,978)
Increase (decrease) current portion of long-term borrowings	22,222	(60,000)
Increase (decrease) in long-term borrowings	196,111	(71,111)
Increase in other non-current liabilities	1,482	217
Increase in capital surplus - others	-	363
Payments of lease liabilities	(18,258)	(19,074)
Capital reduction by cash	(216,685)	-
Net cash flows used in financing activities	(118,338)	(312,887)
Effects of exchange rate changes on cash and cash equivalents	1,971	(4,611)
Net increase (decrease) in cash and cash equivalents	50,610	(148,658)
Cash and cash equivalents at the beginning of the year	68,219	216,877
Cash and cash equivalents at the end of the year	$118,829	$68,219

(See accompanying notes to consolidated financial statements.)

Chairperson: Yun-Chi Chang　　Manager: Yun-Chi Chang　　Accounting Manager: Tsai-Yun Yu

Hunya Foods Co. Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2023 and 2022

(Amounts in thousands of New Taiwan Dollars, unless otherwise specified)

I. Company History

Hunya Foods Co., Ltd. (hereinafter referred to as the "Company") was incorporated on June 14, 1976. As of December 31, 2023, the paid-in capital of the Company was NT$866,740,000 after multiple capital increases. The main business activities of the Company are the manufacturing, processing and trading of confectionery, biscuits, chocolates, mooncakes, pastry, bread, and cake. The Company's shares have been traded on the Taiwan Stock Exchange since September 2001, and its registered office and principal place of business is located at 5F., No. 3, Aly. 8, Ln. 45, Baoxing Rd., Xindian Dist., New Taipei City, Taiwan (R.O.C.).

II. Date of Authorization for the Issuance of Parent Company Only Financial Statements and Procedures for Authorization

The consolidated financial statements of the Company and subsidiaries (hereinafter referred to as the "Group") for the years ended December 31, 2023 and 2022 were published upon approval of the Board of Directors on February 27, 2024.

III. Application of New and Amended Standards and Interpretations

1. Changes in accounting policies resulting from applying certain standards and amendments for the first time

   The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are endorsed by the Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after January 1, 2023. The adoption of the new standards and amendments had no material impact on the Group.

2. As of the date of adoption of the financial statements, standards or interpretations issued, revised or amended, by the International Accounting Standards Board ("IASB") which are endorsed by the FSC, but not yet adopted by the Group as at the end of the reporting period are listed below:

Item	New/Revised/Amended Standards and Interpretations	Effective Date Issued by IASB
1	Classify Liabilities as Current or Non-current (Amendments to IAS1)	January 1, 2024
2	Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	January 1, 2024
3	Non-current Liabilities with Covenants (Amendments to IAS1)	January 1, 2024
4	Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)	January 1, 2024

(Amounts in thousands of New Taiwan Dollars, unless otherwise specified)

(1) Classify Liabilities as Current or Non-current (Amendments to IAS1)

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial Statements and the amended paragraphs related to the classification of liabilities as current or non-current.

(2) Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)

The amendments add seller-lessees additional requirements for the sale and leaseback transactions in IFRS 16, thereby supporting the consistent application of the standard.

(3) Non-current Liabilities with Covenants (Amendments to IAS1)

The amendments improved the information companies provide about long-term debt with covenants. The amendments specify that covenants to be complied within twelve months after the reporting period do not affect the classification of debts as current or non-current at the end of the reporting period.

(4) Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

This amendment includes not only a description but also the new disclosures of Supplier Finance Arrangements.

The aforesaid amendments are newly issued, revised and amended standards or interpretations that have been issued by the IASB and endorsed by the FSC and are applicable for accounting periods beginning after January 1, 2024. The Group assesses that the newly issued or amended standards, or interpretations have no material impact on the Group.

3. As of the date of adoption of the financial statements, standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are endorsed by FSC, but not yet adopted by the Group as at the end of the reporting period are listed below:

Item	New/Revised/Amended Standards and Interpretations	Effective Date Issued by IASB
1	Amendments to IFRS10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" - "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
2	IFRS17 "Insurance Contracts"	January 1, 2023
3	Lack of Exchangeability (Amendments to IAS 21)	January 1, 2025

(1) Amendments to IFRS10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" - "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

The amendments address the inconsistency between the requirements in IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures", in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint venture. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

(2) IFRS17 "Insurance Contracts"

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model. |Under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfillment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for shortduration contracts.

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after January 1, 2023 (from the original effective date of January 1, 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after January 1, 2023.

(3) Lack of Exchangeability (Amendments to IAS 21)

This amendment describes the exchangeability and lack of exchangeability between currencies, as well as how to determine the exchange rate in case of lack of exchangeability of currency. It also stipulates the additional disclosures upon a lack of exchangeability. This amendment applies to accounting years after January 1, 2025.

The abovementioned standards and interpretations issued by IASB have not yet been endorsed by FSC at the date when the Group’s financial statements were authorized for issue, the local effective dates are to be determined by FSC. The Group assesses all standards and interpretations have no material impact on the Group.

IV. Summary of Significant Accounting Policies

1. Statement of Compliance

The consolidated financial statements of the Group for the years ended December 31, 2023 and 2022 were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations") and International Financial Reporting Standards, International Accounting Standards, and Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by the FSC.

2. Basis of Preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are expressed in thousands of New Taiwan Dollars ("NT$") unless otherwise stated.

3. Basis of Consolidation

<u>Preparation principle of consolidated financial statements</u>

Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if and only if the Company has:

(1) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
(2) Exposure, or rights, to variable returns from its involvement with the investee, and
(3) The ability to use its power over the investee to affect its returns

When the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(1) The contractual arrangement with the other vote holders of the investee
(2) Rights arising from other contractual arrangements
(3) The Company's voting rights and potential voting rights

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

(Amounts in thousands of New Taiwan Dollars, unless otherwise specified)

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries 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.

If the Company loses control of a subsidiary, it:

(1) Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
(2) Derecognizes the carrying amount of any non-controlling interest;
(3) Recognizes the fair value of the consideration received;
(4) Recognizes the fair value of any investment retained;
(5) Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss, or directly transfer it to retained earnings according to the provisions of other international financial reporting standards;
(6) Recognize the difference incurred as current profit or loss.

The consolidated entities are listed as follows:

Name of Investor	Name of Subsidiary	Main Business	Percentage of Ownership (%) 2023.12.31	Percentage of Ownership (%) 2022.12.31
The Company	Croissant Bakery Ltd.	Food industry	100%	100%
The Company	HUNYA INTERNATIONAL LIMITED	Investment industry	-	100%
HUNYA INTERNATIONAL LIMITED	ABSOLUBEST INVESTMENTS LIMITED	Investment industry	-	100%
ABSOLUBEST INVESTMENTS LIMITED	Shanghai Rivon Trading Co., Ltd.	Trading industry	-	100%

On November 23, 2021, the Board of Directors resolved to acquire an equity investment in Croissant Bakery Ltd. and completed the settlement of the equity investment on January 3, 2022, with a 100% shareholding and a transaction price of NT$175,000,000. Since Croissant Bakery Ltd. is a subsidiary, it is included in the entity for the preparation of consolidated financial statements.

The Board of Directors approved on June 20, 2018 that the Company intends to establish a sales company in Shanghai for the long-term development of the mainland China market. On September 30, 2018, Shanghai Rivon Trading Co., Ltd. was established and obtained a business license, and on November 16, 2018, the Company funded US$500,000.

On November 12, 2020, the Board of Directors approved the increase of capital with US$500,000 for the sound development of the operation of Shanghai Rivon Trading Co., Ltd.

In consideration of the difficulties faced by Shanghai Rivon Trading Co., Ltd. in business promotion due to the pandemic, and to avoid further operating losses, the Company evaluated and made a resolution to end the business operations of this company. It was reported to the board of directors on December 27, 2022, and a notification of registration cancellation was obtained from the Shanghai Municipal Administration for Market Regulation on March 8, 2023. The Company also applied to the Investment Review Committee, Ministry of Economic Affairs, for the liquidation and cancelation registration of the investment business in mainland China. The Company also obtained Letter Shen-Erh-Tzu No. 11200042820 on March 30, 2023 that appoved the filing for future reference.

The Company reported the end of business operations of ABSOLUBEST INVESTMENTS LIMITED to the board of directors on August 9, 2023, obtained a certificate of liquidation on August 30, 2023, and completed liquidation and cancelation registration.

The Company reported the end of business operations of HUNYA INTERNATIONAL LIMITED to the board of directors on August 9, 2023, obtained a certificate of liquidation on October 11, 2023, and completed liquidation and cancelation registration.

4. Foreign currency transactions

The Group's consolidated financial statements are presented in NT$, which is also the Company's functional currency. Each entity in the Group determines its functional currency, and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

(1) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
(2) Foreign currency items within the scope of IFRS 9 "Financial Instruments" are accounted for based on the accounting policy for financial instruments.
(3) Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

5. Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into New Taiwan Dollars at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising from the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. On the partial disposal of foreign operations that result in a loss of control, loss of significant influence or joint control but retaining partial equity is considered a disposal.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or joint arrangement that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

6. Classification of Current and Non-current Assets and Liabilities

An asset is classified as current when one of the following criteria is met; all other assets are classified as non-current assets:

(1) It is expected to be realized, or intended to be sold or consumed in the normal operating cycle.
(2) It is held primarily for the purpose of trading.
(3) It is expected to be realized within twelve months after the reporting period.
(4) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current when one of the following criteria is met; all other liabilities are classified as non-current liabilities:

(1) It is expected to be settled in the normal operating cycle.
(2) It is held primarily for the purpose of trading.
(3) It is due to be settled within twelve months after the reporting period.
(4) Liabilities whose settlement can be deterred unconditionally for at least twelve months after the reporting period. The liabilities provisions may be settled by issuing equity instruments at the option of the counterparty, and will not impact its classification.

7. Cash and Cash Equivalents

Cash and cash equivalents are cash on hand, demand deposit, and short-term and highly liquid investments that can be immediately converted to fixed amount of cash with very small risks of valuation changes (including contract-based fixed deposits of less than 12 months).

8. Financial Instruments

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

Financial assets and financial liabilities within the scope of IFRS 9 Financial Instruments: Recognition and Measurement are recognized initially at fair value and the transaction costs directly attributable to the financial assets and financial liabilities (except for financial assets and financial liabilities at fair value through profit or loss) are derived by addition or subtraction from the fair value of assets and financial liabilities.

(1) Recognition and valuation of financial assets

The accounting treatment for recognition and derecognition of all customary trading of financial assets of the Group is made on the settlement date.

The Group classifies financial assets as either financial assets subsequently measured at amortized costs, measured at fair value through other comprehensive income (loss), or measured at fair value through profit or loss:

A. Business model used in managing the financial assets
B. Characteristics of the contractual cash flows from the financial asset

<u>Financial assets measured at amortized cost</u>

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables, financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

A. Business model used in managing the financial assets: Financial asset is held to receive contractual cash flows
B. Characteristics of the contractual cash flows from the financial asset: Cash flow is the interest paid solely on the principal and the outstanding principal

Such financial assets (excluding hedging relationships) will be measured at subsequent amortized cost [amount measured at the time of initial recognition, less the principal repaid, and add or subtract the accumulated amortized difference (using effective interest method) between the original amount and the amount due, and by adjusting allowances for loss]. When derecognizing, through amortization procedure, or recognizing impairment gain or loss, the gain or loss will be recognized as profit or loss.

Interest calculated through effective interest method (multiplying effective interest with the total book value of the financial asset) or the following conditions will be recognized in profit or loss:

A. If it is a purchased or originated credit-impaired financial asset, the creditadjusted effective interest rate is multiplied by the cost of amortized financial assets
B. If it is not, in case of subsequent credit impairment, the effective interest rate will be multiplied by the cost of the financial instrument after amortization

Financial assets at fair value through other comprehensive income

Financial assets that meet both of the following criteria will be measured at fair value through other comprehensive income, and stated on the Balance Sheet as financial assets measured at fair value through other comprehensive income:

A. Business model used in managing the financial assets: Financial asset is held to receive contractual cash flows and for sale of financial asset
B. Characteristics of the contractual cash flows from the financial asset: Cash flow is the interest paid solely on the principal and the outstanding principal

Recognition of gain or loss related to such financial assets will be explained as follows:

A. Prior to derecognition or reclassification, except for impairment interest or loss, exchange gain or loss will be recognized in the profit or loss, and its gain or loss will be recognized in other comprehensive income
B. During derecognition, accumulated gain or loss recognized in other comprehensive income will be reclassified from equity to profit or loss as adjustments for reclassification
C. Interest calculated through effective interest method (multiplying effective interest with the total book value of the financial asset) or the following conditions will be recognized in profit or loss:
   (a) If it is a purchased or originated credit-impaired financial asset, the credit-adjusted effective interest rate is multiplied by the cost of amortized financial assets
   (b) If it is not, in case of subsequent credit impairment, the effective interest rate will be multiplied by the cost of the financial instrument after amortization

In addition, for equity instruments applicable to IFRS 9 and are not held as available-for-sale or applicable as a contingent consideration by the acquirer in business consolidation in IFRS 3, during initial recognition, the Company will choose (this is not reversible) to state its subsequent fair value changes in the other comprehensive income (loss). Amounts stated in other comprehensive income cannot be converted to income or loss (during disposal of such equity instrument, the accumulated amount stated in other equity item will be directly transferred to retained earnings), and will be stated in the Balance Sheet as financial assets measured at fair value through other comprehensive income (loss). Investment dividends will be recognized in profit or loss, unless such dividends clearly represent a portion of the investment cost.

(2) Impairments of Financial Assets

For the debt instrument investment measured at fair value through other comprehensive income (loss) and the financial assets measured at amortized cost, the Group recognizes expected credit losses and measures allowances for loss. For the debt instrument investment measured at fair value through other comprehensive income, allowance for loss is recognized in the other comprehensive income (loss), and the book value of the investment will not be reduced.

The Group measures expected credit loss by reflecting the following methods:

A. Unbiased and probability-weighted amount determined by evaluating each possible outcome
B. The time value of money
C. Reasonable and corroborative information related to past events, current conditions, and future economic forecasts (can be obtained at no excessive cost or input on the Balance Sheet date)

Method for valuating allowance for loss is as follows:

A. Measure the expected credit loss over the next 12 months: Including financial assets without significant increase in credit risk after initial recognition, or those ruled to have low credit risk on the Balance Sheet date. In addition, this also includes those with allowance loss measured by the expected credit loss during the previous reporting period, but no longer meets the condition in which the credit risk has significant increased since the original recognition on the Balance Sheet date.
B. Measurement of the amount of lifetime expected credit losses: Including financial assets with significant increase in credit risk after initial recognition or purchased or originated credit-impaired financial asset with credit impairment.
C. For accounts receivable or contractual assets arising from transactions within the scope of IFRS 15, the Group adopts lifetime expected credit loss to measure allowance for loss.
D. For rental receivables arising from transactions within the scope of IFRS 16, the Group adopts lifetime expected credit loss to measure allowance for loss.

On each Balance Sheet date, the Group uses comparisons between the changes of default risk on the Balance Sheet date and on the date of initial recognition to measure whether there has been a significant increase in the financial instrument's credit risk after initial recognition.

(3) Derecognition of financial assets

The Group's financial assets will be derecognized when one of the following conditions occurs:

A. The contractual right from the cash flow of the financial asset is terminated

B. When nearly all risk and compensations associated with ownership of a financial asset has been transferred.

C. Nearly all risk and compensations associated with ownership of an asset has neither been transferred nor retained, but the control of the asset has been transferred.

When a financial asset is derecognized in its entirety, the difference between its carrying amount and any cumulative gain or loss that has been received or is receivable and recognized in other comprehensive income, will be recognized in profit or loss.

(4) Financial liabilities and equity instruments

Classification of liability or equity

The Group classifies the liabilities and equities instrument issued as financial liability or equity in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

Equity instruments refer to any contract with residual interest after subtracting all liabilities from assets. Equity instruments issued by the Group are recognized by the acquisition cost minus direct distribution costs.

Financial liabilities

Financial liabilities within the scope of IFRS 9: upon initial recognition, recognition and measurement are either classified as financial liabilities measured at amortized cost.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include accounts payables and loans, and will continue to be measured through effective interest method after initial recognition. When financial liabilities are derecognized and amortized using effective interest method, related gain or loss and amortization will be recognized in profit or loss.

Calculation of the amortized cost will take discount or premium during acquisition and transaction cost into consideration.

Derecognition of financial liabilities

When the obligation of a financial liability is terminated, canceled or no longer effective, the financial liability will be derecognized.

When the Group and the creditors exchange debt instruments with significant differences, or make major changes to all or part of the existing financial liabilities (whether due to financial difficulties or otherwise), treatment will include derecognition of the original liabilities and the recognition of new liabilities. During derecognition of financial liabilities, the difference between the carrying amount and the total amount of the consideration paid or payable, including the transferred non-cash assets or liabilities assumed, is recognized in profit or loss.

(5) Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities can only be offset and presented in net terms on the balance sheet only when the recognized amounts currently contain exercise of legal rights for offset and are intended to be settled on a net basis or can be realized simultaneously and the debt can be settled.

9. Fair value measurement

Fair value refers to the price required or transferred to an asset in an orderly transaction between market participants on a measurement date. Fair value measurement assumes that the transaction for the asset being sold or liability being transferred takes place in one of the following markets:

(1) Principal market of the asset or liability, or
(2) If no principal market exists, the most favorable market for the asset or liability

The Group needs to be able to enter the principal or most favorable market in order to carry out the transaction.

Fair value measurement of the asset or liability uses the assumption that market participants would adopt while pricing the asset or liability, where the assumption is that the market participants would take the most favorable economic conditions into consideration.

The fair value measurement of a non-financial asset takes into consideration the market participant's use of the asset for its highest price and best use or by selling the asset to another market participant who will use the asset for its highest price and best use to generate economic benefits.

The Group uses valuation techniques that are appropriate and relevant in the relevant circumstances to measure fair value and maximize the use of observable inputs and to minimize the use of unobservable inputs.

10. Inventory

Inventories are evaluated on a case-by-case basis by the cost and net realizable value.

Cost refers to the cost of bringing inventory to a state of sale or availability for production and location:

Raw materials	—	The First In First Out (FIFO) approach is used for the actual purchase cost.
Finished goods and work in progress	—	Including direct raw materials, labor and fixed manufacturing costs apportioned at normal production capacity, but excluding borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Rendering of services is accounted in accordance with IFRS 15 and not within the scope of inventories.

11. Property, plant, and equipment

Property, plant, and equipment is recognized at the acquisition cost less accumulated depreciation and accumulated impairment. The aforementioned cost includes the dismantling of property, plant, and equipment, removing, and restoring the site on which it is located, and any necessary interest expense arising from unfinished construction. If the various component of property, plant, and equipment is material, it shall be separately recognized for depreciation. When the material components of property, plant and equipment requires to be regularly replaced, the Company will see the item as a separate asset and to separately recognize it through its useful life and depreciation method. The carrying amount of the replaced component will be derecognized in accordance with the derecognition rule in IAS 16 Property, Plant, and Equipment. When material inspection cost complies with criteria for recognition, it will be treated as a replacement cost and recognized as a part of the carrying amount of the property, plant, and equipment. All other fixture and maintenance expense will be recognized in profit or loss.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the following assets:

Housing and Construction	3-50 years
Machinery	3-48 years
Transportation Equipment	3-16 years
Computer and telecommunication equipment	4-6years
Leasehold improvements	Whichever is shorter in terms of lease term or durability
Other Equipment	2-24 years

After initial recognition of property, plant, and equipment, or any of its material components, if disposal occurs or if inflow of economic benefit is not expected to occur from its use or disposal thereof in the future, it shall be derecognized and recognized in profit or loss.

Residual value, useful life and depreciation methods of property, plant, and equipment will be evaluated at the end of each fiscal year. If expected value differs from previous estimates, the changes will be treated as changes in accounting estimates.

12. Investment property

The Group's owned investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, other than those that meet the criteria to be classified as held for sale (or are included in a disposal group that is classified as held for sale) in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, investment properties are measured using the cost model in accordance with the requirements of IAS 16 Property, plant and equipment for that model. If investment properties are held by a lessee as right-of-use assets and is not held for sale in accordance with IFRS 5, investment properties are measured in accordance with the requirements of IFRS 16.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the following assets:

Buildings	5-46 years

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

The Group transfers properties to or from investment properties according to the actual use of the properties.

Properties are transferred to or from investment properties when the properties meet, or cease to meet, the definition of investment property and there is evidence of the change in use.

13. Leases

The Group evaluates whether a contract is (or includes) a lease on the contract establishment date. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, has both of the following:

(1) The right to obtain substantially all of the economic benefits from use of the identified asset; and
(2) The right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Group for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximizing the use of observable information.

Group as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group recognizes right-of-use asset and lease liability for all leases which the Group is the lessee of those lease contracts.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the implicit interest rate in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

(1) Fixed payments (including substantial fixed payments), minus any lease incentives that can be obtained;
(2) Variable lease payments dependent upon certain indicators or rates (measured by the indicators or rates used on the start date);
(3) Expected residual value guarantee from the lessee;
(4) Exercise price for purchase of options, if the Company can be reasonably assured that the right will be exercised; and
(5) Penalties for termination of the lease, in case the lease period reflects that the lessee will exercise the option to terminate the lease.

After the commencement date, the Group measures the lease liability on an amortized cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

(1) The original valuation of the lease liability;
(2) Any lease payment paid on the start date or before, minus any lease incentives taken;
(3) Any original direct cost that the lessee incurs; and
(4) Estimated cost of the lessee's dismantling, removing the target asset and restoration at the asset's location, or the cost to restore the target asset to the state required in the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Group measures the rightof-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Group measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group applies IAS 36 “Impairment of Assets” to determine whether the rightof-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Group accounted for as short-term leases or leases of low-value assets, the Group presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements of comprehensive income.

For short-term leases or leases of low-value assets, the Group elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

For the rent concession arising as a direct consequence of the COVID-19 pandemic, the Group elected not to assess whether it is a lease modification but accounted it as a variable lease payment. The Group applied the practical expedient to all rent concessions that meet the conditions for it.

<u>Group as a lessor</u>

Upon the inception of a contract, the Group classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. On the date of commencement, the Group recognizes the assets held under finance lease on the balance sheet, and expresses the net investment in the lease as a finance lease payment receivable.

For contracts that include lease components and non-lease components, the Company will distribute the considerations in the contract using regulations from IFRS 15.

The Group recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

14. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, not meeting the recognition criteria, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Gains or losses arising from derecognition of intangible assets will be recognized in profit or loss.

Computer Software

Computer software costs are amortized on a straight-line basis over its estimated useful life (2-4 years).

A summary of the policies applied to the Group's intangible assets is as follows:

	Computer Software
Useful lives	Finite
Amortization method used	Amortized on a straight-line basis over the estimated useful life
Internally generated or acquired	Acquired

15. Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 "Impairment of Assets" may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

16. Revenue recognition

The Group's revenue arising from contracts with customers mainly includes sale of goods. The accounting policies for the Group's types of revenue are explained as follow:

<u>Sale of goods</u>

The Group sells products and recognizes revenue when the promised product is delivered to the customer and the customer obtains control (the customer has the ability to lead the use of the product and obtain almost all of the remaining benefits of the product) and satisfies performance obligation. The main product of the Group is leisure food, and revenue is recognized based on the contracted price. The remaining sales transactions are usually accompanied by quantitative discounts (based on the total cumulative sales in a given period). Therefore, revenue is based on the contracted price, less the estimated amount of volume discounts. The Group uses cumulative experience to estimate the variable consideration arising from volume discounts using expectations only to the extent that it is highly probable that there will be no material reversal in the cumulative amount of revenue recognized when the uncertainty associated with the variable consideration is subsequently removed. The refund liability is also recognized relative to the expected volume discount during the specific period of the agreement.

The Group does not provide any warranty agreement for the goods provided.

The credit period for the product sales transactions of the Group is 40-90 days. Accounts receivable will be recognized when most of the contracts are subject to product transfer control and have the right to receive unconditional consideration. These receivables are usually short term and do not pose as significant financing components.

The period in which the Group reclassifies the aforementioned contractual liabilities to income does not generally exceed one year and does not result in the creation of a significant financial component.

17. Borrowing cost

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset and, therefore, should be capitalized. Other borrowing costs are recognized as an expense. Borrowing costs are interest and other costs incurred in connection with the borrowing of funds.

18. Government grant

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the Group receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the statement of comprehensive income over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual installments. Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as additional government grant.

19. Post-retirement benefits

All regular employees of the Company and its domestic subsidiaries are entitled to pension plans that are managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company and its domestic subsidiaries. Therefore, fund assets are not included in the Group's consolidated financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, the Company and its domestic subsidiaries will make a monthly contribution of no less than 6% of the monthly wages of the employees' subject to the plan. The Company and its domestic subsidiaries recognize expenses for the defined contribution plan in the period in which the contribution becomes due. Overseas subsidiaries and branches make contribution to the plan based on the requirements of local regulations and the contribution is expensed as incurred.

For retirement pension plans with defined benefit plan, the Group will include the amounts after the reporting period on actuarial report through projected unit credit method. Revaluation of net defined benefit liabilities (asset) includes any changes in return on plan assets and asset ceiling and will be reduced by amount of net interest included in the net defined benefit liability (asset) and actuarial profit or loss. When revaluation of net defined benefit liability (asset) occurs, it will be recognized under other comprehensive income (loss) and immediately recognized in retained earnings.

Past service cost is the change from the present value of the defined benefit plan due to plan revision or reduction, and will be recognized as expense on the earlier of the two dates:

(1) When the plan is revised or reduced; and
(2) When the Company recognizes relevant restructuring cost or termination benefits.

Net interest of net defined benefit liability (asset) is net defined benefit liability (asset) multiplied by the discount rate, and both will be decided at the beginning of a reporting period. Subsequently, any changes that occur to the net defined benefit liability (asset) from allocations and benefit expense during the period will be considered.

20. Income Tax

Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred income tax

Deferred tax is calculated based on the temporary difference between the taxable basis of assets and liabilities and the carrying amounts on the Balance Sheet at the end of the reporting period.

All taxable temporary differences shall be recognized as deferred tax liabilities except for the following:

(1) The original recognition of goodwill, or assets or liabilities generated not from a corporate merger transaction does not affect the accounting profit or taxable income (loss), or generates equal taxable and deductible temporary differences upon transaction.
(2) Arising from investment in subsidiaries, affiliates, or joint ventures, whose point of reversal can be controlled and there may not be any taxable temporary difference to be reversed in the foreseeable future.

Deferred income tax assets that are deductible from temporary differences, unused tax losses and unused income tax deductions are recognized in the context of probable future taxable income except for the following:

(1) Related to deductible temporary differences from the original recognition of assets or liabilities generated not from a corporate merger transaction, and not affecting the accounting profit or taxable income (loss), or generating equal taxable and deductible temporary differences upon transaction.
(2) Related to deductible temporary differences from equity in investments in subsidiaries, affiliates, or joint ventures, and is highly possible to revert in the foreseeable future, potentially to the extent that there will be sufficient taxable income at the time for recognition of the temporary difference.

Deferred income tax assets and liabilities are measured at the tax rate of the expected asset realization or in the period in which the liability is settled. The tax rate is based on the tax rates and tax laws that have been enacted in the legislative or substantive legislation at the end of the reporting period. The measurement of deferred income tax assets and liabilities reflects the tax consequences arising from the manner in which the asset is expected to be recovered or the carrying amount of the liability is settled at the end of the reporting period. The deferred income tax that is related to items not recognized in profit or loss will also not be recognized in profit or loss. It will be recognized in other comprehensive income (loss) or directly recognized in equity based on its related transaction. Deferred tax assets shall be reviewed and recognized at the end of each reporting period.

For deferred tax assets and liabilities, only the offset between the current tax assets and current tax liabilities carries legally enforceable rights. Moreover, deferred income tax may be offset when it is subject to the same taxpayer and is related to the income tax levied by the same tax authority.

In accordance with the provisions of the “International Tax Reform Pillar Two Model Rules– Amendments to IAS 12” on temporary exceptions, it is not allowed to recognize the defected income tax assets and liabilities in Pillar Two, nor to disclose relevant information.

21. Business combinations and goodwill

The acquisition method is used for all business combinations. The consideration transferred, the identifiable assets acquired, and liabilities assumed are measured at acquisition date fair value. For each business combination, the acquirer measures any non-controlling interest in the acquiree either at fair value or at the noncontrolling interest’s proportionate share of the acquiree’s identifiable net assets. Acquisition-related costs are accounted for as expenses in the periods in which the costs are incurred and are classified under administrative expenses.

When the Group acquires a business, it assesses the assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at the acquisition date fair value. Subsequent changes to the fair value of the contingent consideration, which is deemed to be an asset or liability, will be recognized in accordance with IFRS 9 Financial Instruments either in profit or loss or as a change to other comprehensive income. However, if the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured as the amount of the excess of the aggregate of the consideration transferred and the non-controlling interest over the net fair value of the identifiable assets acquired and the liabilities assumed. If this aggregate is lower than the fair value of the net assets acquired, the difference is recognized in profit or loss.

V. Primary Sources of Uncertainties in Material Accounting Judgments, Estimates, and Assumptions

The preparation of the Group's consolidated financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

1. Fair value of financial instruments

   Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the income approach (for example the discounted cash flow model) or market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

2. Post-retirement benefits

   The cost of post-employment benefit and the present value of the pension obligation under defined benefit pension plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate and changes of the future salary increases Please refer to Note 6 for details on the assumptions used to measure the cost of defined benefit costs and defined benefit obligations.

3. Revenue recognition – sales returns and allowance

The Group estimates sales returns and allowance based on historical experience and other known factors at the time of sale, which reduces the operating revenue. In assessing the aforementioned sales returns and allowance, revenue is recognized to the extent it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur.

4. Income Tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

5. Trade receivables–estimation of impairment loss

The Group estimates the impairment loss of trade receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

6. Inventories

Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices may decline. The estimates are based on the most reliable evidence available at the time the estimates are made.

(Amounts in thousands of New Taiwan Dollars, unless otherwise specified)

VI. Explanations of Significant Accounting Items

1. Cash and cash equivalents

	2023.12.31	2022.12.31
Petty cash	$574	$567
Bank deposits	66,683	67,652
Time deposits	6,141	-
Equivalent cash-Attached with repurchased bonds	45,431	-
Total	$118,829	$68,219

2. Financial assets at fair value through other comprehensive income

	2023.12.31	2022.12.31
Investments in equity instruments at fair value through other comprehensive income-non-current:		
Listed companies' stocks	$708,418	$999,859
Unlisted companies' stocks	-	14,860
Total	$708,418	$1,014,719

Financial assets at fair value through other comprehensive income were not pledged.

In consideration of the Group's investment strategy, the Group participated in a private placement of 465,117, 426,440 and 380,000 common shares of PharmaEssentia Corp. listed over the counter in December 2019, June 2020 and May 2022, respectively, which are not freely transferable for three years.

On June 16, 2021, the Group's Board of Directors approved reinvestment in Acepodia, Inc., (Cayman) in the form of a cash capital increase, with participation in the cash capital increase of 403,225 preferred shares in November 2021. Acepodia, Inc., (Cayman) was listed on the Emerging Stock Market on August 8, 2023. All 403,225 preferred shares held by the Group in this company were converted to 1,612,900 ordinary shares.

3. Notes receivable

	2023.12.31	2022.12.31
Notes receivable - from operating activities	$2,593	$1,563
Notes receivable - from non-operating activities	3,535	2,624
Subtotal (Total carrying amount)	6,128	4,187
Less: Loss allowances	-	-
Total	$6,128	$4,187

Notes receivable of the Group were not pledged.

The Group assesses information related to impairment and allowance for impairment using regulations from IFRS 9. Please refer to Note 6 (16) for details. Please refer to Note 12 for information on credit risk.

(Amounts in thousands of New Taiwan Dollars, unless otherwise specified)

4. Accounts receivable

	2023.12.31	2022.12.31
Accounts receivable (Total carrying amount)	$360,818	$447,976
Less: Loss allowances	(997)	(997)
Total	$359,821	$446,979

Accounts receivable of the Group were not pledged.

The credit period granted by the Group to customers normally ranges from 30 days to 90 days. The total carrying amounts were NT$360,818,000 and NT$447,976,000 on December 31, 2023 and December 31, 2022 respectively. Please refer to Note 6(16) for information related to allowance for impairment loss in 2023 and 2022. Please refer to Note 12 for information on credit risk.

5. Inventories

	2023.12.31	2022.12.31
Commodities	$800	$2,411
Raw materials	88,841	80,126
Materials	34,558	35,119
Work in process	32,252	26,255
Finished goods	113,555	90,339
Total	$270,006	$234,250

The Group recognized operating costs of NT$1,392,477,000 and NT$1,539,923,000 in 2023 and 2022, respectively, which included NT$24,000 and NT$17,000 of losses on decline in value of inventories.

The aforementioned inventories were not pledged.

6. Property, plant, and equipment

	2023.12.31	2022.12.31
Property, plant, and equipment for self-use	$1,838,907	$1,811,357

	Land	Housing and Construction	Machinery	Computer and telecommunication equipment	Transportation Equipment	Leasehold improvements	Other Equipment	Construction in Process	Total
Cost:									
2023.1.1	$989,208	$1,401,157	$1,517,807	$17,972	$40,639	$29,258	$140,625	$88,467	$4,225,133
Addition	-	15,179	35,133	5,204	1,517	9,085	45,446	43,022	154,586
Disposal and obsolescence	(10,057)	(11,646)	(26,197)	(143)	(1,990)	-	(4,747)	-	(54,780)
Other changes	-	-	-	-	-	-	-	(16,818)	(16,818)
Other (Transfer to investment property)	(33,433)	(13,650)	-	-	-	-	-	-	(47,083)

(Amounts in thousands of New Taiwan Dollars, unless otherwise specified)

Other (Transfers in/out of other non-current assets)	-	4,464	50,789	1,077	2,738	966	14,008	-	74,042
2023.12.31	$945,718	$1,395,504	$1,577,532	$24,110	$42,904	$39,309	$195,332	$114,671	$4,335,080
Depreciation:									
2023.1.1	$-	$940,467	$1,314,518	$10,347	$35,081	$18,984	$94,379	$-	$2,413,776
Depreciation	-	38,522	60,551	4,458	1,622	6,419	13,800	-	125,372
Disposal and obsolescence	-	(1,968)	(24,406)	(24)	(1,976)	-	(4,623)	-	(32,997)
Other changes	-	-	-	-	-	-	-	-	-
Other (Transfers in/out of other non-current assets)	-	(9,978)	-	-	-	-	-	-	(9,978)
2023.12.31	$-	$967,043	$1,350,663	$14,781	$34,727	$25,403	$103,556	$-	$2,496,173
2022.1.1	$708,410	$1,247,680	$1,509,747	$14,644	$42,655	$26,735	$135,287	$1,836	$3,686,994
Acquisition through business combinations	127,275	38,281	9,655	-	-	-	3,584	-	178,795
Addition	107,455	86,907	17,143	3,328	649	930	6,216	88,301	310,929
Disposal and obsolescence	-	-	(43,549)	-	(3,141)	-	(4,374)	-	(51,064)
Other changes	-	-	-	-	-	88	(88)	(1,670)	(1,670)
Other (Transfer to investment property)	-	(7,608)	-	-	-	-	-	-	(7,608)
Other (Transfers in/out of other non-current assets)	46,068	35,897	24,811	-	476	1,505	-	-	108,757
2022.12.31	$989,208	$1,401,157	$1,517,807	$17,972	$40,639	$29,258	$140,625	$88,467	$4,225,133
Depreciation:									
2022.1.1	$-	$899,482	$1,296,838	$6,325	$35,689	$12,237	$87,980	$-	$2,338,551
Depreciation	-	46,374	60,920	4,022	1,462	6,732	10,788	-	130,298
Disposal and obsolescence	-	-	(43,240)	-	(2,070)	-	(4,374)	-	(49,684)
Other changes	-	-	-	-	-	15	(15)	-	-
Other (Transfers in/out of other non-current assets)	-	(5,389)	-	-	-	-	-	-	(5,389)
2022.12.31	$-	$940,467	$1,314,518	$10,347	$35,081	$18,984	$94,379	$-	$2,413,776
Carrying amount:									
2023.12.31	$945,718	$428,461	$226,869	$9,329	$8,177	$13,906	$91,776	$114,671	$1,838,907
2022.12.31	$989,208	$460,690	$203,289	$7,625	$5,558	$10,274	$46,246	$88,467	$1,811,357

(1) As of December 31, 2023 and 2022, the Group acquired part of the agricultural land in Dazhuang section of Bade City in the name of a third party and entered into a real estate trust deed with a carrying value of NT$7,980,000.
(2) Please refer to Note 8 for the pledge of property, plant and equipment.

(Amounts in thousands of New Taiwan Dollars, unless otherwise specified)

7. Investment property

Investment property is the Group's owned investment property. The Group enters into commercial property leases for its own investment properties with lease terms ranging from 1 to 5 years, and has the right of first refusal for part of the lease contracts.

	Land	Buildings	Total
Cost:			
2023.1.1	$141,297	$89,649	$230,946
Addition	-	-	-
Disposal and obsolescence	(6,931)	(7,962)	(14,893)
Other (Reclassifications)	33,433	13,650	47,083
2023.12.31	$167,799	$95,337	$263,136
2022.1.1	$134,366	$74,079	$208,445
Addition	6,931	7,962	14,893
Disposal and obsolescence	-	-	-
Other (Transfer from property, plant, and equipment)	-	-	-
Other (Transfers to assets held for sale)	-	7,608	7,608
2022.12.31	$141,297	$89,649	$230,946
Depreciation:			
2023.1.1	$-	$65,741	$65,741
Current depreciation	-	1,792	1,792
Disposal and obsolescence	-	(1,182)	(1,182)
Other (Reclassifications)	-	9,978	9,978
2023.12.31	$-	$76,329	$76,329
2022.1.1	$-	$57,455	$57,455
Current depreciation	-	2,897	2,897
Disposal and obsolescence	-	-	-
Other (Reclassifications)	-	5,389	5,389
2022.12.31	$-	$65,741	$65,741
Carrying amount:			
2023.12.31	$167,799	$19,008	$186,807
2022.12.31	$141,297	$23,908	$165,205

	2023	2022
Rental income from investment properties	$18,208	$15,477

Please refer to Note 8 for the pledge of investment property, plant and equipment.

The fair value of investment properties held by the Group cannot be reliably determined. After searching the website of the Secretary of the Interior and the website of the real estate transaction inquiry service, the fair value of investment properties held by the Group as of December 31, 2023 and 2022 was estimated to be approximately NT$741,484,000 to NT$1,249,811,000 and NT$648,464,000 to NT$1,008,100,000, respectively, by referring to the actual transaction information of the neighboring areas, and the fair value of investment properties held by the Group is highly likely to fall within the aforementioned range.

(Amounts in thousands of New Taiwan Dollars, unless otherwise specified)

(1) The nature of the leases is mainly for warehouses and offices, and the main contents of the leases are the same as the general leases.
(2) Rental income from building and warehouse rentals is on a monthly basis.

8. Intangible assets

	Computer Software
Cost:	
2023.1.1	$49,922
Addition	8,632
Disposal and obsolescence	-
Other (Transfer from prepayments for equipment)	4,636
2023.12.31	$63,190
2022.1.1	$45,133
Addition	3,475
Disposal and obsolescence	-
Other (Transfer from prepayments for equipment)	1,314
2022.12.31	$49,922
Amortization and impairment:	
2023.1.1	$33,647
Amortization	12,804
Disposal and obsolescence	-
2023.12.31	$46,451
2022.1.1	$22,304
Amortization	11,343
Disposal and obsolescence	-
2022.12.31	$33,647
Carrying amount:	
2023.12.31	$16,739
2022.1.1	$22,829
2022.12.31	$16,275

9. Other non-current assets

	2023.12.31	2022.12.31
Prepayments for equipment	$216,386	$208,027
Refundable deposits	4,541	5,970
Other non-current assets - other	26,208	39,475
Total	$247,135	$253,472

(Amounts in thousands of New Taiwan Dollars, unless otherwise specified)

10. Short-term loans

	Interest Rate Range (%)	2023.12.31	2022.12.31
Bank secured loans	1.51%, 2.8% (Foreign currency loans)	$-	$44,867
Bank credit loans	1.65%	50,000	-
Total		$50,000	$44,867

The Group had unused short-term borrowing facilities of approximately NT$860,000,000 and NT$982,468,000 as of December 31, 2023 and December 31, 2022, respectively.

The secured loan is secured by a mortgage on a portion of the land and buildings, please refer to Note 8 for details.

11. Deferred revenue

Government grant

	2023	2022
Beginning balance	$553	$587
Current government grants received	780	79
Recognized to profit or loss	(260)	(113)
Ending balance	$1,073	$553

	2023.12.31	2022.12.31
Deferred revenue related to assets - non-current	$1,073	$553

The Group received government grants for the purchase of pollution control equipment, electric tractors and Information Systems. There are no outstanding conditions and other contingencies for the government grants recognized.

12. Long-term loans

The details of long-term loans as of December 31, 2023 and 2022 are as follows:

Creditor	2023.12.31	Repayment period and method
Secured loans from Bank of Taiwan	$380,000	From December 29, 2022 to December 28, 2025, the credit line is negotiated on a lump-sum basis, with principal repayment on maturity and interest payable monthly. The credit line is NT$400,000,000.
Secured loans from Chang Hwa Commercial Bank	72,222	1. Long-term loans amounted to NT$ 22,222,000 and were each negotiated and determined from April 7, 2020 to March 15, 2024. The principal should be repaid upon maturity, while interest should be paid on a monthly basis. The total credit line was NT$ 150,000,000. The total credit line was changed to NT$ 88,890,000 as of November 2022. 2. Long-term loans amounted to NT$ 50,000,000 and each were negotiated and determined from April 6, 2023 to April 6, 2028. The principal should be repaid upon maturity, while interest should be paid on a monthly basis. The total credit line was NT$ 50,000,000.

(Amounts in thousands of New Taiwan Dollars, unless otherwise specified)

Secured loans from Taipei Fubon Commercial Bank	195,000	From May 26, 2023 to May 24, 2025, the credit line is available for draw-down at any time and is payable at any time, with interest payable monthly. The credit line is NT$195,000,000.
Secured loans from E.SUN Commercial Bank	60,000	From June 12, 2023 to June 12, 2025, the credit line is negotiated on a lump-sum basis, with principal repayment on maturity and interest payable monthl. The credit line is NT$60,000,000.
Subtotal	707,222	
Less: Due within one year	22,222	
Total	$685,000	

The interest rate range of the long-term loans as of December 31, 2023 was 1.7% to 1.85%.

Creditor	2022.12.31	Repayment period and method
Secured loans from Bank of Taiwan	$190,000	Starting from December 29, 2022 to Decemcer 28, 2025, the credit line is negotiated on a lump-sum basis, with principal repayment on maturity and interest payable monthly. The credit line is NT$400,000,000.
Secured loans from Chang Hwa Commercial Bank	88,889	From April 7, 2020 to March 15, 2024, the credit line is negotiated on a lump-sum basis, with principal repayment on maturity and interest payable monthly. The credit line is NT$150,000,000.
Secured loans from Taipei Fubon Commercial Bank	150,000	From January 24, 2022 to January 23, 2025, the credit line is available for draw-down at any time and is payable at any time, with interest payable monthly. The credit line is NT$ 195,000,000.
Secured loans from E.SUN Commercial Bank	60,000	Starting from June 12, 2023 to June 12, 2025, the credit line is negotiated on a lump-sum basis, with principal repayment on maturity and interest payable monthly. The credit line is NT$60,000,000.
Subtotal	488,889	
Less: Due within one year	-	
Total	$488,889	

The interest rate range of the long-term loans as of December 31, 2023 was 1.28% to 1.75%.

The secured loan is secured by a first mortgage on a portion of the land and buildings, please refer to Note 8 for details.

13. Post-retirement Benefits

<u>Defined contribution plans</u>

The employee retirement method of the Company and domestic subsidiaries adopts the defined benefit plan pursuant to the “Labor Pension Act”. The Company will make monthly contributions of no less than 6% of the employees’ monthly wages to the employees’ individual pension accounts. The Company and the domestic subsidiaries have made monthly contributions of 6% of employees' salaries to the individual pension accounts of the Bureau of Labor Insurance in accordance with the retirement plan established by the Act.

(Amounts in thousands of New Taiwan Dollars, unless otherwise specified)

Expenses under the defined contribution plan for the years ended December 31, 2023 and 2022 were NT$17,033,000 and NT$16,928,000, respectively.

Defined benefit plans

The Company's and the domestic subsidiaries' employee retirement method adopts the defined benefit plan pursuant to the "Labor Standards Act". Payment of employee pension is calculated on the base points of an employee's years of service and average monthly wages when the person is permitted to retire. Two base points will be assigned for 15 years (inclusive) of service or less, and for those exceeding 15 years of service, every year will be assigned an additional base point. The maximum base points allowed is 45. The Company and the domestic subsidiaries provide a pension fund of 2% and 9% of the total salary on a monthly basis in accordance with the Labor Standards Act, and deposits it in a designated account at the Bank of Taiwan in the name of the Labor Retirement Reserve Supervisory Committee. In addition, the Company and the domestic subsidiaries estimate the balance of the aforementioned pension fund before the end of each year. If the balance is not sufficient to pay the aforementioned amount of pension benefits to eligible employees in the following year, the difference will be withdrawn by the end of March of the following year.

The Bureau of Labor Funds, Ministry of Labor, Executive Yuan, undertakes asset allocations based on the income and expenditure of the employee retirement fund. Investment of the fund is invested in self-operated and entrusted management methods, and adopts active and passive management medium- to long-term investment strategies. The Bureau of Labor Funds takes risks including market, credit, and liquidity into consideration in setting limits and control plan for the fund so that adequate flexibility can be used toward the compensation objective without excessive risk. The minimum annual income to be distributed from the fund shall not be less than the income calculated on the basis of two-year time deposits in local banks. If there is any deficiency, the National Treasury Administration shall make up the deficiency after approval by the competent authority. Since the Company does not have the authority to participate in the operation and management of the fund, it is not possible to disclose the fair value classification of plan assets in accordance with paragraph 142 of IAS 19. The Group's defined benefit plan is expected to contribute NT$457,000 in the next year.

As of December 31, 2023 and 2022, the Group's defined benefit plans are expected to expire in 2033 and 2031, respectively.

The following table summarizes the cost of defined benefit plans recognized in profit or loss:

	2023	2022
Service costs for the current period	$(162)	$(397)
Net interest on net defined benefit liabilities (assets)	(144)	(128)
Total	$(306)	$(525)

(Amounts in thousands of New Taiwan Dollars, unless otherwise specified)

Adjustments of the present value of the defined benefit obligations and fair value of the plan assets:

	2023.12.31	2022.12.31	2022.01.01
Present value of defined benefit obligation	$71,077	$75,442	$90,511
Fair value of plan assets	(56,038)	(64,351)	(71,124)
Other non-current liabilities net defined benefit liabilities recorded	$15,039	$11,091	$19,387

Adjustments to the net defined benefit liabilities (assets):

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
2022.1.1	$90,511	$(71,124)	$19,387
Acquisition through business combinations	4,294	(2,627)	1,667
Service costs for the current period	397	-	397
Interest expenses (income)	573	(445)	128
Subtotal	95,775	(74,196)	21,579
Remeasurement of defined benefit liabilities/assets:			
Actuarial gains or losses from demographic assumptions	-	-	-
Actuarial gains or losses from financial assumptions	(4,132)	-	(4,132)
Experience based adjustments	4,010	-	4,010
Remeasurement of defined benefit assets	-	(6,581)	(6,581)
Subtotal	(122)	(6,581)	(6,703)
Benefits paid	(20,211)	20,211	-
Employer allocations	-	(3,785)	(3,785)
2022.12.31	75,442	(64,351)	11,091
Service costs for the current period	162	-	162
Interest expenses (income)	981	(837)	144
Subtotal	76,585	(65,188)	11,397
Remeasurement of defined benefit liabilities/assets:			
Actuarial gains or losses from demographic assumptions	-	-	-
Actuarial gains or losses from financial assumptions	492	-	492
Experience based adjustments	4,410	-	4,410
Remeasurement of defined benefit assets	-	(447)	(447)
Subtotal	4,902	(447)	4,455
Benefits paid	(10,411)	10,411	-
Employer allocations	-	(813)	(813)
2023.12.31	$71,076	$(56,037)	$15,039

(Amounts in thousands of New Taiwan Dollars, unless otherwise specified)

The following key assumptions are used to determine the Group's defined benefit plan:

	2023.12.31	2022.12.31
Discount rate	1.20%	1.30%
Expected rate of salary increase	1.00%, 3.00%	1.00%, 3.00%

Sensitivity analysis of every material actuarial assumption:

	2023		2022	
	Increase in defined benefit obligation	Decrease in defined benefit obligation	Increase in defined benefit obligation	Decrease in defined benefit obligation
Discount rate increase by 0.25%	$-	$1,220	$-	$1,406
Discount rate decrease by 0.25%	1,256	-	1,449	-
Expected salary increase by 0.25%	1,076	-	1,258	-
Expected salary decrease by 0.25%	-	1,051	-	1,229

The purpose of conducting the aforementioned sensitivity analysis is to analyze the possible impact of determining a defined benefit obligation when a single actuarial assumption (e.g. discount rate or expected salary) undergoes a reasonably likely change, assuming all other assumptions remain unchanged. Since some of the actuarial assumptions are related to each other, there are few separate actuarial assumptions that undergo singular changes in reality, so the analysis has its limitations.

The methods and assumptions used in the current period of sensitivity analysis are no different from the previous periods.

14. Equity

(1) Common stock

As of December 31, 2023 and December 31, 2022, the authorized capital stock of the Company was NT$ 2,000,000,000 and NT$ 1,200,000,000 respectively; the share capital already issued by the Company reached NT$ 866,740,000 and NT$ 1,083,425,000 respectively with a face value per share of NT$ 10. There were 86,674,000 shares and 108,343,000 shares respectively. Each share enjoys a voting right and the right to collect dividends.

The Company passed a resolution at the regular Shareholders' Meeting on June 20, 2023 to handle a capital decrease in cash and refund of share capital. This resolution was submitted for approval and became effective according to Letter Tai-Cheng-Shang-I-Tzu No. 1121803752 issued by Taiwan Stock Exchange Corporation on August 8, 2023. The decreased capital amount was NT$ 216,685,000, and a total of 21,668,502 shares were canceled. The ratio of capital decrease reached 20%, and the base date of the capital decrease was

(Amounts in thousands of New Taiwan Dollars, unless otherwise specified)

August 9, 2023. Furthermore, the Company finished the handling of change registration on August 22, 2023. The base date of the capital decrease and issuance of new shares was October 6, 2023.

(2) Capital surplus

	2023.12.31	2022.12.31
Treasury share transactions	$288	$288
Consolidated surplus	33,108	33,108
Others	809	809
Total	$34,205	$34,205

The increase in capital surplus from treasury stock transactions was the result of the liquidation of the subsidiary, Hongshuo Corporation, which held disposal excess of the Group's shares.

The increase in capital surplus from the merger was due to the merger of Rivon, which became a company dissolved by the merger, and the total assets less the amount of debts assumed by the dissolved company and the amount paid to the dissolved company's shareholders.

As of December 31, 2023 and 2022, dividends that are not collected before the designated date amounted to NT$809,000, respectively, and the Company adjusted capital surplus - other.

According to the law, the capital reserve shall not be used except to make up for the Company deficit. When the Company has no deficit, the overage of the shares issued by the par value and the capital reserve generated by the proceeds of the donation can be used to charge up the capital up to a certain percentage of the paid up capital each year. The aforesaid capital surplus may also be distributed in cash in proportion to the original share of the shareholders.

(3) Appropriation of net income and dividend policy

Pursuant to the Company's Articles of Incorporation, if a surplus is available after closing the accounts, it shall be first used to pay taxes, make up past deficits, then 10% of which shall be appropriated as legal capital reserve. The remaining amount shall be added to the accumulated undistributed earnings. The accumulated distributable earnings are determined after the special reserve has been appropriated or reversed in accordance with the law. The aforementioned accumulated distributable earnings are determined based on the necessity of financing the capital requirements of the earnings, the amount of retained or distributed earnings and the method of distribution in accordance with the basic principles of the Company's dividend policy, and the proposal for distribution of earnings is submitted to the shareholders' meeting for resolution when new shares are issued. The distribution of dividends and bonuses or legal reserve and capital surplus, in whole or in part, shall be authorized by the Board of Directors with the presence of at least two-thirds of the directors and the approval of a majority of the directors present, and reported to the shareholders' meeting if the distribution is made in the form of cash.

(Amounts in thousands of New Taiwan Dollars, unless otherwise specified)

The Company's dividend policy is based on the principle of continuous growth, maximization of operating profit and shareholders' equity, and stable business development. The annual dividend is based on the principle of paying no less than 50% of distributable earnings, with cash dividends accounting for at least 20% of the dividends paid.

Pursuant to the Company Act, legal capital reserve shall be appropriated until the total sum of which has reached the paid in capital. Legal capital reserve shall be used toward making up for the deficit. When the Company does not have past deficits, the Company may issue new shares or distribute cash with the portion of legal capital reserve that exceeds 25% of the paid in capital.

During the Company's Board of Directors' Meeting on February 27, 2024, and Annual Shareholders' Meeting on June 20, 2023, the appropriations and distribution of earnings for 2023 and 2022 have been separately proposed and approved with the following details:

	Appropriations and Distribution of Earnings		Dividends Per Share (NT$)	
	2023	2022	2023	2022
Legal reserve	$9,088	$64,324		
Cash dividends of common stock (Note)	$56,338	$108,343	$0.65	$1

Note: The Company's Board of Directors has specifically approved the payment of cash dividends on common stock for 2023 and 2022 on February 27, 2024 and February 22, 2023.

Please see Note 6(18) for information on the standards of estimate and recognition of amounts of employee compensation and remunerations of the Directors and Supervisors.

15. Operating revenue

Analysis of revenue from contracts with customers during the years ended December 31, 2023 and 2022 are as follows:

(1) Disaggregation of revenue

2023

	Chocolate and Biscuit Department	Pastry Department	Bread Department	Other Departments	Total
Sale of goods	$1,233,988	$432,244	$191,317	$67,801	$1,925,350
Other operating revenue	-	-	-	4,603	4,603
Total	$1,233,988	$432,244	$191,317	$72,404	$1,929,953
Timing of revenue recognition:					
At a fixed point in time	$1,233,988	$432,244	$191,317	$72,404	$1,929,953

(Amounts in thousands of New Taiwan Dollars, unless otherwise specified)

2022

	Chocolate and Biscuit Department	Pastry Department	Bread Department	Other Departments	Total
Sale of goods	$1,227,044	$585,009	$230,928	$53,285	$2,096,266
Other operating revenue	-	-	-	12,387	12,387
Total	$1,227,044	$585,009	$230,928	$65,672	$2,108,653
Timing of revenue recognition:					
At a fixed point in time	$1,227,044	$585,009	$230,928	$65,672	$2,108,653

(2) Contract balance

Contract liabilities – current

	2023.12.31	2022.12.31	2022.1.1
Sale of goods	$37,014	$19,452	$36,534

(3) Apportionment to the transaction price of outstanding performance obligations

As of December 31, 2023, the Group has outstanding (including partially outstanding) performance obligations with apportioned transaction prices totaling NT$37,014,000, of which approximately 96% is expected to be recognized as revenue in 2024 and the remaining is recognized as revenue in 2025.

As of December 31, 2022, the Group has outstanding (including partially outstanding) performance obligations with apportioned transaction prices totaling NT$19,452,000, of which approximately 95% is expected to be recognized as revenue in 2023 and the remaining is recognized as revenue in 2024.

(4) Assets recognized from the cost of acquiring or performing customer contracts

None.

16. Expected credit loss (gain)

The Group measures the loss allowance of account receivables at an amount equal to lifetime expected credit losses. The assessment of the Group's loss allowance as of December 31, 2023 and 2022 is as follows:

The Group considers counterparties' geographical regions and its loss allowance is measured by using a provision matrix. Details are as follows:

(Amounts in thousands of New Taiwan Dollars, unless otherwise specified)

2023.12.31

	Not overdue	Days overdue				Total
		Within 30 days	31 to 60 days	61 to 90 days	More than 90 days	
Total carrying amount	$350,256	$9,543	$805	$93	$121	$360,818
Rate of loss	0%~0.27%	0%~0.35%	0%~0.75%	0%~21.501%	-	
Lifetime expected credit losses	(938)	(33)	(6)	(20)	-	(997)
Total	$349,318	$9,510	$799	$73	$121	$359,821

2022.12.31

	Not overdue	Days overdue				Total
		Within 30 days	31 to 60 days	61 to 90 days	More than 90 days	
Total carrying amount	$440,037	$7,772	$104	$-	$63	$447,976
Rate of loss	0%~0.23%	0%~0.56%	0%~1.92%	-	-	
Lifetime expected credit losses	(952)	(43)	(2)	-	-	(997)
Total	$439,085	$7,729	$102	$-	$63	$446,979

The Group's note receivables are not overdue.

The movement in the provision of impairment of trade receivables during the years ended December 31, 2023 and 2022 are as follows:

	Accounts receivable
2023.1.1	$997
Additional/(reversal) for the current period	-
Write off	-
2023.12.31	$997
2022.1.1	$997
Additional/(reversal) for the current period	-
Write off	-
2022.12.31	$997

17. Operating lease

(1) Group as a lessee

The Group leases various properties, including real estate such as land and buildings and transportation equipment. The lease terms range from 3 to 5 years, some of which are non-renewable, and there are no restrictions placed upon the Group by entering into these leases.

The Group's leases effect on the financial position, financial performance and cash flows are as follows:

(Amounts in thousands of New Taiwan Dollars, unless otherwise specified)

A. Amounts recognized in the balance sheet

(a) Right-of-use assets

Carrying amount of right-of-use assets

	2023.12.31	2022.12.31
Housing and Construction	$36,765	$30,491
Transportation Equipment	313	242
Total	$37,078	$30,733

For the years ended December 31, 2023 and 2022, the Group’s addition to right-of-use assets amounted to NT$23,756,000 and NT$10,165,000, respectively.

(b) Lease liabilities

	2023.12.31	2022.12.31
Lease liabilities	$37,444	$31,149
Current	$15,781	$14,354
Non-current	$21,663	$16,795

Please refer to Note 6 (19(3)) Financing Costs for the Group's interest expense for lease liabilities in 2022 and 2021; and refer to Note 12(5) Liquidity Risk Management for the analysis on the expiration of lease liabilities as of December 31, 2022 and December 31, 2021.

B. Amounts recognized in the statement of comprehensive income

Depreciation charge for right-of-use assets

	2023	2022
Housing and Construction	$17,083	$17,436
Transportation Equipment	328	1,497
Total	$17,411	$18,933

C. Revenues and expenses related to the lessee and lease activities

	2023	2022
Expenses relating to short-term leases	$4,238	$5,066
Expenses relating to leases of low-value assets (not including the expenses relating to short-term leases of lowvalue assets)	23	20

As of December 31, 2023 and December 31, 2022, the Group's committed short-term lease portfolio is similar in the category of the aforementioned lease related to short-term lease expenses.

For 2023 and 2022, the Group recorded a related rental reduction of NT$0 thousand and NT$51,000, respectively, in other income to reflect the change in lease payments resulting from the application of the relevant practical expedient method, which is in line with the direct result of the COVID-19 pandemic.

(Amounts in thousands of New Taiwan Dollars, unless otherwise specified)

D. Cash outflow related to the lessee and lease activities

The total cash outflow related to lease of the Company in 2023 and 2022 was NT$18,258,000 and NT$19,074,000 respectively.

E. Other information relating to leasing activities

(a) Extension and termination options

Some of the Group's property rental agreement contain extension and termination options. In determining the lease terms, the non-cancellable period for which the Group has the right to use an underlying asset, together with both periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. These options are used to maximize operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group. After the commencement date, the Group reassesses the lease term upon the occurrence of a significant event or a significant change in circumstances that is within the control of the lessee and affects whether the Group is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term.

(2) Group as a lessor

Please refer to Note 6(7) for disclosures related to the Group's owned investment properties. Owned investment property is classified as an operating lease due to the non-transfer of substantially all the risks and rewards incidental to ownership of the subject asset.

	2023	2022
Lease revenue recognized from operating lease		
Income relating to variable lease payments that do not depend on an index or a rate	$18,208	$15,477

Please refer to Note 6(7) for relevant disclosure of property, plant and equipment for operating leases under IFRS 16.

For operating leases entered by the Group, the undiscounted lease payments to be received and a total of the amounts for the remaining years as of December 31, 2023 and 2022 are as follows:

(Amounts in thousands of New Taiwan Dollars, unless otherwise specified)

	2023.12.31	2022.12.31
Not later than one year	$17,068	$13,745
Later than one year but not later than two years	14,194	8,678
Later than two years but not later than three years	12,779	8,174
Later than three years but not later than four years	8,528	8,174
Later than four years but not later than five years	4,728	4,616
Total	$57,297	$43,387

18. Employee benefits, depreciation and amortization expenses are summarized by function as follows:

By function / By Nature	2023				2022			
	Operation Costs	Operation Expenses	Nonoperation Expenses	Total	Operation Costs	Operation Expenses	Nonoperation Expenses	Total
Employee benefits expense								
Salaries	$252,600	$145,377	$-	$397,977	$246,500	$166,800	$-	$413,300
Labor and health insurance	29,012	14,956	-	43,968	27,623	14,461	-	42,084
Pension	10,276	7,063	-	17,339	10,269	7,184	-	17,453
Other employee benefits	16,390	9,577	-	25,967	16,658	10,588	-	27,246
Depreciation expenses	91,557	51,271	1,745	144,573	90,258	60,121	1,749	152,128
Amortization expenses	24,438	15,241	-	39,679	25,445	14,189	-	39,634

The Company's Articles of Incorporation state that if there is a profit, the Company shall set aside employee compensation of 1%~3% of the profit, and no more than 2% for board member compensation. When the Company suffers an accumulated deficit, the profit shall be retained to recover the deficit. Employee compensation shall be paid out by shares or cash and shall be resolved in a meeting of the board of directors, with two-thirds of the board members present and over half of present members' approval, and shall report it to the shareholders' meeting. Information of the board of directors' resolution regarding employee compensation and remuneration to directors can be obtained from the Market Observation Post System on the TWSE's website.

In 2023, the Company estimated employee compensation and director compensation at a ratio of 3% and 1.5% of the profits in the current year respectively. The estimated amount of employee compensation and director compensation reached NT$ 1,105,000 and NT$ 553,000 respectively. The basis of this estimation lay in the distribution of profits in the current year. The aforesaid amount was recorded under compensation expenses. In 2022, the Company estimated employee compensation and director compensation at a ratio of 3% and 1.5% of the profits in the current year respectively. The estimated amount of employee compensation and director compensation reached NT$ 14,565,000 and NT$ 7,283,000 respectively. The basis of this estimation lay in the distribution of profits in the current year. The aforesaid amount was recorded under compensation expenses.

(Amounts in thousands of New Taiwan Dollars, unless otherwise specified)

19. Non-operating income and expenses

(1) Other income

	2023	2022
Rental income	$18,208	$15,477
Interest income	2,216	289
Other income - other	6,314	7,609
Other income - Low-cost purchase benefits	-	8,520
Total	$26,738	$31,895

(2) Other gains and losses

	2023	2022
Gains on disposal of property plant, and equipment	$2,399	$445,122
Loss on scrapping of property, plant, and equipment	(397)	-
Net foreign exchange gains (losses)	1,971	(4,611)
	2,934	-
Other expenses	(1,758)	(2,083)
Total	$5,149	$438,428

(3) Finance costs

	2023	2022
Interest on bank loans	$9,030	$7,291
Interest on lease liabilities	797	532
Imputed interest on deposits	51	26
Total finance costs	$9,878	$7,849

20. Components of other comprehensive income

The components of other comprehensive income for 2023 are as follows:

	Arising in the current period	Reclassification and adjustment in the current period	Other comprehensive income	Income tax benefit (expense)	After-tax amount
Items that will not be reclassified to profit or loss:					
Remeasurement of defined benefit plans	$(4,456)	$-	$(4,456)	$891	$(3,565)
Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	(204,422)	-	(204,422)	(4,950)	(209,372)
Items that may be reclassified to profit or loss in subsequent periods:					

Exchange differences on translation of financial statements of foreign operations	928	-	928	-	928
Total	$(207,950)	$-	$(207,950)	$(4,059)	$(212,009)

The components of other comprehensive income for 2022 are as follows:

	Arising in the current period	Reclassification and adjustment in the current period	Other comprehensive income	Income tax benefit (expense)	After-tax amount
Items that will not be reclassified to profit or loss:					
Remeasurement of defined benefit plans	$6,703	$-	$6,703	$(1,341)	$5,362
Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	442,030	-	442,030	(13,578)	428,452
Items that may be reclassified to profit or loss in subsequent periods:		-			
Exchange differences on translation of financial statements of foreign operations	(58)	-	(58)	11	(47)
Total	$448,675	$-	$448,675	$(14,908)	$433,767

21. Income Tax

Major components of income tax expense (benefit) for 2023 and 2022 are as follows:

Income tax recognized in profit or loss

	2023	2022
Current income tax expense (benefit):		
Current income tax payable	$18,847	$-
Land value increment tax	-	37,135
Adjustments in respect of current income tax of prior periods	15	374
Deferred income tax expense (benefit):		
Deferred tax expense (benefit) relating to origination and reversal of temporary differences	651	5,181
Income tax (benefit) expense	$19,513	$42,690

Income tax recognized in other comprehensive income

	2023	2022
Current income tax expense (benefit):		
Realized gains (losses) on investments in equity instruments at fair value through other comprehensive income	$4,950	$13,578

(Amounts in thousands of New Taiwan Dollars, unless otherwise specified)

Deferred income tax expense (benefit):		
Exchange differences on translation of financial statements of foreign operations	-	(11)
Remeasurement of defined benefit plans	(891)	1,341
Income tax related to other components of consolidated income	$4,059	$14,908

Reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is follows:

	2023	2022
Accounting profit (loss) before tax from continuing operations	$35,203	$466,846
Income tax calculated at the parent company's statutory income tax rate	$7,040	$93,369
Settlement of the Surtax on Undistributed Retained Earnings	18,847	-
Tax effects of revenues exempt from taxation	-	(87,853)
Tax effects of non-deductible expense	(6,535)	678
Tax effects of other - use of loss carryforwards	146	(1,058)
Adjustments of current income tax in previous years	15	374
Recognition of tax losses, tax deductible or temporary differences of prior periods not recognized	-	45
Land value increment tax	-	37,135
Income tax expense recognized in profit or loss	$19,513	$42,690

Deferred income tax asset (liabilities) balances related to the following items:

2023

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Arising from consolidation	Ending balance
Temporary differences					
Book-tax difference in depreciation	$1,804	$(445)	$-	$-	$1,359
Accumulated conversion adjustment	(5,485)	-	-	5,485	-
Net defined benefit liabilities - noncurrent	16,325	(101)	891	-	17,115
Short-term employee benefits	1,544	-	-	-	1,544
Unrealized exchange losses	81	(131)	-	-	(50)
Unrealized exchange gains	(6)	234	-	-	228
Impairment of property, plant, and equipment	12	-	-	-	12
Land value increment tax arising from the acquisition of subsidiaries	(10,008)	-	-	-	(10,008)
Unused tax losses	208	(208)	-	-	-
Deferred income tax (expense)/benefit		$(651)	$891	$5,485	
Net deferred income tax assets/(liabilities)	$4,475				$10,200
Information stated on balance sheet is as follows:					
Deferred income tax assets	$19,974				$20,258
Deferred income tax liabilities	$15,499				$10,058

(Amounts in thousands of New Taiwan Dollars, unless otherwise specified)

2022

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Arising from consolidation	Ending balance
Temporary differences					
Book-tax difference in depreciation	$3,119	$(1,315)	$-	$-	$1,804
Accumulated conversion adjustment	(5,496)	-	11	-	(5,485)
Net defined benefit liabilities - noncurrent	17,984	(652)	(1,341)	334	16,325
Short-term employee benefits	1,544	-	-	-	1,544
Unrealized exchange losses	319	(238)	-	-	81
Unrealized exchange gains	-	(21)	-	15	(6)
Impairment of property, plant, and equipment	12	-	-	-	12
Land value increment tax arising from the acquisition of subsidiaries	-	-	-	(10,008)	(10,008)
Unused tax losses	-	(2,955)	-	3,163	208
Deferred income tax (expense)/benefit		$(5,181)	$(1,330)	$(6,496)	
Net deferred income tax assets/(liabilities)	$17,482				$4,475
Information stated on balance sheet is as follows:					
Deferred income tax assets	$22,978				$19,974
Deferred income tax liabilities	$5,496				$15,499

The following table contains information of the unused tax losses of the Group:

Parent company - Hunya Foods

Year of occurrence	Loss amount	Unused tax losses 2023.12.31	Unused tax losses 2022.12.31	Last deductible year
2017	$88,248	$44,458	$44,458	2027
2018	9,077	9,077	9,077	2028
Total	$97,325	$53,535	$53,535	

Subsidiaries - Croissants Bakery

Year of occurrence	Loss amount	Unused tax losses 2023.12.31	Unused tax losses 2022.12.31	Last deductible year
2018	$8,052	$-	$-	2028
2019	3,034	-	-	2029
2020	10,407	-	6,943	2030
2021	10,099	4,108	10,099	2031
Total	$31,592	$4,108	$17,042	

Unrecognized deferred income tax assets

As of December 31, 2023 and 2022, deferred tax assets that have not been recognized as they may not be used to offset taxable profits amounted to NT$11,529,000 and NT$13,219,000, respectively.

The assessment of income tax returns

As of December 31, 2023, the assessment of the income tax returns of the Group is as follows:

	The assessment of income tax returns	Remark
The Company	Assessed and approved up to 2021	None
Subsidiaries - Croissant Bakery Ltd.	Assessed and approved up to 2021	None

22. Earnings per share

Basic earnings per share is calculated by dividing net profit for the year attributable to ordinary equity owners of the parent entity by the weighted average number of ordinary shares outstanding during the year.

	2023	2022
Basic earnings (loss) per share		
Profit attributable to ordinary equity owners of the parent (in NT$ thousand)	$15,690	$424,156
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	99,734	108,343
Basic earnings per share (NT$)	$0.16	$3.91

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date the financial statements were authorized for issue.

23. Business combinations

Acquisition of Croissant Bakery Ltd.

On November 23, 2021, the Group's Board of Directors approved the acquisition of an equity investment in Croissant Bakery Ltd. The Group completed the settlement of its equity interest on January 3, 2022, with a 100% shareholding and a transaction price of NT$175,000,000. As Croissant Bakery Ltd. is a subsidiary, it is included in the entity for the preparation of the consolidated financial statements.

It is incorporated in Taiwan and its main business is the manufacture and sale of pastry, bread, frozen dough and frozen cakes.

The fair values of the identifiable assets and liabilities of Croissant Bakery Ltd. as of the acquisition date were as follows:

(Amounts in thousands of New Taiwan Dollars, unless otherwise specified)

	Fair value as of the acquisition date
Assets	
Cash and cash equivalents	$21,213
Notes receivable	1,190
Accounts receivable	35,436
Other receivables	3
Inventories	10,265
Prepayments	451
Other current assets	35
Property, plant, and equipment	178,795
Investment property	14,893
Deferred income tax assets	3,512
Other non-current assets	698
Subtotal	$266,491
Liabilities	
Short-term loans	(24,000)
Notes payable	(14,407)
Accounts payable	(8,473)
Contract liabilities	(52)
Other payables	(15,084)
Deferred income tax liabilities	(10,008)
Other current liabilities	(827)
Long-term loans	(10,000)
Other non-current liabilities	(120)
Subtotal	(82,971)
Identifiable net assets	$183,520

Low-cost purchase benefits amounted as follows:	
Acquisition premium	$175,000
Less: Fair value of identifiable net assets	(183,520)
Low-cost purchase benefits	$(8,520)

The amount of identifiable net assets recognized in the financial statements as of December 31, 2022 was evaluated based on fair value. The Company has requested an appraisal report from an external appraiser for the appraisal analysis of the acquisition price allocation for the equity investment in Croissant Bakery Ltd. which was completed on November 25, 2022.

For the period from the acquisition date (January 3, 2022) to December 31, 2022, Croissant Bakery Ltd. generated revenue of NT$230,928,000 and net income before tax of NT$14,699,000 for the Group. If the consolidation had occurred at the beginning of the year, the Group's revenue from continuing operations would have been NT$2,108,653,000 and the net income from continuing operations would have been NT$466,846,000.

(Amounts in thousands of New Taiwan Dollars, unless otherwise specified)

Cash flow analysis of acquisition:

Cash paid for acquisitions	$(175,000)
Net cash acquired from subsidiary	21,213
Net cash flows from acquisition	$(153,787)

VII. Related Party Transactions

Names and relationship of related parties

Name of related parties	Relationship with the Group
Rivon Investment Co.	The Director of the company and the Chairman and President of the Group are the same person
Cheng Tien Investment Co.	The Chairperson of the company and the chairman of the Group are the same person

Material transaction matters with related parties

1. Rental income

The Group's properties were leased to related parties under general lease terms for 2023 and 2022, with the following breakdown:

	2023	2022
Other related party:		
Rivon Investment Co.	$24	$24
Cheng Tien Investment Co.	$24	$-

2. Property transactions

The Group's sale of properties to related parties are as follows:

Related Party	Summary		2023	2022
Cheng Tien Investment Co.	Sale of transport equipment	Price of sale	$-	$952
		Disposal loss	$-	$-

3. Bonuses for the Company's key managerial officers

	2023	2022
Salaries, bonuses, executive fees and remuneration	$20,833	$30,773

The key management personnel of the Group comprise directors, president and vice president.

VIII. Pledged Assets

The Company has pledged the following assets as collateral:

(Amounts in thousands of New Taiwan Dollars, unless otherwise specified)

Item	Carrying amount 2023.12.31	Carrying amount 2022.12.31	Content of the secured liabilities
Property, plant and equipment - land and buildings	$1,186,764	$1,223,565	Bank loan
Investment property - land and buildings	186,641	165,038	〃
Other current assets - restricted assets - time deposits	700	29,567	Bank loan and truck fuel guarantee
Total	$1,374,105	$1,418,170	

IX. Significant Contingent Liabilities and Unrecognized Contract Commitments

As of December 31, 2023, the Group had unused forward letter of credit facilities for the purchase of raw materials and equipment amounting to approximately NT$24,594,000.

X. Significant Disaster Loss

None.

XI. Significant Events after the Balance Sheet Date

None.

XII. Others

1. Category of financial instruments

Financial assets

	2023.12.31	2022.12.31
Financial assets at fair value through other comprehensive income	$708,418	$1,014,719
Financial assets at amortized cost		
Cash and cash equivalents (excluding petty cash)	118,255	67,652
Notes receivable	6,128	4,187
Accounts receivable	359,821	446,979
Refundable deposits	4,541	5,970
Restricted assets	700	29,567
Total	$1,197,863	$1,569,074

Financial liabilities

	2023.12.31	2022.12.31
Financial liabilities measured at amortized cost:		
Short-term loans	$50,000	$44,867
Accounts payable	498,358	541,667
Long-term loans (Due within one year)	707,222	488,889
Guarantee deposits received	4,361	3,659
Lease liabilities	37,444	31,149
Total	$1,297,385	$1,110,231

2. Objective and policy of financial risk management

The objective of the Group's financial risk management is to manage the market risk, credit risk, and liquidity risk related to operating activities. The Group conducts the identification, valuation, and management of the aforementioned risks based on the Group's policy and risk appetite.

The Group has set up appropriate policy, procedures, and internal control in regards to the aforementioned financial risk management based on relevant standards. Material financing activities need to be reviewed by the Board of Directors in regards to relevant standards and internal control system. During implementations of financial management activities, the Group shall strictly abide by the regulations for financial risk management that have been set up.

3. Market risk

The Group's market risk is the risk of changes in fair value or cash flow from financial instruments due to market price changes. Market risk mostly includes exchange rate risk, interest rate risk, and other pricing risks (e.g. equity instruments).

In practice, very few risk variables are single occurring, and the change in each risk variable is usually correlated. Nevertheless, the sensitivity analysis on the following risks does not take the interactions between various risk variables into consideration.

Foreign exchange risk

The Group's foreign exchange rate risk relates primarily to foreign currency bank deposits.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group’s profit is performed on significant monetary items denominated in foreign currencies as of the end of the reporting period. The Group’s foreign currency risk is mainly related to the volatility in the exchange rates for USD, RMB, EUR and HKD. The information of the sensitivity analysis is as follows:

When NTD appreciates or depreciates against USD by 1%, the profit for the years ended December 31, 2023 and 2022 decreases/increases by NT$448,000 and NT$392,000, respectively.

When NTD appreciates or depreciates against EUR by 1%, the profit for the years ended December 31, 2023 and 2022 decreases/increases by NT$1,000 and NT$254,000, respectively.

When NTD appreciates or depreciates against HKD by 1%, the profit for the years ended December 31, 2023 and 2022 decreases/increases by NT$0,000 and NT$18,000, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the bank borrowings with fixed interest rates and variable interest rates.

Sensitivity analysis for interest rate risk mostly targets interest rate exposure items after the reporting period and includes variable rate investments and variable rate borrowings. It adopts the assumption that in a given accounting period, when the interest increases or decreases by 0.1%, the Group's 2023 and 2022 income will increase by NT$757,000 and decrease by NT$534,000 respectively.

Equity price risk

The Group's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group's listed and unlisted equity securities are included in the category measured at fair value through other comprehensive income. Portfolio information on equity securities is provided to the Group's senior management on a regular basis and the Board of Directors is required to review and approve all investment decisions on equity securities.

The Group does not hold listed equity securities that are mandatorily measured at fair value through profit or loss.

For investments in equity instruments measured at fair value through other comprehensive income, if the price of these equity securities increases/decreases by 1%, the equity in the Group's equity would increase/decrease by NT$7,084,000 and NT$9,999,000 in 2023 and 2022, respectively.

4. Credit risk management

Credit risk refers to the risk that the counterparty is unable to fulfill contractual obligations and leads to financial loss. The Group's credit risk mostly comes from operating activities (mostly from accounts receivable and notes receivable) and financing activities (mostly bank deposits and various financial instruments).

Each business unit of the Group follows credit risk policy, procedure, and controls in managing credit risks. The credit risk valuation of all trading counterparties comprehensively measures factors including the counterparties' financial status, credit rating, past transaction experiences, current economic environment, and the Group's internal valuations. The Group also adopts certain credit enhancement tools (e.g. prepayment) on a timely basis to reduce the credit risk from certain customers.

As of December 31, 2023 and 2022, receivables from top ten customers represented 74% and 82% of the total contract assets and trade receivables of the Group, respectively. The credit concentration risk of other contract assets and accounts receivables was insignificant.

(Amounts in thousands of New Taiwan Dollars, unless otherwise specified)

The Group's financing department manages credit risk by managing bank deposits and other financial instruments in accordance with Company policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating. Consequently, there is no significant credit risk for these counterparties.

The Group has adopted IFRS 9 in the valuation of expected credit loss. Receivables are measured as allowances for lifetime expected credit losses.

Additionally, when evaluating financial assets that cannot be reasonably recovered, the Group will write off the assets (for instance, if the issuer or the debtor experiences material financial difficulty or has become bankrupt).

The Group's investments in debt instruments with increased credit risk are disposed of in a timely manner to reduce credit losses. When evaluating expected credit losses, forward-looking information (information that can be obtained without excessive costs or inputs) is also evaluated, including macroeconomic information and industry information, and the loss rate is further adjusted if the forward-looking information will have a significant impact.

5. Liquidity risk management

The Group maintains financial flexibility through contracts including cash and cash equivalents, convertible bonds, and leases. The following table summarizes the maturity of the payments contained in the contracts of the Group's financial liabilities. It is compiled based on the date on which the earliest possible repayment is required using its undiscounted cash flow.

Non-derivative financial liabilities

	Less than 1 year	1 to 4 years	5 years or above	Total
2023.12.31				
Loans	$72,222	$685,000	$-	$757,222
Accounts payable	498,358	-	-	498,358
Lease liabilities (Note)	20,042	21,663	-	41,705
2022.12.31				
Loans	$44,867	$488,889	$-	$533,756
Accounts payable	541,667	-	-	541,667
Lease liabilities Note)	19,440	16,795	-	36,235

Note: Includes cash flows from short-term leases and lease contracts for low-value underlying assets.

6. Adjustments of liabilities from financing activities

Information on adjustments of liabilities in 2023:

(Amounts in thousands of New Taiwan Dollars, unless otherwise specified)

	Short-term loans	Short-term notes and bills payable	Long-term loans (Due within one year)	Lease liabilities	Other noncurrent liabilities	Total liabilities from financing activities
2023.1.1	$44,867	$-	$488,889	$31,149	$4,211	$569,116
Cash flows	5,133	-	218,333	(18,258)	1,482	206,690
Non-cash changes	-	-	-	24,553	(260)	24,293
2023.12.31	$50,000	$-	$707,222	$37,444	$5,433	$800,099

Information on adjustments of liabilities in 2022:

	Short-term loans	Short-term notes and bills payable	Long-term loans (Due within one year)	Lease liabilities	Other noncurrent liabilities	Total liabilities from financing activities
2022.1.1	$60,000	$69,978	$610,000	$39,808	$3,989	$783,775
Cash flows	(39,133)	(69,978)	(131,111)	(19,074)	217	(259,079)
Non-cash changes	-	-	-	10,415	(115)	10,300
Acquisition	24,000	-	10,000	-	120	34,120
2022.12.31	$44,867	$-	$488,889	$31,149	$4,211	$569,116

7. Fair value of financial instruments

(1) Valuation technique and assumptions used in measuring fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Group to measure or disclose the fair values of financial assets and financial liabilities:

A. The carrying amount of the cash and cash equivalents, account receivables, account payables and other current liabilities is a reasonable approximation of the fair value, mainly because the period of maturity of such instruments is short.

B. The fair value of financial assets and financial liabilities that are traded in active market and have standard terms and conditions are determined by reference to market quotations (e.g., listed stocks, beneficiary certificates, bonds and futures).

C. The fair value of long-term borrowings is determined based on quoted prices from counter-parties, and assumptions such as interest rates and discount rates are made mainly with reference to information related to similar instruments (e.g., information on credit risk).

(2) Fair value of financial instruments measured at amortized cost

The carrying amount of cash and cash equivalents, account receivables, account payables and other current liabilities approximate their amortized cost.

(Amounts in thousands of New Taiwan Dollars, unless otherwise specified)

(3) Information about the fair value hierarchy of financial instruments

For details of the fair value hierarchy of the Group's financial instruments, please refer to Note 12(8).

8. Fair value hierarchy

(1) Definition of fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: Unobservable inputs for the asset or liabilities.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

(2) Hierarchical information on fair value measurements

The Group has no non-recurring assets that are measured at fair value. The fair value hierarchy information of the recurring assets and liabilities is as follows:

December 31, 2023:

	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Measured at fair value through other comprehensive income				
Equity instruments measured at fair value through other comprehensive income	$356,451	$351,967	$-	$708,418

December 31, 2022:

	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Measured at fair value through other comprehensive income				
Equity instruments measured at fair value through other comprehensive income	$514,633	$485,226	$14,860	$1,014,719

(Amounts in thousands of New Taiwan Dollars, unless otherwise specified)

Transfer between Level 1 and Level 2 during the period

During the year ended December 31, 2023 and 2022, there are no transfers between Level 1 and Level 2 of the fair value hierarchy for the Group's assets and liabilities that are measured at fair value on recurring basis.

Details of changes in Level 3 of the recurring fair value hierarchy

Reconciliation of the opening to closing balances of the Group's assets and liabilities measured at fair value on recurring basis within level 3 of the fair value hierarchy is as follows:

	Equity instruments measured at fair value through other comprehensive income
	Stock
2023.1.1	$14,860
Amount influenced by exchange rate	208
Transfer-out from Level 3	(15,068)
2023.12.31	$-

	Equity instruments measured at fair value through other comprehensive income
	Stock
2022.1.1	$27,830
Total loss recognized in 2022:	
Recognized in other comprehensive income (presented in "Unrealized gain (loss) on investment in equity instruments measured at fair value through other comprehensive income")	(12,970)
2022.12.31	$14,860

Information on significant unobservable inputs in Level 3 of the fair value hierarchy

Significant unobservable inputs to the Group's fair value hierarchy for assets measured at repeated fair values in Level 3 of the fair value hierarchy that are used for fair value measurement are presented in the following table:

December 31, 2023:

The stocks of companies not listed in TPEx as originally purchased by the Group were listed on the Emerging Stock Market on August 8, 2023. Quotations of the same assets or liabilities on an active market could be acquired on the date of measurement, therefore Level 3 was transferred to Level 1.

(Amounts in thousands of New Taiwan Dollars, unless otherwise specified)

December 31, 2022:

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the inputs to fair value
Financial assets:					
Financial assets at fair value through other comprehensive income					
Stock	Market approach and equity value of complex capital structures	Expected equity value volatility	91.23%~101.23% (96.23%)	The higher the expected volatility of the equity value, the lower the fair value estimate	A 5% increase (decrease) in the expected percentage fluctuation of the equity value would decrease/increase the Group's equity by NT$248,000.

(3) Information on hierarchy that is not measured at fair value but requires disclosure of fair value

December 31, 2023:

	Level 1	Level 2	Level 3	Total
Assets with disclosed fair value only:				
Investment property (Note 6)	$-	$-	$741,484~ 1,249,811	$741,484~ 1,249,811

December 31, 2022:

	Level 1	Level 2	Level 3	Total
Assets with disclosed fair value only:				
Investment property (Note 6)	$-	$-	$648,464~ 1,008,100	$648,464~ 1,008,100

9. Significant assets and liabilities denominated in foreign currencies

Information on the Group's foreign currency financial assets and liabilities with significant impact is as follows:

Amount unit: thousand

	2023.12.31		
	Foreign currency	Exchange rate	NT$
Financial assets			
Monetary items:			
USD	$1,460	30.705	$44,815
RMB	$2	4.327	$9
EUR	$2	33.980	$68

(Amounts in thousands of New Taiwan Dollars, unless otherwise specified)

	2022.12.31		
	Foreign currency	Exchange rate	NT$
Financial assets			
Monetary items:			
USD	$1,276	30.710	$39,186
RMB	$6	4.408	$26
EUR	$776	32.720	$25,391
HKD	$470	3.938	$1,851

The above information is based on the carrying amount in foreign currency, which has been converted to functional currency.

10. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

XIII. Supplementary Disclosures

1. Information on Significant Transactions

(1) Financings provided to others: None.

(2) Endorsement/guarantee provided to others: None.

(3) Marketable securities held at the end of the period (excluding investments in subsidiaries, affiliates, and interests in joint ventures): Please refer to Attachment 1.

(4) Individual securities acquired or disposed of with accumulated amount exceeding NT$300 million or 20% of the paid-in capital: None.

(5) Acquisition of property with the amount exceeding NT$300 million or 20% of the paid-in capital: None.

(6) Disposal of property with the amount exceeding NT$300 million or 20% of the paid-in capital: None.

(7) Purchases or sales of goods from or to related parties with the amount exceeding NT$100 million or 20% of paid-in capital: None.

(8) Receivables from related parties amounting to NT$100 million or 20% of paidup capital: None.

(9) Derivatives transactions: None.

(10) Others: Business relationships and significant transactions between parent and subsidiary: Please refer to Attachment 2.

2. Information on the reinvestment business: Please refer to Attachment 3.

3. Information on investment in Mainland China: Please refer to Attachment 4.

4. Information on major shareholders: Please refer to Attachment 5.

XIV. Segment Information

For management purposes, the Group is organized into business units based on its products and services and has three reportable segments as follows:

1. For management purposes, the Group's operations are divided into business units primarily based on geographical regions and business operations. After the implementation of the quantitative threshold control, the Group has reported the following to the operations segments:

(1)	77 Operations Segment	:	The segment is responsible for '77' chocolate products, mainly covering various channels such as department stores, supermarkets, convenience stores, etc.
(2)	Rivon Operations Segment	:	The segment is responsible for the wedding cakes and bakery products of the "Rivon", mainly through direct sales.
(3)	Croissant Operations Segment	:	The segment is responsible for the manufacture and sale of pastry, bread, frozen dough and frozen cakes.

2. The Group's operating segments are not aggregated to compose the aforementioned reportable operating segments. Unreported other operating activities and related information of the operating segments are consolidated and disclosed under "Other segments".

3. Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, group finance income, finance costs and income taxes are managed on group basis and are not allocated to operating segments.

The transfer prices between operating segments are on an arm’s length basis in a manner similar to transactions with third parties.

1. Information on reportable segment profit or loss, assets and liabilities

The Group's performance of reportable segments is measured by specific performance indicators, not by segment assets and segment liabilities, and is reviewed and evaluated by management on a regular basis and used as a reference for making resource allocation decisions.

(Amounts in thousands of New Taiwan Dollars, unless otherwise specified)

2023

	Chocolate and Biscuit Department	Pastry Department	Bread Department	Other Departments	Adjustment and eliminations	Consolidated amount
Revenue						
Revenue from external customers	$1,212,487	$432,244	$191,317	$93,905	$-	$1,929,953
Inter-segment revenue	21,501	-	-	(21,501)	-	-
Total revenue	$1,233,988	$432,244	$191,317	$72,404	$-	$1,929,953
Segment profit or loss	$180,425	$68,448	$18,209	$(213,688)	$(18,191)	$35,203

2022

	Chocolate and Biscuit Department	Pastry Department	Bread Department	Other Departments	Adjustment and eliminations	Consolidated amount
Revenue						
Revenue from external customers	$1,209,163	$585,009	$230,928	$83,553	$-	$2,108,653
Inter-segment revenue	17,881	-	-	(17,881)	-	-
Total revenue	$1,227,044	$585,009	$230,928	$65,672	$-	$2,108,653
Segment profit or loss	$463,564	$229,478	$14,699	$(229,214)	$(11,681)	$466,846

(1) Inter-segment revenue is eliminated upon consolidation.

(2) The segment profit or loss of each operating segment does not include nonoperating profit or loss, such as interest income (expense), valuation (loss) gain on financial liabilities, (loss) gain on disposal of fixed assets and rental income. After these adjustments and eliminations, the aggregate amount represents the Group's net income (loss) before income tax of the continuing business units.

2. The Group is engaged in the manufacturing, processing and trading of food products, operating mainly in Taiwan.

3. Information on major customers

	2023	2022
Customer C from the chocolate and biscuit department	$438,907	$485,422
Customer J from the chocolate and biscuit department	$207,181	$178,692

Table 1 Securities held at end of period (excluding investments in subsidiaries, associates, and joint ventures):

Unit: NT$ thousand

Securities Holding Company	Type and Name of Securities	Relationship with Issuer of Securities	Financial Statement Account	Ending Balance				Remark
				Number of Shares (share)	Carrying Amount	Shareholding Ratio	Fair value (Net per share) (Unit: NT$)	
Hunya Foods Co., Ltd.	PharmaEssentia Corp.	None	Financial assets at fair value through other comprehensive income	869,896	$300,984	0.26%	$346.00	None
				1,271,557	351,967	0.37%	276.80	Participation in Private Placement
Hunya Foods Co., Ltd.	Acepodia Inc.,(Cayman)	None	Financial assets at fair value through other comprehensive income	1,612,900	55,467	0.28%	34.39	None

Note 1: Securities mentioned in this table refer to stocks, bonds, and beneficiary certificates within the scope of IAS 39 " Financial Instruments: Recognition and Measurement" as well as valuable securities derived from the aforesaid items.

Note 2: If the issuers of securities are not interested parties, this column may not be filled out.

Note 3: For securities measured at fair value, it is required to fill out the book balance obtained after the evaluation and adjustment of fair value and the deduction of accumulated impairments in the column of carrying amount; for securities not measured at fair value, it is required to fill out the book balance obtained after deduction of accumulated impairments from the cost of initial acquisition or amortized cost in the column of carrying amount.

Note 4: If the securities listed are involved in provision of guarantee, pledge loan, or other restrictions for use as agreed, number of shares guaranteed or pledged, and guarantee or pledge amount, as well as the conditions of restricted use shall be specified in the remark column.

Note 5: Methods for filling out the fair value are as follows:

1. If there are open market prices, fair value refers to the average closing price in the last month of the accounting period. However, for an open-end fund, its market price refers to the net asset value of this fund on the balance sheet date.
2. If there are no open market prices, net worth per share shall be filled out for stocks, while other items may not be filled out.

Table 2 Business Relationship and Significant Transactions between Parent and Subsidiary:

Unit: NT$ thousand

No. (Note1)	Company	Counterparty	Relationship (Note 2)	Description of Transactions			
				Account	Amount	Transaction Term	Percentage of Total Revenue or Total Assets (%) (Note 3)
0	Hunya Foods Co., Ltd.	Croissants Bakery Ltd.	1	Accounts receivable	$3,763	able to General Transaction	0.10%
0	Hunya Foods Co., Ltd.	Croissants Bakery Ltd.	1	Accounts receivable	15	〃	-
0	Hunya Foods Co., Ltd.	Croissants Bakery Ltd.	1	Sales revenue	11,399	〃	0.59%
0	Hunya Foods Co., Ltd.	Croissants Bakery Ltd.	1	Rental income	20	〃	-

Note 1: The information on business dealings between the parent company and subsidiaries should be numbered according to the following method:

1. For the parent company, fill in 0.
2. Subsidiaries are sorted in a numerical order starting from 1.

Note 2: Relationships with counterparties can be any one of the following three types:

1. The parent company to subsidiaries.
2. Subsidiaries to the parent company.
3. Subsidiaries to subsidiaries.

Note 3: The ratio of transaction amount to total revenue or total assets is calculated as the ending balance to total assets if it is an asset or liability account.

For profit and loss accounts, the calculation is based on the cumulative amount to total revenue in the period.

Note 4: Major transactions between parent and subsidiary are offset in the preparation of consolidated financial statements.

Note 3 Name of Investee Company, Location...etc. (excluding Mainland China investee companies)

Unit: NT$ thousand

Name of Investor	Name of Investee (Note 1, 2)	Location	Principal Business	Initial Investment Amount		End of the Period			Profit (Loss) of Investee for the Period (Note 2(2))	Investment Profit (Loss) Recognized for the Period (Note 2(3))	Remark
				Ending Balance for the Current (Note 3)	End of Last Year	Number of	Shareholding (%)	Carrying amount			
Hunya Foods Co., Ltd.	HUNYA INTERNATIONAL LIMITED	British Virgin Islands	Investment Industry	-	$30,312 (USD1,021 tousand)	-	-	$-	$224	$224	Subsidiaries
Hunya Foods Co., Ltd.	Croissants Bakery Ltd.	Taiwan	Food Industry	$175,000	175,000	-	100%	192,850	18,191	2,526	Subsidiaries
HUNYA INTERNATIONAL LIMITED	ABSOLUBEST INVESTMENTS LIMITED	British Virgin Islands	Investment Industry	-	$30,312 (USD1,021 tousand)	-	-	-	224	224	Sub-subsidiaries

Note 1: If a public company has a foreign holding company and is required by local laws and regulations to use consolidated financial statements as the primary financial statements, the disclosure of information about the investee company may be limited to the relevant information of the holding company.

Note 2: For cases other than those described in Note 1, the following regulations apply:
accordance with the circums the Company's transfer of investment and each direct investment. The Company shall fill in the following information in the order of the reinvestment of the investee company or the indirectly controlled invest The relationship between each investee company and the Company (if it is a subsidiary or sub-subsidiary) shall be indicated in the Notes column.

(2) The column of "Profit or loss of investee company for the period" shall be filled in the amount of profit or loss of each investee company for the period.

(3) The column of "Gains or losses recognized during the period" shall be filled in only for each subsidiary and equity-method investee recognized by the (public) company. The remainder is not required. When filling "Amount of current profit or loss of each subsidiary recognized as a direct investment", the amount of current profit or loss of each subsidiary includes the investment income or loss that shal with the regulations for its reinvestment.

Note 3: The liquidation of HUNYA INTERNATIONAL LIMITED and ABSOLUBEST INVESTMENTS LIMITED was completed in October 2023 and August 2023 respectively.

Note 4: Relevant information of the aforesaid subsidiaries hasn’t been reviewed by CPAs.

Table 4 Information on Investments in Mainland China:

I. Investee Company in Mainland China:

Unit: NT$ thousand

Investee Company in Mainland China Name of Company	Main Business Activities	Paid-in Capital	Method of Investments (Note 1)	Accumulated Amount of Investments	Amount of Investments Remitted or Repatriated for		Accumulated Amount of Investments	The Company's Direct or	Investment Profit (Loss) Recognized (Note 2)	Carrying Amount of Investments	Accumulated Investment Income
					Remitted	Repatriated					
Rivon Trading (Shanghai) Co.. Ltd.	Trading Company	$29,686 (USD1,000 tousand)	(3)	$29,686	$-	$-	$29,686	100%	$219	$-	$-

II. Limitation on investment in mainland China:

Accumulated Amount of Investments Remitted from Taiwan to	Amount of Investments Authorized by	Ceiling on Amount of Investments Stipulated
$29,686 (USD1,000 tousand)	$29,686 (USD1,000 tousand) (Note 4)	$1,446,755

III. Major transactions with any investee company in mainland China directly or indirectly through a third region, and their prices, payment terms, unrealized gains (losses), and other information: None

IV. Directly or indirectly through a third area business with the mainland investee company to provide endorsement guarantee or provide collateral situation: None.

V. Directly and indirectly through a third area to provide financing to the investee company in the mainland: None.

VI. Other transactions that have a significant effect on the profit or loss or financial position of the period: None.

Note I. Methods of investments are divided into the following three types:

(1) Investment in mainland companies through a third region remittance.

(2) Reinvestment in mainland companies through third region investment and establishment of companies.

(3) Reinvestment in mainland companies by reinvesting in existing companies in third regions.

(4) Direct investment in mainland companies.

(5) Others.

Note II. Investment profit (loss) recognized for the period:

(1) Indicate if no investment profit (loss) is recognized as an investee is under preparation.

(2) Indicate if investment profit (loss) is recognized on the following basis:

1.Financial statements audited by international accounting firms cooperating with accounting firms in the Republic of China.

2.Financial statements audited by the parent company's CPAs in Taiwan.

3.Others.

Note III. The relevant figures in this table shall be presented in thousands of New Taiwan dollars.

Note IV. Rivon Trading (Shanghai) Co., Ltd. was already canceled. Also, it was already applied to the Investment Commission, the Ministry of Economic Affairs that the cancellation registration of mainland business was completed and acquired on March 30, 2023. It was approved and recorded for future reference according to Shen-Erh-Tzu No. 11200042820 Letter.

Note IV. This investee has already been disposed of in the current period. Therefore, the carrying amount of the ending investment was 0. However, relevant disposal price is now being applied for repatriation.

Table 5 Information on Major Shareholders:

Unit: share

Share / Name of	Shareholding			
	Number of Common Shares	Number of Special Shares	Total Number of Shares Held	Percentage of Ownership (%)
Rivon Investment Co., Ltd.	12,765,032	-	12,765,032	14.72%
Cheng Tian Investment Co., Ltd.	9,711,652	-	9,711,652	11.20%
X-Chen Chang	6,570,616	-	6,570,616	7.58%
X-Yen Chang	4,694,732	-	4,694,732	5.41%

(1) The major shareholders in this table are shareholders holding more than 5% of the common and preference shares that have completed delivery without physical registratio (including treasury shares) on the last business day of each quarter calculated by the Taiwan Depository & Clearing Corporation. Share capital indicated in the Company's financial statements may differ from the actual number of shares that have been issued and delivered without physical registration as a result of different basis of preparation.

(2) If a shareholder delivers its shareholding information to the trust, the aforesaid information shall be disclosed by the individual trustee who opened the trust account. Please MOPS for information on shareholders who declare themselves to be insiders holding more than 10% of shares in accordance with the Securities and Exchange Act, and the shareholdings including their shareholdings plus their delivery of trust and shares with the right to make decisions on trust property.

Independent Auditors’ Report

To Hunya Foods Co. Ltd.:

Opinions

We have audited the Parent Company Only Balance Sheet of Hunya Foods Co. Ltd. as of December 31, 2023 and 2022, Parent Company Only Statements of Comprehensive Income, Parent Company Only Statements of Changes in Equity, Parent Company Only Statements of Cash Flows, and Notes to Parent Company Only Financial Statements (including Summary of Significant Accounting Policies) for the annual periods from January 1 to December 31, 2023 and 2022.

In our opinion, the aforementioned Parent Company Only Financial Statements present fairly, in all material respects, the financial position of Hunya Foods Co. Ltd. as of December 31, 2023, and 2022, and its financial performance and cash flows for the annual periods ended December 31, 2023, and 2022, in conformity with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers.”

Basis for Opinions

We conducted our audit in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the "Auditors’ Responsibilities for the Audit of the Parent Company Only Financial Statements" section of our report. We are independent of Hunya Foods Co. Ltd. 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 key matters refer to those most material key matters for the audit on the Parent Company Only Financial Statements of the year 2023 of Hunya Foods Co. Ltd., based on the professional judgment of the accountant. These matters were addressed in the context of our audit of the Parent Company Only Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<u>Inventory valuation</u>

As of December 31, 2023, Hunya Foods Co. Ltd.'s inventory amounts to NT$262,775 thousand and accounts for 7% of total parent company only assets and was material to the financial statements. Since the prices of inventory products are subject to competition from industry peers and may decrease, and since inventories are evaluated based on the number of days to expiration, the calculation of the net realizable value of inventories is complicated. Therefore, inventory evaluation is one of the important evaluation items in the accountant's auditing on the financial review of Hunya Foods Co. Ltd. Our audit procedures include, but are not limited to, those relating to the following: Understanding the internal control system established by management for inventory valuation management, evaluating the net realizable value estimated by management for inventory valuation, including sampling the relevant import and export certificates used by management to evaluate the net realizable value of inventory to verify the net realizable value used by management; sampling the inventory inbound and outbound records to verify the correctness of inventory aging and the reasonableness of the allowance for doubtful losses based on inventory aging; and conducting analytical procedures for inventory balances and inventory turnover rates. We also consider the appropriateness of the disclosure of inventories in the parent company only financial statements, as described in Note 4.9, Note 5 and Note 6 to the parent company only financial statements.

Loss allowance for accounts receivable

As of December 31, 2023, the carrying amounts of accounts receivable and allowance for losses of Hunya Foods Co. Ltd. were NT$331,560 thousand and NT$997 thousand, respectively, and the net accounts receivable accounted for 9% of total individual assets and were material to the financial statements. Since the allowance for losses on accounts receivable is measured based on the expected credit losses over the period of time, the measurement process requires appropriate grouping of accounts receivable and judgmental analysis of the use of assumptions related to the measurement process, including the appropriate aging range, the loss rate for each aging range and the consideration of forward-looking information. Therefore, this is one of the important evaluation items in the accountant's auditing on the financial review of Hunya Foods Co. Ltd. Our audit procedures include, but are not limited to, those relating to the following: Verifying if customer groups with significantly different loss types are appropriately grouped; testing the reserve matrix, including assessing the reasonableness of the determination of the age range of each group and checking the correctness of the original evidence against the underlying information; testing statistical information related to loss ratio calculated by rolling rate; considering the reasonableness of the forward-looking information included in the loss ratio assessment; and assessing whether such forward-looking information affects the loss ratio. In addition, we perform analytical review procedures to evaluate whether there is any significant abnormality in the two-period comparison of the changes in accounts receivable. The collectability of accounts receivable is evaluated by reviewing the collection status of accounts receivable after the due date for customers with large receivable balances at the end of the period. We also considered the appropriateness of the disclosure of accounts receivable in the parent company only financial statements as described in Note 5, Note 6 and Note 12.4 to the parent company only financial statements.

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

To ensure that the Parent Company Only Financial Statements do not contain material misstatements caused by fraud or errors, the management is responsible for preparing prudent Parent Company Only Financial Statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for preparing and maintaining necessary internal control procedures pertaining to the Parent Company Only Financial Statements.

In preparing the Parent Company Only Financial Statements, the management is responsible for assessing Hunya Foods Co. Ltd.'s ability to continue as a going concern, disclosing, as applicable, matters related to the going concern and using the going concern basis of accounting unless the management either intends to liquidate Aurora Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the Audit Committee, are responsible for overseeing Hunya Foods Co. Ltd.'s financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the Parent Company Only Financial Statements as a whole are free from material misstatements, 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 generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

1. Identify and evaluate the risk of material misstatements due to fraud or error in the Parent Company Only Financial Statements; design and carry out appropriate countermeasures

for the evaluated risk; and obtain sufficient and appropriate evidence as the basis for audit 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 controls 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 controls of Hunya Foods Co. Ltd.

3. Assess the appropriateness of the accounting policies adopted by the management, as well as the reasonableness of their accounting estimates and relevant disclosures.

4. Conclude on the appropriateness of the 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 Hunya Foods Co. Ltd.'s ability to operate as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Parent Company Only Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Hunya Foods Co. Ltd. to cease to continue as a going concern.

5. Evaluate the overall expression, structure and contents of the Parent Company Only Financial Statements (including relevant Notes), and whether the Parent Company Only Financial Statements fairly present relevant transactions and items.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Hunya Foods Co. Ltd. to express an opinion on the Parent Company Only Financial Statements. We are responsible for the direction, supervision, and performance of the audit and for expressing an opinion on the Group's audits.

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

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

From the matters communicated with those charged with governance, we determine the key audit matters of Hunya Foods Co. Ltd.'s Parent Company Only Financial Statements for the year ended December 31, 2023. 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.

Ernst & Young, Taiwan
Financial Report of TWSE Listed Company as Authorized by the Competent Authority
Auditing and Attestation No.: No. FSC (6) No. 0930133943
No. FSC (6) No. 0970038990

CPA: Rung-Huang Shiu
Jian-Tze Huang

February 27, 2024

Hunya Foods Co., Ltd.
Balance Sheets
January 1 to December 31, 2023 and 2022

Expressed in Thousands of New Taiwan Dollars

Assets			December 31, 2023		December 31, 2022		Liabilities and Equity			December 31, 2023		December 31, 2022	
Code	Account Names	Note	Amount	%	Amount	%	Code	Account Names	Note	Amount	%	Amount	%
	Current assets							Current liabilities					
1100	Cash and cash equivalents	4 and 6	$41,686	2	$49,842	1	2100	Short-term borrowings	6	$50,000	2	$44,867	1
1150	Notes receivable, net	4 and 6	4,932	-	2,843	-	2130	Current contract liabilities		37,014	1	19,452	1
1170	Accounts receivable, net	4 and 6	330,563	9	413,326	10	2150	Notes payable		-	-	727	-
1180	Accounts receivable from related parties, net	4, 6 and 7	3,763	-	127	-	2170	Accounts payable		197,952	5	207,106	5
1200	Other receivables		1,489	-	195	-	2180	Acoounts payable from related parties	7	15	-	106	-
1210	Other receivables from related parties	7	-	-	59	-	2200	Other payables		258,148	6	293,596	7
130x	Inventories	4 and 6	262,775	7	224,109	5	2230	Current tax liabilities	4 and 6	23,686	1	13,575	-
1410	Prepayments		14,753	-	24,597	1	2280	Current lease liabilities	4 and 6	15,781	-	14,354	-
1470	Other current assets	8	2,042	-	32,297	1	2300	Other current liabilities		32,716	1	19,099	1
11xx	Total current assets		662,003	18	747,395	18	2322	Current portion of long-term borrowings	6	22,222	1	-	-
							21xx	Total current liabilities		637,534	17	612,882	15
	Non-current assets												
1517	Non-current financial assets at fair value through other comprehensive income	4 and 6	708,418	19	1,014,719	25		Non-current liabilities					
1550	Investments accounted for using equity method	4 and 6	192,851	5	192,000	5	2540	Long-term borrowings	6	685,000	18	488,889	12
1600	Property, plant and equipment	4 and 6	1,704,604	45	1,645,918	40	2570	Deferred tax liabilities	4 and 6	50	-	5,485	-
1755	Right-of-use assets	4 and 6	37,078	1	30,733	1	2580	Non-current lease liabilities	4 and 6	21,663	1	16,795	1
1760	Investment property, net	4 and 6	186,807	5	151,460	4	2600	Other non-current liabilities		5,433	-	4,091	-
1780	Intangible assets	4 and 6	16,699	-	16,208	-	2640	Net defined benefit liability	4 and 6	14,272	-	10,173	-
1840	Deferred tax assets	4 and 6	19,877	-	19,582	1	25xx	Total non-current liabilities		726,418	19	525,433	13
1900	Other non-current assets	4 and 6	246,874	7	252,906	6	2xxx	Total iabilities		1,363,952	36	1,138,315	28
15xx	Total non-current assets		3,113,208	82	3,323,526	82							
							31xx	Equity attributable to owners of parent					
							3100	Share capital					
							3110	Ordinary shares	6	866,740	23	1,083,425	27
							3200	Capital surplus	6	34,205	1	34,205	1
							3300	Retained earnings					
							3310	Legal reserve		325,757	9	261,433	6
							3350	Unappropriated retained earnings	6	690,176	18	771,963	19
								Total retained earnings		1,015,933	27	1,033,396	25
							3400	Other equity interest		494,381	13	781,580	19
							3xxx	Total equity		2,411,259	64	2,932,606	72
1xxx	Total assets		$3,775,211	100	$4,070,921	100		Total liabilities and equity		$3,775,211	100	$4,070,921	100

(See accompanying notes to parent company only financial statements.)

Chairperson: Yun-Chi Chang　　Manager: Yun-Chi Chang　　Accounting Manager: Tsai-Yun Yu

Hunya Foods Co., Ltd.
Statements of Comprehensive Income
January 1 to December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars, Except Earnings Per Share)

Expressed in Thousands of New Taiwan Dollars

Code	Account Names	Note	2023 Amount	2023 %	2022 Amount	2022 %
4000	Operating revenue	4 and 6	$1,750,034	100	$1,871,540	100
5000	Operating costs	6 and 7	(1,239,766)	(71)	(1,356,013)	(72)
5900	Gross profit from operations		510,268	29	515,527	28
5920	Realized profit from sales		-	-	57	-
5950	Gross profit from operations		510,268	29	515,584	28
6000	Operating expenses	6				
6100	Selling expenses		(378,495)	(22)	(384,862)	(21)
6200	Administrative expenses		(91,127)	(5)	(116,976)	(6)
6300	Research and development expenses		(24,407)	(1)	(18,129)	(1)
6450	Expected credit loss (gain)		-	-	(9,983)	(1)
	Total operating expenses		(494,029)	(28)	(529,950)	(29)
6900	Net operating income (loss)	4 and 6	16,239	1	(14,366)	(1)
7000	Non-operating income and expenses					
7010	Other income	4 and 6	24,989	1	29,016	2
7020	Other gains and losses	6 and 7	1,086	-	437,955	23
7050	Finance costs	6	(9,878)	-	(7,596)	-
7070	Share of profit (loss) of subsidiaries, affiliated enterprises and joint ventures accounted for using equity method		2,749	-	18,819	1
	Total non-operating income and expenses		18,946	1	478,194	26
7900	Profit before tax		35,185	2	463,828	25
7950	Tax expenses	4 and 6	(19,495)	(1)	(39,672)	(2)
8200	Profit		15,690	1	424,156	23
8300	Other comprehensive income					
8310	Components of other comprehensive income that will not be reclassified to profit or loss	6				
8311	Gains (losses) on remeasurements of defined benefit plans		(4,392)	-	6,163	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income		(204,422)	(12)	442,030	23
8330	Share of other comprehensive income of subsidiaries, affiliated enterprises and joint ventures accounted for using equity method,					
	components of other comprehensive income that will not be reclassified to profit or loss		(51)	-	432	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		(4,072)	-	(14,811)	-
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss	6				
8361	Exchange differences on translation of foreign financial statements		928	-	(58)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss		-	-	11	-
	Other comprehensive income, net		(212,009)	(12)	433,767	23
8500	Total comprehensive income		$(196,319)	(11)	$857,923	46
8600	Profit attributable to:					
8610	owners of parent		$15,690		$424,156	
8700	Total comprehensive income attributable to:					
8710	owners of parent		$(196,319)		$857,923	
	Earnings per common share (expressed in dollars)					
9750	Basic earnings per share					
9710	Profit from continuing operations	6	$0.16		$3.91	

(See accompanying notes to parent company only financial statements.)

Chairperson: Yun-Chi Chang Manager: Yun-Chi Chang Accounting Manager: Tsai-Yun Yu

Hunya Foods Co., Ltd.

Statements of Changes in Equity

January 1 to December 31, 2023 and 2022

Expressed in Thousands of New Taiwan Dollars

Item	Equity Attributable to Owners of Parent						Total Equity
			Retained Earnings		Other Equity Interest		
	Share Capital	Capital Surplus	Legal Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gains (Losses) on Equity Instruments Measured at Fair Value Through Other	
Balance at January 1, 2022	$1,083,425	$33,842	$255,841	$188,486	$(881)	$567,778	$2,128,491
Balance at January 1, 2022							
Changes in other capital reserves	-	363	-	-	-	-	363
Other							
Earnings assignment and distribution in 2021:	-	-	5,592	(5,592)	-	-	-
Legal reserve	-	-	-	(54,171)	-	-	(54,171)
Cash dividends	-	-	-	424,156	-	-	424,156
Net profit for 2022	-	-	-	5,362	(47)	428,452	433,767
Other comprehensive income for 2022	-	-	-	429,518	(47)	428,452	857,923
designated at fair value through other	-	-	-	213,722	-	(213,722)	-
Balance at December 31, 2022	$1,083,425	$34,205	$261,433	$771,963	$(928)	$782,508	$2,932,606
Balance at January 1, 2023	$1,083,425	$34,205	$261,433	$771,963	$(928)	$782,508	$2,932,606
Earnings assignment and distribution in 2022:							
Legal reserve	-	-	64,324	(64,324)	-	-	-
Cash dividends	-	-	-	(108,343)	-	-	(108,343)
Net profit for 2023	-	-	-	15,690	-	-	15,690
Other comprehensive income for 2023	-	-	-	(3,565)	928	(209,372)	(212,009)
Total comprehensive income	-	-	-	12,125	928	(209,372)	(196,319)
designated at fair value through other	-	-	-	78,755	-	(78,755)	-
Capital reduction by cash	(216,685)	-	-	-	-	-	(216,685)
Balance at December 31, 2023	$866,740	$34,205	$325,757	$690,176	$-	$494,381	$2,411,259

(See accompanying notes to parent company only financial statements.)

Chairperson: Yun-Chi Chang　　Manager: Yun-Chi Chang　　Accounting Manager: Tsai-Yun Yu

Hunya Foods Co., Ltd.
Statements of Cash Flows
January 1 to December 31, 2023 and 2022

Expressed in Thousands of New Taiwan Dollars

Item	2023 Amount	2022 Amount
Cash flows from operating activities:		
Profit before tax	$35,185	$463,828
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	133,085	136,358
Amortization expense	39,624	39,621
Interest expense	9,878	7,596
Interest income	(1,160)	(242)
Other income	(260)	(164)
Share of profit (loss) of subsidiaries, affiliated enterprises and joint ventures accounted for using equity method	(2,749)	(18,819)
Realized profit from sales	-	(57)
Gains on disposal of property, plant and equipment	1,367	(445,113)
Gains on disposals of investments	(2,710)	-
Losses on disposals of property, plant and equipment	397	-
Effects of Changes in Foreign Exchange Rates	(1,899)	5,074
Other income - Gain recognized in bargain purchase transaction	-	(8,520)
Changes in operating assets and liabilities:		
Decrease (increase) in notes receivable	(2,089)	894
Decrease (increase) in accounts receivable	82,763	(43,547)
Decrease (increase) in accounts receivable from related parties	(3,636)	22,766
Decrease (increase) in other receivables	(1,294)	202
Decrease (increase) in other receivables from related parties	59	(59)
Decrease (increase) in inventories	(38,666)	26,535
Decrease (increase) in prepayments	9,844	(5,797)
Decrease (increase) in other current assets	30,255	(26,220)
Increase (decrease) current contract liabilities	17,562	(14,143)
Increase in notes payable	(727)	463
Decrease in accounts payable	(9,154)	(7,341)
Increase (decrease) in acoounts payable from related parties	(91)	106
Increase (decrease) in other payables	(35,448)	50,345
Increase (decrease) in other current liabilities	13,617	(327)
Increase (decrease) in net defined benefit liability	585	(4,284)
Cash generated from operations	274,338	179,155
Interest income received	1,160	242
Interest paid	(9,081)	(7,064)
Income tax paid	(14,579)	(41,623)
Net cash generated from operating activities	251,838	130,710
Cash flows from investing activities:		
Increase in investments accounted for using equity method	-	(175,000)
Acquisition of property, plant and equipment	(154,408)	(309,573)
Proceeds from disposal of property, plant and equipment	160	463,638
Invest in financial assets at fair value through other comprehensive income	-	(95,000)
Proceeds from disposal of financial assets at fair value through other comprehensive income	101,879	284,147
Increase in intangible assets	(8,632)	(3,396)
Decrease in refundable deposits	928	328
Increase in other non-current assets	(83,602)	(168,247)
Net cash flows used in investing activities	(143,675)	(3,103)
Cash flows from financing activities:		
Cash dividends paid	(108,343)	(54,171)
Increase (decrease) in short-term borrowings	5,133	(15,133)
Decrease in short-term notes and bills payable	-	(69,978)
Increase (decrease) current portion of long-term borrowings	22,222	(60,000)
Increase (decrease) in long-term borrowings	196,111	(61,111)
Increase in other non-current liabilities	1,602	217
Increase in capital surplus - others	-	363
Payments of lease liabilities	(18,258)	(19,074)
Capital reduction by cash	(216,685)	-
Net cash flows used in financing activities	(118,218)	(278,887)
Effects of exchange rate changes on cash and cash equivalents	1,899	(5,074)
Net decrease in cash and cash equivalents	(8,156)	(156,354)
Cash and cash equivalents at the beginning of the year	49,842	206,196
Cash and cash equivalents at the end of the year	$41,686	$49,842

(See accompanying notes to parent company only financial statements.)

Chairperson: Yun-Chi Chang Manager: Yun-Chi Chang Accounting Manager: Tsai-Yun Yu

Hunya Foods Co. Ltd.

Notes to the Parent Company Only Financial Statements

For the Years Ended December 31, 2023 and 2022

(Amounts in thousands of New Taiwan Dollars, unless otherwise specified)

I. Company History

Hunya Foods Co., Ltd. (hereinafter referred to as the "Company") was incorporated on June 14, 1976. As of December 31, 2023, the paid-in capital of the Company was NT$866,740,000 after multiple capital increases. The main business activities of the Company are the manufacturing, processing and trading of confectionery, biscuits, chocolates, mooncakes, pastry, bread, and cake. The Company's shares have been traded on the Taiwan Stock Exchange since September 2001, and its registered office and principal place of business is located at 5F., No. 3, Aly. 8, Ln. 45, Baoxing Rd., Xindian Dist., New Taipei City, Taiwan (R.O.C.).

II. Date of Authorization for Issuance of the Parent Company Only Financial Statementsand Procedures for Authorization

The parent company only financial statements of the Company (hereinafter referred to as the "Company") for the years ended December 31, 2023 and 2022 were published upon approval of the Board of Directors on February 27, 2024.

III. Application of New and Amended Standards and Interpretations

1. Changes in accounting policies resulting from applying certain standards and amendments for the first time

   The Company applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are endorsed by the Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after January 1, 2023. The adoption of the new standards and amendments had no material impact on the Company.
2. As of the date of adoption of the financial statements, standards or interpretations issued, revised or amended, by the International Accounting Standards Board ("IASB") which are endorsed by the FSC, but not yet adopted by the Company as at the end of the reporting period are listed below:

(Amounts in thousands of New Taiwan Dollars, unless otherwise specified)

Item	New/Revised/Amended Standards and Interpretations	Effective Date Issued by IASB
1	Classify Liabilities as Current or Non-current (Amendments to IAS1)	January 1, 2024
2	Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	January 1, 2024
3	Non-current Liabilities with Covenants (Amendments to IAS1)	January 1, 2024
4	Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)	January 1, 2024

(1) Classify Liabilities as Current or Non-current (Amendments to IAS1)

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial Statements and the amended paragraphs related to the classification of liabilities as current or non-current.

(2) Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)

The amendments add seller-lessees additional requirements for the sale and leaseback transactions in IFRS 16, thereby supporting the consistent application of the standard.

(3) Non-current Liabilities with Covenants (Amendments to IAS1)

The amendments improved the information companies provide about long-term debt with covenants. The amendments specify that covenants to be complied within twelve months after the reporting period do not affect the classification of debts as current or non-current at the end of the reporting period.

(4) Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

This amendment includes not only a description but also the new disclosures of Supplier Finance Arrangements.

The aforesaid amendments are newly issued, revised and amended standards or interpretations that have been issued by the IASB and endorsed by the FSC and are applicable for accounting periods beginning after January 1, 2024. The Company assesses that the newly issued or amended standards, or interpretations have no material impact on the Company.

3. As of the date of adoption of the financial statements, standards or interpretations issued, revised or amended, by International Accounting Standards Board (“IASB”) which are endorsed by FSC, but not yet adopted by the Company as at the end of the reporting period are listed below:

(Amounts in thousands of New Taiwan Dollars, unless otherwise specified)

Item	New/Revised/Amended Standards and Interpretations	Effective Date Issued by IASB
1	Amendments to IFRS10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" - "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
2	IFRS17 "Insurance Contracts"	January 1, 2023
3	Lack of Exchangeability (Amendments to IAS 21)	January 1, 2025

(1) Amendments to IFRS10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" - "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

The amendments address the inconsistency between the requirements in IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures", in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint venture. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

(2) IFRS17 "Insurance Contracts"

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model. |Under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfillment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for shortduration contracts.

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after January 1, 2023 (from the original effective date of January 1, 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim

Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after January 1, 2023.

(3) Lack of Exchangeability (Amendments to IAS 21)

This amendment describes the exchangeability and lack of exchangeability between currencies, as well as how to determine the exchange rate in case of lack of exchangeability of currency. It also stipulates the additional disclosures upon a lack of exchangeability. This amendment applies to accounting years after January 1, 2025.

The abovementioned standards and interpretations issued by IASB have not yet been endorsed by FSC at the date when the Company's financial statements were authorized for issue, the local effective dates are to be determined by FSC. The Company assesses all standards and interpretations have no material impact on the Company.

IV. Summary of Significant Accounting Policies

1. Statement of Compliance

The parent company only financial statements of the Company for the years ended December 31, 2023 and 2022 were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

2. Basis of Preparation

The Parent Company Only Financial Statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Pursuant to Article 21 of the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the current gain or loss and other comprehensive income in the Parent Company Only Financial Statements is equal to the current gain or loss and other comprehensive income as attributable to owners of parent company in the Consolidated Financial Statements. Furthermore, the owner's equity in the Parent Company Only Financial Statements is equal to the equity attributable to owners of the parent company in the Consolidated Financial Statements. Therefore, investments in subsidiaries are expressed using "investments accounted for using equity method" in the Parent Company Only Financial Statements, and necessary valuation adjustments will be made.

The parent company only financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The parent company only financial statements are expressed in thousands of New Taiwan Dollars ("NT$") unless otherwise stated.

3. Foreign currency transactions

The Company's parent company only financial statements are presented in NT$, which is also the Company's functional currency.

Transactions in foreign the currencies are recorded by their respective functional currency rates at the date of the transaction. At the end of every reporting period, items denoted in foreign currencies will be translated at the closing exchange rate of the day. Non-monetary foreign currency items measured at fair value will be translated using the exchange rate on the date when the fair value is measured. Non- monetary foreign currency items measured at historical cost are translated at the exchange rate of the date of the transaction.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

(1). Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.

(2). Foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instruments.

(3). Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

4. Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into New Taiwan Dollars at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising from the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. On the partial disposal of foreign operations that result in a loss of control, loss of significant influence or joint control but retaining partial equity is considered a disposal.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or joint arrangement that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

5. Classification of Current and Non-current Assets and Liabilities

An asset is classified as current when one of the following criteria is met; all other assets are classified as non-current assets:

(1). It is expected to be realized, or intended to be sold or consumed in the normal operating cycle.
(2). It is held primarily for the purpose of trading.
(3). It is expected to be realized within twelve months after the reporting period.
(4). The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current when one of the following criteria is met; all other liabilities are classified as non-current liabilities:

(1). It is expected to be settled in the normal operating cycle.
(2). It is held primarily for the purpose of trading.
(3). It is due to be settled within twelve months after the reporting period.
(4). Liabilities whose settlement can be deterred unconditionally for at least twelve months after the reporting period. The liabilities provisions may be settled by issuing equity instruments at the option of the counterparty, and will not impact its classification.

6. Cash and Cash Equivalents

Cash and cash equivalents are cash on hand, demand deposit, and short-term and highly liquid investments that can be immediately converted to fixed amount of cash with very small risks of valuation changes (including contract-based fixed deposits of less than 12 months).

7. Financial Instruments

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

Financial assets and financial liabilities within the scope of IFRS 9 Financial Instruments: Recognition and Measurement are recognized initially at fair value and the transaction costs directly attributable to the financial assets and financial liabilities (except for financial assets and financial liabilities at fair value through profit or loss) are derived by addition or subtraction from the fair value of assets and financial liabilities.

(1) Recognition and valuation of financial assets

The accounting treatment for recognition and derecognition of all customary trading of financial assets of the Company is made on the settlement date.

The Company classifies financial assets as either financial assets subsequently measured at amortized costs, measured at fair value through other comprehensive income (loss), or measured at fair value through profit or loss:

A. Business model used in managing the financial assets
B. Characteristics of the contractual cash flows from the financial asset

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables, financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

A. Business model used in managing the financial assets: Financial asset is held to receive contractual cash flows
B. Characteristics of the contractual cash flows from the financial asset: Cash flow is the interest paid solely on the principal and the outstanding principal

Such financial assets (excluding hedging relationships) will be measured at subsequent amortized cost 【amount measured at the time of initial recognition, less the principal repaid, and add or subtract the accumulated amortized difference (using effective interest method) between the original amount and the amount due, and by adjusting allowances for loss】. When derecognizing, through amortization procedure, or recognizing impairment gain or loss, the gain or loss will be recognized as profit or loss.

Interest calculated through effective interest method (multiplying effective interest with the total book value of the financial asset) or the following conditions will be recognized in profit or loss:

A. If it is a purchased or originated credit-impaired financial asset, the creditadjusted effective interest rate is multiplied by the cost of amortized financial assets
B. If it is not, in case of subsequent credit impairment, the effective interest rate will be multiplied by the cost of the financial instrument after amortization

Financial assets at fair value through other comprehensive income

Financial assets that meet both of the following criteria will be measured at fair value through other comprehensive income, and stated on the Balance Sheet as financial assets measured at fair value through other comprehensive income:

A. Business model used in managing the financial assets: Financial asset is held to receive contractual cash flows and for sale of financial asset
B. Characteristics of the contractual cash flows from the financial asset: Cash flow is the interest paid solely on the principal and the outstanding principal

Recognition of gain or loss related to such financial assets will be explained as follows:

A. Prior to derecognition or reclassification, except for impairment interest or loss, exchange gain or loss will be recognized in the profit or loss, and its gain or loss will be recognized in other comprehensive income
B. During derecognition, accumulated gain or loss recognized in other comprehensive income will be reclassified from equity to profit or loss as adjustments for reclassification
C. Interest calculated through effective interest method (multiplying effective interest with the total book value of the financial asset) or the following conditions will be recognized in profit or loss:
   (a) If it is a purchased or originated credit-impaired financial asset, the credit-adjusted effective interest rate is multiplied by the cost of amortized financial assets
   (b) If it is not, in case of subsequent credit impairment, the effective interest rate will be multiplied by the cost of the financial instrument after amortization

In addition, for equity instruments applicable to IFRS 9 and are not held as available-for-sale or applicable as a contingent consideration by the acquirer in business consolidation in IFRS 3, during initial recognition, the Company will choose (this is not reversible) to state its subsequent fair value changes in the other comprehensive income (loss). Amounts stated in other comprehensive income cannot be converted to income or loss (during disposal of such equity instrument, the accumulated amount stated in other equity item will be directly transferred to retained earnings), and will be stated in the Balance Sheet as financial assets measured at fair value through other comprehensive income (loss). Investment dividends will be recognized in profit or loss, unless such dividends clearly represent a portion of the investment cost.

(2) Impairments of Financial Assets

For the debt instrument investment measured at fair value through other comprehensive income (loss) and the financial assets measured at amortized cost, the Company recognizes expected credit losses and measures allowances for loss. For the debt instrument investment measured at fair value through other comprehensive income, allowance for loss is recognized in the other comprehensive income (loss), and the book value of the investment will not be reduced.

The Company measures expected credit loss by reflecting the following methods:

A. Unbiased and probability-weighted amount determined by evaluating each possible outcome
B. The time value of money
C. Reasonable and corroborative information related to past events, current conditions, and future economic forecasts (can be obtained at no excessive cost or input on the Balance Sheet date)

Method for valuating allowance for loss is as follows:

A. Measure the expected credit loss over the next 12 months: Including financial assets without significant increase in credit risk after initial recognition, or those ruled to have low credit risk on the Balance Sheet date. In addition, this also includes those with allowance loss measured by the expected credit loss during the previous reporting period, but no longer meets the condition in which the credit risk has significant increased since the original recognition on the Balance Sheet date.
B. Measurement of the amount of lifetime expected credit losses: Including financial assets with significant increase in credit risk after initial recognition or purchased or originated credit-impaired financial asset with credit impairment.
C. For accounts receivable or contractual assets arising from transactions within the scope of IFRS 15, the Company adopts lifetime expected credit loss to measure allowance for loss.
D. For rental receivables arising from transactions within the scope of IFRS 16, the Company adopts lifetime expected credit loss to measure allowance for loss.

On each Balance Sheet date, the Company uses comparisons between the changes of default risk on the Balance Sheet date and on the date of initial recognition to measure whether there has been a significant increase in the financial instrument's credit risk after initial recognition.

(3) Derecognition of financial assets

The Company's financial assets will be derecognized when one of the following conditions occurs:

A. The contractual right from the cash flow of the financial asset is terminated
B. When nearly all risk and compensations associated with ownership of a financial asset has been transferred.
C. Nearly all risk and compensations associated with ownership of an asset has neither been transferred nor retained, but the control of the asset has been transferred.

When a financial asset is derecognized in its entirety, the difference between its carrying amount and any cumulative gain or loss that has been received or is receivable and recognized in other comprehensive income, will be recognized in profit or loss.

(4) Financial liabilities and equity instruments

Classification of liability or equity

The Company classifies the liabilities and equities instrument issued as financial liability or equity in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

Equity instruments refer to any contract with residual interest after subtracting all liabilities from assets. Equity instruments issued by the Company are recognized by the acquisition cost minus direct distribution costs.

Financial liabilities

Financial liabilities within the scope of IFRS 9: upon initial recognition, recognition and measurement are either classified as financial liabilities measured at amortized cost.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include accounts payables and loans, and will continue to be measured through effective interest method after initial recognition. When financial liabilities are derecognized and amortized using effective interest method, related gain or loss and amortization will be recognized in profit or loss.

Calculation of the amortized cost will take discount or premium during acquisition and transaction cost into consideration.

Derecognition of financial liabilities

When the obligation of a financial liability is terminated, canceled or no longer effective, the financial liability will be derecognized.

When the Company and the creditors exchange debt instruments with significant differences, or make major changes to all or part of the existing financial liabilities (whether due to financial difficulties or otherwise), treatment will include derecognition of the original liabilities and the recognition of new liabilities. During derecognition of financial liabilities, the difference between the carrying amount and the total amount of the consideration paid or payable, including the transferred non-cash assets or liabilities assumed, is recognized in profit or loss.

(5) Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities can only be offset and presented in net terms on the balance sheet only when the recognized amounts currently contain exercise of legal rights for offset and are intended to be settled on a net basis or can be realized simultaneously and the debt can be settled.

8. Fair value measurement

Fair value refers to the price required or transferred to an asset in an orderly transaction between market participants on a measurement date. Fair value measurement assumes that the transaction for the asset being sold or liability being transferred takes place in one of the following markets:

(1) Principal market of the asset or liability, or
(2) If no principal market exists, the most favorable market for the asset or liability

The Company needs to be able to enter the principal or most favorable market in order to carry out the transaction.

Fair value measurement of the asset or liability uses the assumption that market participants would adopt while pricing the asset or liability, where the assumption is that the market participants would take the most favorable economic conditions into consideration.

The fair value measurement of a non-financial asset takes into consideration the market participant's use of the asset for its highest price and best use or by selling the asset to another market participant who will use the asset for its highest price and best use to generate economic benefits.

The Company uses valuation techniques that are appropriate and relevant in the relevant circumstances to measure fair value and maximize the use of observable inputs and to minimize the use of unobservable inputs.

9. Inventory

Inventories are evaluated on a case-by-case basis by the cost and net realizable value.

Cost refers to the cost of bringing inventory to a state of sale or availability for production and location:

Raw materials	—	The First In First Out (FIFO) approach is used for the actual purchase cost.
Finished goods and work in progress	—	Including direct raw materials, labor and fixed manufacturing costs apportioned at normal production capacity, but excluding borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Rendering of services is accounted in accordance with IFRS 15 and not within the scope of inventories.

10. Investments Accounted for Using the Equity Method

Investments to subsidiaries are made pursuant to Article 21 of the "Regulations Governing the Preparation of Financial Reports by Securities Issuers." These investments are expressed by "investments accounted for using equity method" and necessary rating adjustment is conducted so that current profit and loss and other comprehensive income in the Parent Company Only Financial Statements and the current profit and loss and other comprehensive income (loss) attributable to owners of the parent company in the Consolidated Financial Statements are equivalent, and the owner's equity in the Parent Company Only Financial Statements is equivalent to the equity attributable to owners of parent company in the Consolidated Financial Statements. Such adjustments are made in consideration of the differences between the investment in subsidiaries in the Consolidated Financial Statements in accordance with IFRS 10 "Consolidated Financial Statements," and the applicable IFRS reporting at different levels, and either debits or credits the "investment accounted for using equity method," "profit or loss from subsidiaries, associates, and joint venture accounted for using equity method," or "other comprehensive income (loss) from subsidiaries, associates, and joint venture accounted for using equity method."

The Company's investment in associates adopts equity method except for those classified as available for sale. Associates refer to the companies in which the Company has material influence over.

Under the equity method, the investment associates are accounted for on the balance sheet as the amount recognized by the Company for the change in the net assets of the associate based on the shareholding ratio. After the carrying amount and other related long term equity in investments in associates under the equity method are reduced to zero, extraneous losses and liabilities will be recognized in the context of legal obligations, constructive obligations, or payments made on behalf of the associates. Unrealized gain or loss occurring between the Company and associates will be eliminated in proportion to the shares held in the associates. When the change in the equity of the associate is not due to profit or loss and other comprehensive profit or loss items, and does not affect the Company's shareholding ratio, the Company will recognize the change in the relevant ownership interest based on the shareholding ratio. Therefore, recognized capital surplus will be reverted to profit or loss in proportion to the disposal subsequent to disposal of the associates.

When an associate issues new shares, if the Company does not subscribe in proportion to its shareholding, the Company's shareholdings in the associates net assets will increase or decrease accordingly. The change will be adjusted by "capital surplus" and "investments accounted for using equity method." When the shareholding ratio decreases, the recognized related items in other comprehensive income (loss) will be first reclassified to profit or loss or other appropriate item in proportion to the decrease in shareholding ratio. The aforementioned recognized capital surplus will be reverted to profit or loss during subsequent disposal of the associate.

The financial statements of the associates are prepared for the same reporting period as the Company, and adjusted to align their accounting policies with the Company's accounting policies.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate company is impaired in accordance with IAS 28 "Financial Instruments: Recognition and Measurement." If this is the case the Company calculates the amount of impairment as the difference between the recoverable amount of the associate company and its carrying value and recognizes the amount in the "share of profit or loss of an associate company" in the statement of comprehensive income in accordance with IAS 36 "Impairment of Assets." In case the aforementioned recoverable amount adopts the useful value of the investment, the Company will determine the relevant useful value based on the following estimates:

(1) The share of the present value of the estimated cash flows generated by the associates of the Company, including the cash flows generated by the associates

due to the operation and the final disposal of the investment; or

(2) The Company expects to receive dividends from the investment and ultimately dispose of the present value of the estimated future cash flows generated by the investment.

Since goodwill component item that construes the carrying amount of the investment in associates is not separately recognized; hence, the Company is not required to undertake the test for goodwill impairment as stipulated in IFRS 36 "Impairment of Assets."

When material influence over associates is lost, the Company will conduct fair value measurement and recognize the remaining investments. When material influence is lost, the difference between the carrying amount of the investment in associates and the fair value of the retained investment plus the disposal price, will be recognized as profit or loss.

11. Property, plant, and equipment

Property, plant, and equipment is recognized at the acquisition cost less accumulated depreciation and accumulated impairment. The aforementioned cost includes the dismantling of property, plant, and equipment, removing, and restoring the site on which it is located, and any necessary interest expense arising from unfinished construction. If the various component of property, plant, and equipment is material, it shall be separately recognized for depreciation. When the material components of property, plant and equipment requires to be regularly replaced, the Company will see the item as a separate asset and to separately recognize it through its useful life and depreciation method. The carrying amount of the replaced component will be derecognized in accordance with the derecognition rule in IAS 16 Property, Plant, and Equipment. When material inspection cost complies with criteria for recognition, it will be treated as a replacement cost and recognized as a part of the carrying amount of the property, plant, and equipment. All other fixture and maintenance expense will be recognized in profit or loss.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the following assets:

Housing and Construction	3-50 years
Machinery	3-48 years
Transportation Equipment	3-16 years
Computer and telecommunication equipment	4-6years
Leasehold improvements	Whichever is shorter in terms of lease term or durability
Other Equipment	2-24 years

After initial recognition of property, plant, and equipment, or any of its material components, if disposal occurs or if inflow of economic benefit is not expected to occur from its use or disposal thereof in the future, it shall be derecognized and recognized in profit or loss.

Residual value, useful life and depreciation methods of property, plant, and equipment will be evaluated at the end of each fiscal year. If expected value differs from previous estimates, the changes will be treated as changes in accounting estimates.

12. Investment property

The Company’s owned investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, other than those that meet the criteria to be classified as held for sale (or are included in a disposal group that is classified as held for sale) in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, investment properties are measured using the cost model in accordance with the requirements of IAS 16 Property, plant and equipment for that model. If investment properties are held by a lessee as right-of-use assets and is not held for sale in accordance with IFRS 5, investment properties are measured in accordance with the requirements of IFRS 16.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the following assets:

Buildings	5-46 years

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

The Company transfers properties to or from investment properties according to the actual use of the properties.

Properties are transferred to or from investment properties when the properties meet, or cease to meet, the definition of investment property and there is evidence of the change in use.

13. Leases

The Company evaluates whether a contract is (or includes) a lease on the contract establishment date. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether, throughout the period of use, has both of the following:

(1) The right to obtain substantially all of the economic benefits from use of the identified asset; and
(2) The right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Company for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Company estimates the stand-alone price, maximizing the use of observable information.

Company as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company recognizes right-of-use asset and lease liability for all leases which the Company is the lessee of those lease contracts.

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the implicit interest rate in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

(1) Fixed payments (including substantial fixed payments), minus any lease incentives that can be obtained;
(2) Variable lease payments dependent upon certain indicators or rates (measured by the indicators or rates used on the start date);
(3) Expected residual value guarantee from the lessee;
(4) Exercise price for purchase of options, if the Company can be reasonably assured that the right will be exercised; and
(5) Penalties for termination of the lease, in case the lease period reflects that the lessee will exercise the option to terminate the lease.

After the commencement date, the Company measures the lease liability on an amortized cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Company measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

(1) The original valuation of the lease liability;
(2) Any lease payment paid on the start date or before, minus any lease incentives taken;
(3) Any original direct cost that the lessee incurs; and
(4) Estimated cost of the lessee's dismantling, removing the target asset and restoration at the asset's location, or the cost to restore the target asset to the state required in the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Company measures the rightof-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Company measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Company applies IAS 36 “Impairment of Assets” to determine whether the rightof-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Company accounted for as short-term leases or leases of low-value assets, the Company presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements of comprehensive income.

For short-term leases or leases of low-value assets, the Company elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

For the rent concession arising as a direct consequence of the COVID-19 pandemic, the Company elected not to assess whether it is a lease modification but accounted it as a variable lease payment. The Company applied the practical expedient to all rent concessions that meet the conditions for it.

Company as a lessor

At inception of a contract, the Company classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

For contracts that include lease components and non-lease components, the Company will distribute the considerations in the contract using regulations from IFRS 15.

The Company recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

14. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, not meeting the recognition criteria, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Gains or losses arising from derecognition of intangible assets will be recognized in profit or loss.

Computer Software

Computer software costs are amortized on a straight-line basis over its estimated useful life (2-4 years).

A summary of the policies applied to the Company’s intangible assets is as follows:

	Computer Software
Useful lives	Finite
Amortization method used	Amortized on a straight-line basis over the estimated useful
life Internally generated or acquired	Acquired

15. Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 "Impairment of Assets" may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

16. Revenue recognition

The Company's revenue arising from contracts with customers mainly includes sale of goods. The accounting policies for the Company's types of revenue are explained as follow:

Sale of goods

The Company sells products and recognizes revenue when the promised product is delivered to the customer and the customer obtains control (the customer has the ability to lead the use of the product and obtain almost all of the remaining benefits of the product) and satisfies performance obligation. The main product of the Company is leisure food, and revenue is recognized based on the contracted price. The remaining sales transactions are usually accompanied by quantitative discounts (based on the total cumulative sales in a given period). Therefore, revenue is based on the contracted price, less the estimated amount of volume discounts. The Company uses cumulative experience to estimate the variable consideration arising from volume discounts using expectations only to the extent that it is highly probable that there will be no material reversal in the cumulative amount of revenue recognized when the uncertainty associated with the variable consideration is subsequently removed. The refund liability is also recognized relative to the expected volume discount during the specific period of the agreement.

The Company does not provide any warranty agreement for the goods provided.

The credit period for the product sales transactions of the Company is 40-90 days. Accounts receivable will be recognized when most of the contracts are subject to product transfer control and have the right to receive unconditional consideration. These receivables are usually short term and do not pose as significant financing components.

The period in which the Company reclassifies the aforementioned contractual liabilities to income does not generally exceed one year and does not result in the creation of a significant financial component.

17. Borrowing cost

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset and, therefore, should be capitalized. Other borrowing costs are recognized as an expense. Borrowing costs are interest and other costs incurred in connection with the borrowing of funds.

18. Government grant

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the Company receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the statement of comprehensive income over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual installments. Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as additional government grant

19. Post-retirement benefits

All regular employees of the Company and its domestic subsidiaries are entitled to pension plans that are managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company and its domestic subsidiaries. Therefore, fund assets are not included in the Company's parent company only financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, the Company and its domestic subsidiaries will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company and its domestic subsidiaries recognize expenses for the defined contribution plan in the period in which the contribution becomes due. Overseas subsidiaries and branches make contribution to the plan based on the requirements of local regulations and the contribution is expensed as incurred.

For retirement pension plans with defined benefit plan, the Company will include the amounts after the reporting period on actuarial report through projected unit credit method. Revaluation of net defined benefit liabilities (asset) includes any changes in return on plan assets and asset ceiling and will be reduced by amount of net interest included in the net defined benefit liability (asset) and actuarial profit or loss. When revaluation of net defined benefit liability (asset) occurs, it will be recognized under other comprehensive income (loss) and immediately recognized in retained earnings. Past service cost is the change from the present value of the defined benefit plan due to plan revision or reduction, and will be recognized as expense on the earlier of the two dates:

(1) When the plan is revised or reduced; and
(2) When the Company recognizes relevant restructuring cost or termination benefits.

Net interest of net defined benefit liability (asset) is net defined benefit liability (asset) multiplied by the discount rate, and both will be decided at the beginning of a reporting period. Subsequently, any changes that occur to the net defined benefit liability (asset) from allocations and benefit expense during the period will be considered.

20. Income Tax

Income tax expense (benefit) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred income tax

Deferred tax is calculated based on the temporary difference between the taxable basis of assets and liabilities and the carrying amounts on the Balance Sheet at the end of the reporting period.

All taxable temporary difference shall be recognized as deferred tax liabilities except for the following:

(1) Initial recognition of goodwill; or the initial recognition of an asset or liability not arising from a business combination transaction and does not affect accounting profits or taxable income (loss) at the time of the transaction;
(2) Arising from investment in subsidiaries, associates or joint ventures, whose point of reversal can be controlled and there may not be any taxable temporary difference that shall be reversed in the foreseeable future.

Deferred income tax assets that are deductible from temporary differences, unused tax losses and unused income tax deductions are recognized in the context of probable future taxable income except for the following:

(1) Deductible temporary difference arising from business combination with a non- associates, and is related to initial recognition of assets or liabilities that do not affect accounting profit or loss of taxable income (loss) at the time of transaction;
(2) Deferred income tax assets and liabilities are measured at the tax rate of the expected asset realization or in the period in which the liability is settled. The tax rate is based on the tax rates and tax laws that have been enacted in the legislative or substantive legislation at the end of the reporting period. The measurement of deferred income tax assets and liabilities reflects the tax consequences arising from the manner in which the asset is expected to be recovered or the carrying amount of the liability is settled at the end of the reporting period. The deferred income tax that is related to items not recognized in profit or loss will also not be recognized in profit or loss. It will be recognized in other comprehensive income (loss) or directly recognized in equity based on its related transaction. Deferred tax assets shall be reviewed and recognized at the end of each reporting period.

For deferred tax assets and liabilities, only the offset between the current tax assets and current tax liabilities carries legally enforceable rights. Moreover, deferred income tax may be offset when it is subject to the same taxpayer and is related to the income tax levied by the same tax authority.

V. Primary Sources of Uncertainties in Material Accounting Judgments, Estimates, and Assumptions

The preparation of the Company's parent company only financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(1) Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the income approach (for example the discounted cash flow model) or market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

(2) Post-retirement benefits

The cost of post-employment benefit and the present value of the pension obligation under defined benefit pension plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate and changes of the future salary increases Please refer to Note 6 for details on the assumptions used to measure the cost of defined benefit costs and defined benefit obligations.

(3) Revenue recognition – sales returns and allowance

The Company estimates sales returns and allowance based on historical experience and other known factors at the time of sale, which reduces the operating revenue. In assessing the aforementioned sales returns and allowance, revenue is recognized to the extent it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur.

(4) Income Tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

(5) Trade receivables – estimation of impairment loss

The Company estimates the impairment loss of trade receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

(Amounts in thousands of New Taiwan Dollars, unless otherwise specified)

(6) Inventories

Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices may decline. The estimates are based on the most reliable evidence available at the time the estimates are made.

VI. Explanations of Significant Accounting Items

1. Cash and cash equivalents

	2023.12.31	2022.12.31
Petty cash	$480	$480
Bank deposits	41,206	49,362
Total	$41,686	$49,842

2. Financial assets at fair value through other comprehensive income

	2023.12.31	2022.12.31
Investments in equity instruments at fair value through other comprehensive income- non- current:		
Listed companies stocks	$708,418	$999,859
Unlisted companies stocks	-	14,860
Total	$708,418	$1,014,719

Financial assets at fair value through other comprehensive income were not pledged.

In consideration of the Company's investment strategy, the Company participated in a private placement of 465,117, 426,440 and 380,000 common shares of PharmaEssentia Corp. listed over the counter in December 2019, June 2020 and May 2022, respectively, which are not freely transferable for three years.

On June 16, 2021, the Company's Board of Directors approved the reinvestment in Acepodia, Inc., (Cayman) in the form of a cash capital increase, with participation in the cash capital increase of 403,225 preferred shares in November 2021. Acepodia, Inc., (Cayman) was listed on the Emerging Stock Market on August 8, 2023. All 403,225 preferred shares held by the Group in this company were converted to 1,612,900 ordinary shares.

(Amounts in thousands of New Taiwan Dollars, unless otherwise specified)

3. Notes receivable

	2023.12.31	2022.12.31
Notes receivable - from operating activities	$2,339	$268
Notes receivable - from non-operating activities	2,593	2,575
Subtotal (Total carrying amount)	4,932	2,843
Less: Loss allowances	-	-
Total	$4,932	$2,843

Notes receivable of the Company were not pledged.

The Company assesses information related to impairment and allowance for impairment using regulations from IFRS 9. Please refer to Note 6(17) for details. Please refer to Note 12 for information on credit risk.

4. Accounts receivable

	2023.12.31	2022.12.31
Accounts receivable (Total carrying amount)	$331,560	$414,323
Less: Loss allowances	(997)	(997)
Subtotal	330,563	413,326
Accounts receivable - related parties	3,763	127
Total	$334,326	$413,453

Accounts receivable of the Company were not pledged.

The credit period granted by the Company to customers normally ranges from 30 days to 90 days. The total carrying amounts were NT$331,560,000 and NT$414,323,000 on December 31, 2023 and December 31, 2022 respectively. Please refer to Note 6(17) for information related to allowance for impairment loss in 2023 and 2022. Please refer to Note 12 for information on credit risk.

5. Inventories

	2023.12.31	2022.12.31
Commodities	$676	$2,411
Raw materials	86,967	78,118
Materials	32,767	33,290
Work in process	32,157	25,929

(Amounts in thousands of New Taiwan Dollars, unless otherwise specified)

Finished goods	110,208	84,361
Total	$262,775	$224,109

The Company recognized operating costs of NT$1,239,766,000 and NT$1,356,013,000 in 2023 and 2022, respectively, which included NT$24,000 and NT$17,000 of losses on decline in value of inventories.

The aforementioned inventories were not pledged.

6. Investments accounted for using the equity method

Name of Investee	2023.12.31		2022.12.31	
	Amount	Shareholding	Amount	Shareholding
Investments in subsidiaries				
HUNYA INTERNATIONAL LIMITED	$-	-	$1,624	100.00%
Croissant Bakery Ltd.	192,851	100.00%	190,376	100.00%
Total	$192,851		$192,000	

Investments in subsidiaries are expressed using "investments accounted for using equity method" in the Parent Company Only Financial Statements, and necessary valuation adjustments will be made.

On November 23, 2021, the Board of Directors resolved to invest in Croissant Bakery Ltd. and on January 3, 2022, the Company completed the settlement of its equity interest with a 100% stake in the company at a transaction price of NT$175,000,000.

The Company reported the end of business operations of HUNYA INTERNATIONAL LIMITED to the board of directors on August 9, 2023, obtained a certificate of liquidation on October 11, 2023, and completed liquidation and cancelation registration.

7. Property, Plant, and Equipment

	2023.12.31	2022.12.31
Property, plant, and equipment for self-use	$1,704,604	$1,645,918

(Amounts in thousands of New Taiwan Dollars, unless otherwise specified)

	Land	Housing and Construction	Machinery	Computer and telecommunication equipment	Transportation equipment	Leasehold improvements	Other Equipment	Construction in Process	Total
Cost:									
2023.1.1	$861,933	$1,362,503	$1,509,020	$17,972	$40,639	$29,258	$136,058	$88,467	$4,045,850
Addition	-	15,180	35,133	5,204	1,517	9,085	45,267	43,022	154,408
Disposal	-	-	(26,197)	(143)	(1,989)	-	(4,088)	-	(32,417)
Other changes	-	-	-	-	-	-	-	(16,819)	(16,819)
Other (Transfer to investment property)	(33,433)	(13,650)	-	-	-	-	-	-	(47,083)
Other (Transfers to/from other non- current assets)	-	4,464	50,789	1,077	2,738	966	14,008	-	74,042
2023.12.31	$828,500	$1,368,497	$1,568,745	$24,110	$42,905	$39,309	$191,245	$114,670	$4,177,981
Depreciation:									
2023.1.1	$-	$930,357	$1,311,866	$10,347	$35,081	$18,984	$93,297	$-	$2,399,932
Depreciation	-	30,956	57,594	4,458	1,622	6,419	12,879	-	113,928
Disposal	-	-	(24,406)	(24)	(1,976)	-	(4,087)	-	(30,493)
Other changes	-	-	-	-	-	-	-	-	-
Other (Transfer to investment property)	-	(9,990)	-	-	-	-	-	-	(9,990)
2023.12.31	$-	$951,323	$1,345,054	$14,781	$34,727	$25,403	$102,089	$-	$2,473,377
Cost:									
2022.1.1	$708,410	$1,247,680	$1,509,747	$14,644	$42,655	$26,735	$135,287	$1,836	$3,686,994
Addition	107,455	86,534	17,143	3,328	649	930	5,233	88,301	309,573
Disposal	-	-	(42,681)	-	(3,141)	-	(4,374)	-	(50,196)
Other changes	-	-	-	-	-	88	(88)	(1,670)	(1,670)
Other (Transfer to investment property)	-	(7,608)	-	-	-	-	-	-	(7,608)
Other (Transfers to/from other non- current assets)	46,068	35,897	24,811	-	476	1,505	-	-	108,757
2022.12.31	$861,933	$1,362,503	$1,509,020	$17,972	$40,639	$29,258	$136,058	$88,467	$4,045,850
Depreciation:									
2022.1.1	$-	$899,482	$1,296,838	$6,325	$35,689	$12,237	$87,980	$-	$2,338,551
Depreciation	-	36,264	57,490	4,022	1,462	6,732	9,706	-	115,676
Disposal	-	-	(42,462)	-	(2,070)	-	(4,374)	-	(48,906)
Other changes	-	-	-	-	-	15	(15)	-	-
Other (Transfer to investment property)	-	(5,389)	-	-	-	-	-	-	(5,389)
2022.12.31	$-	$930,357	$1,311,866	$10,347	$35,081	$18,984	$93,297	$-	$2,399,932
Carrying amount:									
2023.12.31	$828,500	$417,174	$223,691	$9,329	$8,178	$13,906	$89,156	$114,670	$1,704,604
2022.12.31	$861,933	$432,146	$197,154	$7,625	$5,558	$10,274	$42,761	$88,467	$1,645,918

(Amounts in thousands of New Taiwan Dollars, unless otherwise specified)

(1) As of December 31, 2023 and 2022, the Company acquired part of the agricultural land in Dazhuang section of Bade City in the name of a third party and entered into a real estate trust deed with a carrying value of NT$7,980,000.

(2) Please refer to Note 8 for the pledge of property, plant and equipment

8. Investment property

Investment property is the Company's owned investment property. The Company enters into commercial property leases for its own investment properties with lease terms ranging from 1 to 7 years, and has the right of first refusal for part of the lease contr

	Land	Buildings	Total
Cost:			
2023.1.1	$134,366	$81,687	$216,053
Addition	-	-	-
Disposal	-	-	-
Other (Reclassifications)	33,433	13,650	47,083
2023.12.31	$167,779	$95,337	$263,136
2022.1.1	$134,366	$74,079	$208,445
Addition	-	-	-
Disposal	-	-	-
Other (Reclassifications)	-	7,608	7,608
2022.12.31	$134,366	$81,687	$216,053
Depreciation:			
2023.1.1	$-	$64,593	$64,593
Current depreciation	-	1,746	1,746
Disposal	-	-	-
Other (Reclassifications)	-	9,990	9,990
2023.12.31	$-	$76,329	$76,329
2022.1.1	$-	$57,455	$57,455
Current depreciation	-	1,749	1,749
Obsolescence	-	-	-
Other (Reclassifications)	-	5,389	5,389
2022.12.31	$-	$64,593	$64,593

(Amounts in thousands of New Taiwan Dollars, unless otherwise specified)

Carrying amount:			
2023.12.31	$167,799	$19,008	$186,807
2022.12.31	$134,366	$17,094	$151,460

	2023	2022
Rental income from investment properties	$18,029	$14,900

Please refer to Note 8 for the pledge of investment property, plant and equipment.

The fair value of investment properties held by the Company cannot be reliably determined. After searching the website of the Secretary of the Interior and the website of the real estate transaction inquiry service, the fair value of investment properties held by the Company as of December 31, 2023 and 2022 was estimated to be approximately NT741,484,000 to NT$1,249,811,000 and NT$632,125,000 to NT$971,142,000, respectively, by referring to the actual transaction information of the neighboring areas, and the fair value of investment properties held by the Company is highly likely to fall within the aforementioned range.

(1) The nature of the leases is mainly for warehouses and offices, and the main contents of the leases are the same as the general leases.

(2) Rental income from building and warehouse rentals is on a monthly basis.

9. Intangible assets

	Computer Software
Cost:	
2023.1.1	$49,843
Addition	8,632
Disposal	-
Other (Transfer from prepayments for equipment)	4,636
2023.12.31	$63,111
2022.1.1	$45,133
Addition	3,396
Disposal	-
Other (Transfers to/from other non- current assets)	1,314
2022.12.31	$49,843
Amortization and impairment:	
2023.1.1	$33,635

(Amounts in thousands of New Taiwan Dollars, unless otherwise specified)

Amortization	12,777
Disposal	-
2023.12.31	$46,412
2022.1.1	$22,304
Amortization	11,331
Disposal	-
2022.12.31	$33,635
Carrying amount:	
2023.12.31	$16,699
2022.1.1	$22,829
2022.12.31	$16,208

10. Other non-current assets

	2023.12.31	2022.12.31
Prepayments for equipment	$216,386	$208,027
Refundable deposits	4,476	5,404
Other non-current assets－other	26,012	39,475
Total	$246,874	$252,906

11. Short-term loans

	Interest Rate Range (%)	2023.12.31	2022.12.31
Bank secured loans	1.51%、2.8% (Foreign currency loans)	$-	$44,867
Bank credit loans	1.65%	50,000	-
Total		$50,000	$44,867

The Company had unused short-term borrowing facilities of approximately NT$860,000,000 and NT$958,468,000 as of December 31, 2023 and December 31, 2022, respectively.

The secured loan is secured by a mortgage on a portion of the land and buildings, please refer to Note 8 for details.

(Amounts in thousands of New Taiwan Dollars, unless otherwise specified)

12. Deferred revenue

Government grant

	2023年	2022年
Beginning balance	$553	$587
Current government grants received	780	79
Recognized to profit or loss	(260)	(113)
Ending balance	$1,073	$553

	2023.12.31	2022.12.31
Deferred revenue related to assets - non-current	$1,073	$553

The Company received government grants for the purchase of pollution control equipment and electric tractors. There are no outstanding conditions and other contingencies for the government grants recognized.

13. Long-term loans

The details of long-term loans as of December 31, 2023 and 2022 are as follows:

Lenders	2023.12.31	Repayment period and method
Secured loans from Bank of Taiwan	$380,000	From December 29, 2022 to December 28, 2025, the credit line is negotiated on a lump-sum basis, with principal repayment on maturity and interest payable monthly. The credit line is NT$400,000,000.
Secured loans from Chang Hwa Commercial Bank	72,222	1. Long-term loans amounted to NT$ 22,222,000 and were each negotiated and determined from April 7, 2020 to March 15, 2024. The principal should be repaid upon maturity, while interest should be paid on a monthly basis. The total credit line was NT$ 150,000,000. The total credit line was changed to NT$ 88,890,000 as of November 2022. 2. Long-term loans amounted to NT$ 50,000,000 and each were negotiated and determined from April 6, 2023 to April 6, 2028. The principal should be repaid upon maturity, while interest should be paid on a monthly basis. The total credit line was NT$ 50,000,000.

(Amounts in thousands of New Taiwan Dollars, unless otherwise specified)

Secured loans fromTaipei Fubon Commercial Bank	195,000	From May 26, 2023 to May 24, 2025, the credit line is available for draw-down at any time and is payable at any time, with interest payable monthly. The credit line is NT$195,000,000.
Secured loans from E.SUN Commercial Bank	60,000	From June 12, 2023 to June 12, 2025, the credit line is negotiated on a lump-sum basis, with principal repayment on maturity and interest payable monthly. The credit line is NT$60,000,000.
Subtotal	707,222	
Less: Due within one year	22,222	
Total	$685,000	

The interest rate range of the long-term loans as of December 31, 2023 was 1.7% to 1.85%.

Lenders	2022.12.31	Repayment period and method
Secured loans from Bank of Taiwan	$190,000	From December 29, 2022 to December 28, 2025, the credit line is negotiated on a lump-sum basis, with principal repayment on maturity and interest payable monthly. The credit line is NT$400,000,000.
Secured loans from Chang Hwa Commercial Bank	88,889	From April 7, 2020 to March 15, 2024, the credit line is negotiated on a lump- sum basis, with principal repayment on maturity and interest payable monthly. The credit line is NT$150,000,000.
Secured loans fromTaipei Fubon Commercial Bank	150,000	From January 24, 2022 to January 23, 2025, the credit line is available for draw-down at any time and is payable at any time, with interest payable monthly. The credit line is NT$ 195,000,000.
Secured loans from E.SUN Commercial Bank	60,000	From December 14, 2022 to December 13, 2024, the credit line is negotiated on a lump- sum basis, with principal repayment on maturity and interest payable monthly. The credit line is NT$60,000,000.
Subtotal	488,889	
Less: Due within one year	-	
Total	$488,889	

The interest rate range of the long-term loans as of December 31, 2022 was 1.28% to 1.75%.

The secured loan is secured by a first mortgage on a portion of the land and buildings, please refer to Note 8 for deails.

14. Post-retirement Benefit Plan

Defined contribution plans

Expenses under the defined contribution plan for the years ended December 31, 2023 and 2022 were NT$15,329,000 and NT$15,004,000, respectively.

Defined benefit plans

The Company's and the domestic subsidiaries' employee retirement method adopts the defined benefit plan pursuant to the Labor Standards Act. Payment of employee pension is calculated on the base points of an employee's years of service and average monthly wages when the person is permitted to retire. Two base points will be assigned for 15 years (inclusive) of service or less, and for those exceeding 15 years of service, every year will be assigned an additional base point. The maximum base points allowed is 45. The Company and the domestic subsidiaries provide a pension fund of 2% and 9% of the total salary on a monthly basis in accordance with the Labor Standards Act, and deposits it in a designated account at the Bank of Taiwan in the name of the Labor Retirement Reserve Supervisory Committee. In addition, the Company and the domestic subsidiaries estimate the balance of the aforementioned pension fund before the end of each year. If the balance is not sufficient to pay the aforementioned amount of pension benefits to eligible employees in the following year, the difference will be withdrawn by the end of March of the following year.

The Bureau of Labor Funds, Ministry of Labor, Executive Yuan, undertakes asset allocations based on the income and expenditure of the employee retirement fund. Investment of the fund is invested in self-operated and entrusted management methods, and adopts active and passive management medium- to long-term investment strategies. The Bureau of Labor Funds takes risks including market, credit, and liquidity into consideration in setting limits and control plan for the fund so that adequate flexibility can be used toward the compensation objective without excessive risk. The minimum annual income to be distributed from the fund shall not be less than the income calculated on the basis of two-year time deposits in local banks. If there is any deficiency, the National Treasury Administration shall make up the deficiency after approval by the competent authority. Since the Company does not have the authority to participate in the operation and management of the fund, it is not possible to disclose the fair value classification of plan assets in accordance with paragraph 142 of IAS 19. The Company's defined benefit plan is expected to contribute NT$240,000 in the next year.

As of December 31, 2023 and 2022, the Company's defined benefit plans are expected to expire in 2033 and 2031, respectively.

The following table summarizes the cost of defined benefit plans recognized in profit or loss:

(Amounts in thousands of New Taiwan Dollars, unless otherwise specified)

	2023	2022
Service costs for the current period	$(162)	$(397)
Net interest on net defined benefit liabilities (assets)	(132)	(116)
Total	$(294)	$(513)

Adjustments of the present value of the defined benefit obligations and fair value of the plan assets:

	2023.12.31	2022.12.31	2022.1.1
obligation	$66,921	$71,413	$90,511
Fair value of plan assets	(52,649)	(61,240)	(71,124)
Other non-current liabilities net defined benefit liabilities recorded	$14,272	$10,173	$19,387

Adjustments to the net defined benefit liabilities (assets):

	Present value of defined Benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
2022.1.1	$90,511	$(71,124)	$19,387
Service costs for the current period	397	-	397
Interest expenses (income)	543	(427)	116
Subtotal	91,451	(71,551)	19,900
Remeasurement of defined benefit liabilities/assets:			
Actuarial gains or losses from demographic assumptions	-	-	-
Actuarial gains or losses from financial assumptions	(3,917)	-	(3,917)
Experience based adjustments	4,090	-	4,090
Return on planned assets	-	(6,336)	(6,336)
Subtotal	173	(6,336)	(6,163)
Benefits paid	(20,211)	20,211	-
Employer allocations	-	(3,564)	(3,564)
2022.12.31	71,413	(61,240)	10,173
Service costs for the current period	162	-	162
Interest expenses (income)	928	(796)	132
Subtotal	72,503	(62,036)	10,467

(Amounts in thousands of New Taiwan Dollars, unless otherwise specified)

Remeasurement of defined benefit liabilities/assets:			
Actuarial gains or losses from demographic assumptions	-	-	-
Actuarial gains or losses from financial assumptions	460	-	460
Experience based adjustments	4,369	-	4,369
Return on planned assets	-	(437)	(437)
Subtotal	4,829	(437)	4,392
Benefits paid	(10,411)	10,411	-
Employer allocations	-	(587)	(587)
2023.12.31	$66,921	$(52,649)	$14,272

The following key assumptions are used to determine the Group's defined benefit plan:

	2023.12.31	2022.12.31
Discount rate	1.20%	1.30%
Expected rate of salary increase	1.00%	1.00%

Sensitivity analysis of every material actuarial assumption:

	2023		2022	
	Increase in defined benefit obligation	Decrease in defined Benefit obligation	Increase in defined benefit obligation	Decrease in defined Benefit obligation
Discount rate increase by 0.25%	$-	$1,139	$-	$1,321
Discount rate decrease by 0.25%	1,173	-	1,361	-
Expected salary increase by 0.25%	1,005	-	1,182	-
Expected salary decrease by 0.25%	-	981	-	1,154

The purpose of conducting the aforementioned sensitivity analysis is to analyze the possible impact of determining a defined benefit obligation when a single actuarial assumption (e.g. discount rate or expected salary) undergoes a reasonably likely change, assuming all other assumptions remain unchanged. Since some of the actuarial assumptions are related to each other, there are few separate actuarial assumptions that undergo singular changes in reality, so the analysis has its limitations.

The methods and assumptions used in the current period of sensitivity analysis are no different from the previous periods.

(Amounts in thousands of New Taiwan Dollars, unless otherwise specified)

15. Equity

(1) Common stock

As of December 31, 2023 and December 31, 2022, the authorized capital stock of the Company was NT$ 2,000,000,000 and NT$ 1,200,000,000 respectively; the share capital already issued by the Company reached NT$ 866,740,000 and NT$ 1,083,425,000 respectively with a face value per share of NT$ 10. There were 86,674,000 shares and 108,343,000 shares respectively. Each share enjoys a voting right and the right to collect dividends.

The Company passed a resolution at the regular Shareholders' Meeting on June 20, 2023 to handle a capital decrease in cash and refund of share capital. This resolution was submitted for approval and became effective according to Letter Tai-Cheng-Shang-I-Tzu No. 1121803752 issued by Taiwan Stock Exchange Corporation on August 8, 2023. The decreased capital amount was NT$ 216,685,000, and a total of 21,668,502 shares were canceled. The ratio of capital decrease reached 20%, and the base date of the capital decrease was August 9, 2023. Furthermore, the Company finished the handling of change registration on August 22, 2023. The base date of the capital decrease and issuance of new shares was October 6, 2023.

(2) Capital surplus

	2023.12.31	2022.12.31
Treasury share transactions	$288	$288
Consolidated surplus	33,108	33,108
Others	809	809
Total	$34,205	$34,205

The increase in capital surplus from treasury stock transactions was the result of the liquidation of the subsidiary, Hongshuo Corporation, which held disposal excess of the Group's shares.

The increase in capital surplus from the merger was due to the merger of Rivon, which became a company dissolved by the merger, and the total assets less the amount of debts assumed by the dissolved company and the amount paid to the dissolved company's shareholders.

As of December 31, 2023 and 2022, dividends that are not collected before the designated date amounted to NT$809,000, respectively, and the Company adjusted capital surplus - other.

According to the law, the capital reserve shall not be used except to make up for the Company deficit. When the Company has no deficit, the overage of the shares issued by the par value and the capital reserve generated by the proceeds of the donation can be used to charge up the capital up to a certain percentage of the paid up capital each year. The aforesaid capital surplus may also be distributed in cash in proportion to the original share of the shareholders.

(3) Appropriation of net income and dividend policy

Pursuant to the Company's Articles of Incorporation, if a surplus is available after closing the accounts, it shall be first used to pay taxes, make up past deficits, then 10% of which shall be appropriated as legal capital reserve. The remaining amount shall be added to the accumulated undistributed earnings. The accumulated distributable earnings are determined after the special reserve has been appropriated or reversed in accordance with the law. The aforementioned accumulated distributable earnings are determined based on the necessity of financing the capital requirements of the earnings, the amount of retained or distributed earnings and the method of distribution in accordance with the basic principles of the Company's dividend policy, and the proposal for distribution of earnings is submitted to the shareholders' meeting for resolution when new shares are issued. The distribution of dividends and bonuses or legal reserve and capital surplus, in whole or in part, shall be authorized by the Board of Directors with the presence of at least two-thirds of the directors and the approval of a majority of the directors present, and reported to the shareholders' meeting if the distribution is made in the form of cash.

The Company's dividend policy is based on the principle of continuous growth, maximization of operating profit and shareholders' equity, and stable business development. The annual dividend is based on the principle of paying no less than 50% of distributable earnings, with cash dividends accounting for at least 20% of the dividends paid.

Pursuant to the Company Act, legal capital reserve shall be appropriated until the total sum of which has reached the paid in capital. Legal capital reserve shall be used toward making up for the deficit. When the Company does not have past deficits, the Company may issue new shares or distribute cash with the portion of legal capital reserve that exceeds 25% of the paid in capital.

(Amounts in thousands of New Taiwan Dollars, unless otherwise specified)

During the Company's Board of Directors' Meeting on February 27, 2024, and Annual Shareholders' Meeting on June 20, 2023, the appropriations and distribution of earnings for 2022 and 2021 have been separately proposed and approved with the following details:

	Appropriations and Distribution of Earnings		Dividends Per Share (NT$)	
	2023	2022	2023	2022
Legal reserve	$9,088	$64,324		
Cash dividends of common stock (Note)	$56,338	$108,343	$0.65	$1

Note: The Company's Board of Directors has specifically approved the payment of cash dividends on common stock for 2023 and 2023 on February 27, 2024 and February 22, 2023.

Please see Note 6(19) for information on the standards of estimate and recognition of amounts of employee compensation and remunerations of the Directors and Supervisors.

16. Operating revenue

Analysis of revenue from contracts with customers during the years ended December 31, 2023 and 2022 are as follows:

(1) Disaggregation of revenue

2023

	Chocolate and Biscuit Department	Pastry Department	Other Department	Total
Sale of goods	$1,242,505	$434,712	$68,188	$1,745,405
Other operating revenue	-	-	4,629	4,629
Total	$1,242,505	$434,712	$72,817	$1,750,034
Timing of revenue recognition:				
At a fixed point in time	$1,242,505	$434,712	$72,817	$1,750,034

(Amounts in thousands of New Taiwan Dollars, unless otherwise specified)

2022

	Chocolate and Biscuit Department	Pastry Department	Other Department	Total
Sale of goods	$1,217,842	$587,721	$53,532	$1,859,095
Other operating revenue	-	-	12,445	12,445
Total	$1,217,842	$587,721	$65,977	$1,871,540
Timing of revenue recognition:				
At a fixed point in time	$1,217,842	$587,721	$65,977	$1,871,540

(2) (2) Contract balance

Contract liabilities - current

	2023.12.31	2022.12.31	2022.1.1
Sale of goods	$37,014	$19,452	$33,595

(3) Apportionment to the transaction price of outstanding performance obligations

As of December 31, 2023, the Group has outstanding (including partially outstanding) performance obligations with apportioned transaction prices totaling NT$37,014,000, of which approximately 96% is expected to be recognized as revenue in 2024 and the remaining is recognized as revenue in 2025.

As of December 31, 2022, the Group has outstanding (including partially outstanding) performance obligations with apportioned transaction prices totaling NT$19,452,000, of which approximately 95% is expected to be recognized as revenue in 2023 and the remaining is recognized as revenue in 2024.

(4) Assets recognized from the cost of acquiring or performing customer contracts

None.

(Amounts in thousands of New Taiwan Dollars, unless otherwise specified)

17. Expected credit loss (gain)

	2023	2022
Operating expenses - expected credit loss		
Accounts receivable	$-	$9,983

Information related to credit risk is described in Note 12.

The allowance for losses is measured using the expected credit loss amount over the period of the receivables and is considered as a single group considering past experience and is measured using an allowance matrix and the information on the amount of allowance for losses as of December 31, 2023 and 2022 is as follows:

2023.12.31

	Not overdue	Days overdue				Total
		Within 30 days	31-60 days	61-90 days	More than 90 days	
Total carrying amount	$324,763	$9,541	$805	$93	$121	$335,323
Rate of loss	0%~0.29%	0%~0.35%	0%~0.75%	0%~21.51%	-	
Lifetime expected credit losses	(938)	(33)	(6)	(20)	-	(997)
Total	$323,825	$9,508	$799	$73	$121	$334,326

2022.12.31

	Not overdue	Days overdue				Total
		Within 30 days	31-60 days	61-90 days	More than 90 days	
Total carrying amount	$406,570	$7,714	$104	$-	$62	$414,450
Rate of loss	0%~0.23%	0%~0.56%	0%~1.92%	-	-	
Lifetime expected credit losses	(952)	(43)	(2)	-	-	(997)
Total	$405,618	$7,671	$102	$-	$62	$413,453

The Company's notes receivable and accounts receivable - related parties are not overdue.

The movement in the provision of impairment of trade receivables during the years ended December 31, 2023 and 2022 are as follows:

(Amounts in thousands of New Taiwan Dollars, unless otherwise specified)

	Accounts receivable
2023.1.1	$997
Additional/(reversal) for the current period	-
Write off	-
2023.12.31	$997
2022.1.1	$997
Additional/(reversal) for the current period	9,983
Write off	(9,983)
2022.12.31	$997

18. Operating lease

(1) Company as a lessee

The Company's various properties, including real estate such as land and buildings and transportation equipment. The lease terms range from 1 to 5 years, some of which are non-renewable, and there are no restrictions placed upon the Company by entering into these leases.

The Company's leases effect on the financial position, financial performance and cash flows are as follows:

A. Amounts recognized in the balance sheet

(a) Right-of-use assets

Carrying amount of right-of-use assets

	2023.12.31	2022.12.31
Housing and Construction	$36,765	$30,491
Transportation equipment	313	242
Total	$37,078	$30,733

For the years ended December 31, 2022 and 2021, the Company's addition to right-of-use assets amounted to NT$23,756,000 and NT$10,165,000, respectively.

(Amounts in thousands of New Taiwan Dollars, unless otherwise specified)

(b) Lease liabilities

	2023.12.31	2022.12.31
Lease liabilities	$37,444	$31,149
Current	$15,781	$14,354
Non-current	$21,663	$16,795

Please refer to Note 6(20)(3) Financing Costs for the Company's interest expense for lease liabilities in 2023 and 2022; and refer to Note 12(5) Liquidity Risk Management for the analysis on the expiration of lease liabilities as of December 31, 2023 and December 31, 2022.

B. Amounts recognized in the statement of comprehensive income

Depreciation charge for right-of-use assets

	2023	2022
Housing and Construction	$17,083	$17,436
Transportation equipment	328	1,497
Total	$17,411	$18,933

C. Revenues and expenses related to the lessee and lease activities

	2023	2022
Expenses relating to short-term leases	$3,980	$4,590
Expenses relating to leases of low-value assets((not including the expenses relating to short-term leases of low-value assets)	23	20

As of December 31, 2023 and December 31, 2022, the Company's committed short-term lease portfolio is similar in the category of the aforementioned lease related to short-term lease expenses.

For 2023 and 2022, the Company recorded a related rental reduction of NT$0 thousand and NT$51,000, respectively, in other income to reflect the change in lease payments resulting from the application of the relevant practical expedient method, which is in line with the direct result of the COVID-19 pandemic.

D. Cash outflow related to the lessee and lease activities

The total cash outflow related to lease of the Company in 2023 and 2022 was NT$18,258,000 and NT$19,074,000 respectively.

E. Other information relating to leasing activities

(a) Extension and termination options

Some of the Company’s property rental agreement contain extension and termination options. In determining the lease terms, the non- cancellable period for which the Company has the right to use an underlying asset, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. These options are used to maximize operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Company. After the commencement date, the Company reassesses the lease term upon the occurrence of a significant event or a significant change in circumstances that is within the control of the lessee and affects whether the Company is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term.

(2) Company as a lessor

Please refer to Note 6(8) for disclosures related to the Company's owned investment properties. Owned investment property is classified as an operating lease due to the non-transfer of substantially all the risks and rewards incidental to ownership of the subject asset.

	2023	2022
Lease revenue recognized from operating lease		
Income relating to variable lease payments that do not depend on an index or a rate	$18,029	$14,900

(Amounts in thousands of New Taiwan Dollars, unless otherwise specified)

Please refer to Note 6(8) for relevant disclosure of property, plant and equipment for operating leases under IFRS 16.

For operating leases entered by the Company, the undiscounted lease payments to be received and a total of the amounts for the remaining years as of December 31, 2023 and 2022 are as follows:

	2023.12.31	2022.12.31
Not later than one year	$17,092	$13,357
Later than one year but not later than two years	14,218	8,678
Later than two year but not later than three years	12,803	8,174
Later than three year but not later than four years	8,552	8,174
Later than four year but not later than five years	4,728	4,616
Total	$57,393	$42,999

19. Employee benefits, depreciation and amortization expenses are summarized by function as follows:

By function / By Nature	2023				2022			
	Operation Costs	Operation Expenses	Non-operation Expenses	Total	Operation Costs	Operation Expenses	Non-operation Expenses	Total
Employee benefits expense								
Salaries	$215,703	$141,483	$-	$357,186	$201,727	$158,505	$-	$360,232
Labor and health insurance	24,731	14,750	-	39,481	23,051	13,838	-	36,889
Pension	8,748	6,875	-	15,623	8,761	6,756	-	15,517
Remuneration Paid to Directors	-	553	-	553	-	7,883	-	7,883
Other Employee benefits expense	13,560	9,429	-	22,989	13,866	10,354	-	24,220
Depreciation expenses	82,402	48,936	1,745	133,083	80,242	54,367	1,749	136,358
Amortization expenses	24,410	15,214	-	39,624	25,446	14,175	-	39,621

Note 1. As of December 31, 2023 and December 31, 2022, the Company had 714 and 717 employees and four of whom were Directors who do not concurrently hold positions as employees of the Company, respectively.

Note 2. Average employee benefit expenses for 2023 and 2022 were NT$510,000 and NT$506,000 respectively. Average employee salary expenses for 2022 and 2021 were NT$506,000 and NT$500,000 respectively. Average employee salary adjustment increased 1.03%.

Note 3. The Company has set up an audit committee to replace the supervisor in accordance with the regulations; the supervisor's remuneration for 2023 and 2022 was NT$0,000.

Note 4. The Company's remuneration policy: The remuneration policy for directors, supervisors and managers of the Company is in accordance with the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange" and is submitted to the Remuneration Committee for consideration. The directors of the Company shall be compensated for their duties regardless of the Company's operating profit or loss, and their remuneration shall be determined by the Board of Directors' meeting with reference to the level of the industry; The compensation of the manager is highly correlated with the performance of the company's operation and the contribution of his duties, and is authorized to be determined by the board of directors' meeting; In addition to the basic salary, the Company pays bonuses according to the annual operation status to encourage morale and retain outstanding employees in a timely manner, and prepares salary adjustment items and amounts according to the grade and performance of employees with reference to the industry standard.

The Company's Articles of Incorporation provide that if there is profit in the year, 1-3% of profit shall be allocated for employee compensation, and no more than 2% shall be allocated for remunerations of the Directors and Supervisors. But when the accumulated loss is present, the Company shall first retain the profit to make up for deficits. The aforementioned employee compensation appropriated in shares or dividends shall be approved by a Board of Directors meeting attended by two-thirds or more of all Directors, and by a majority vote of all attending Directors, and reported to the Shareholders' Meeting. Please see the Market Observation Post System (MOPS) from the Taiwan Stock Exchange (TWSE) for information on employee compensation and remunerations of the Directors and Supervisors, as approved by the Board of Directors.

In 2023, the Company recognized employee compensation and directors' remuneration of NT$1,105,000 and NT$553,000, respectively, based on the current year's profitability at 3% and 1.5%, respectively, which were distributed based on the current year's profitability and included in salary expense. In 2022, the Company recognized employee compensation and directors' remuneration of NT$14,565,000 and NT$7,283,000, respectively, based on the current year's profitability at 3% and 1.5%, respectively, which were distributed based on the current year's profitability and included in salary expense.

(Amounts in thousands of New Taiwan Dollars, unless otherwise specified)

20. Non-operating income and expenses

(1) Other income

	2023	2022
Rental income	$18,029	$14,900
Interest income	1,160	242
Other income－other	5,800	5,354
Other income－ Low-cost purchase benefits	-	8,520
Total	$24,989	$29,016

(2) Other gains and losses

	2023	2022
Gains (losses) on disposal of property plant, and equipment	$(1,367)	$445,113
Gains on disposals of investments	2,710	-
Loss on scrapping of property, plant, and equipment	(397)	-
Net foreign exchange gains (losses)	1,898	(5,075)
Other expenses	(1,758)	(2,083)
Total	$1,086	$437,955

(3) Finance costs

	2023	2022
Interest on bank loans	$9,030	$7,040
Interest on lease liabilities	797	532
Imputed interest on deposits	51	24
Total finance costs	$9,878	$7,596

(Amounts in thousands of New Taiwan Dollars, unless otherwise specified)

21. Components of other comprehensive income

The components of other comprehensive income for 2023 are as follows:

	Arising in the current period	Reclassification and adjustment in the current period	Other comprehensive income	Income tax benefit (expense)	After-tax amount
Items that will not be reclassified to profit or loss:					
Remeasurement of defined benefit plans	$(4,392)	$-	$(4,392)	$878	$(3,514)
Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	(204,422)	-	(204,422)	(4,950)	(209,372)
Share of other comprehensive income or loss of subsidiaries - associates and joint ventures recognized under the equity method - items not reclassified to profit or loss	(51)	-	(51)	-	(51)
Items that may be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of financial statements of foreign operations	928	-	928	-	928
Total	$(207,937)	$-	$(207,937)	$(4,072)	$(212,009)

The components of other comprehensive income for 2022 are as follows:

	Arising in the current period	Reclassification and adjustment in the current period	Other comprehensive income	Income tax benefit (expense)	After-tax amount
Items that will not be reclassified to profit or loss:					
Remeasurement of defined benefit plans	$6,163	$-	$6,163	$(1,233)	$4,930
Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	442,030	-	442,030	(13,578)	428,452
Share of other comprehensive income or loss of subsidiaries - associates and joint ventures recognized under the equity method - items not reclassified to profit or loss	432	-	432	-	432

(Amounts in thousands of New Taiwan Dollars, unless otherwise specified)

Items that may be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of financial statements of foreign operations	(58)	-	(58)	11	(47)
Total	$448,567	$-	$448,567	$(14,800)	$433,767

22. Income Tax

Major components of income tax expense (benefit) for 2023 and 2022 are as follows:

Income tax recognized in profit or loss

	2023	2022
Current income tax expense (benefit):		
Current income tax payable	$18,847	$-
Land value increment tax	-	37,135
Adjustments in respect of current income tax of prior periods	15	374
Deferred income tax expense (benefit):		
Deferred tax expense (benefit) relating to origination and reversal of temporary differences	633	2,163
Income tax (benefit) expense	$19,495	$39,672

Income tax recognized in other comprehensive income

	2023	2022
Current income tax expense (benefit):		
Realized gains (losses) on investments in equity instruments at fair value through other comprehensive income	$4,950	$13,578
Deferred income tax expense (benefit):		
Exchange differences on translation of financial statements of foreign operations	-	(11)
Remeasurement of defined benefit plans	(878)	1,233
Income tax related to other components of other comprehensive income	$4,072	$14,800

Reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is follows:

(Amounts in thousands of New Taiwan Dollars, unless otherwise specified)

	2023	2022
Accounting profit before tax from continuing operations	$35,185	$463,828
Income tax calculated at the parent company's statutory income tax rate	$7,037	$92,765
Settlement of the Surtax on Undistributed Retained Earnings	18,847	-
Tax effects of non-deductible expense	(6,550)	(1,691)
Tax effects of revenues exempt from taxation	-	(87,853)
Tax effects of other - use of loss carryforwards adjusted in accordance with the law	146	(1,058)
Adjustments of current income tax in previous years	15	374
Land value increment tax	-	37,135
Income tax expense recognized in profit or loss	$19,495	$39,672

Deferred income tax asset (liabilities) balances related to the following items:

2023

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	other	Ending balance
Temporary differences					
Book-tax difference in depreciation	$1,804	$(445)	$-	$-	$1,359
Accumulated conversion adjustment	(5,485)	-	-	5,485	-
Net defined benefit liabilities - non-current	16,141	(57)	878	-	16,962
Short-term employee benefits	1,544	-	-	-	1,544
Unrealized exchange losses	81	(131)	-	-	(50)
Impairment of property, plant, and equipment	12	-	-	-	12
Deferred income tax (expense)/benefit		$(633)	$878	$5,485	
Net deferred income tax assets/(liabilities)	$14,097				$19,827
Information stated on balance sheet is as follows:					
Deferred income tax assets	$19,582				$19,877
Deferred income tax liabilities	$5,485				$50

(Amounts in thousands of New Taiwan Dollars, unless otherwise specified)

2022

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	other	Ending balance
Temporary differences					
Book-tax difference in depreciation	$3,119	$(1,315)	$-	$-	$1,804
Accumulated conversion adjustment	(5,496)	-	11	-	(5,485)
Net defined benefit liabilities - non-current	17,984	(610)	(1,233)	-	16,141
Short-term employee benefits	1,544	-	-	-	1,544
Unrealized exchange losses	319	(238)	-	-	81
Impairment of property, plant, and equipment	12	-	-	-	12
Deferred income tax (expense)/benefit		$(2,163)	$(1,222)	$-	
Net deferred income tax assets/(liabilities)	$17,482				$14,097
Information stated on balance sheet is as follows:					
Deferred income tax assets	$22,978				$19,582
Deferred income tax liabilities	$5,496				$5,485

The following table contains information of the unused tax losses of the Company:

		Unused tax losses		
Year of occurrence	Loss amount	2023.12.31	2022.12.31	Expiration year
2017	$88,248	$44,458	$44,458	2027
2018	9,077	9,077	9,077	2028
Total	$97,325	$53,535	$53,535	

Unrecognized deferred income tax assets

As of December 31, 2023 and 2022, deferred tax assets that have not been recognized as they may not be used to offset taxable profits amounted to NT$10,707,000 and NT$10,707,000, respectively.

The assessment of income tax returns

As of December 31, 2023, the assessment of the income tax returns of the Company is as follows:

	The assessment of income tax returns	Remark
The Company	Assessed and approved up to 2021	None

23. Earnings per share

Basic earnings per share is calculated by dividing net profit for the year attributable to ordinary equity owners of the parent entity by the weighted average number of ordinary shares outstanding during the year.

	2023	2022
Basic earnings per share		
Profit attributable to ordinary equity owners of the parent (in NT$ thousand)	$15,690	$424,156
Weighted average number of ordinary shares outstanding for basic earnings per share(in thousands)	99,734	108,343
Basic earnings per share (NT$)	$0.16	$3.91

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date the financial statements were authorized for issue.

VII. Related Party Transactions

Names and relationship of related parties

Related Party	Relationship with the Company
Rivon Trading (Shanghai) Co., Ltd.	The company is a sub-subsidiary of the Company
Rivon Investment Co.	The Director of the company and the Chairman and President of the Company are the same person
Cheng Tien Investment Co.	The Chairperson of the company and the chairman of the Company are the same person
Croissant Bakery Ltd.	The company is a subsidiary of the Company

Material transaction matters with related parties

(Amounts in thousands of New Taiwan Dollars, unless otherwise specified)

1. Accounts receivable

	2023	2022
Entities over which the Company has control:		
Croissant Bakery Ltd.	$3,763	$127

2. Other receivables

	2023	2022
Entities over which the Company has control:		
Croissant Bakery Ltd.	$15	$106

3. Accounts Payable

	2023	2022
Entities over which the Company has control:		
Croissant Bakery Ltd.	$-	$59

4. Sales revenue

	2023	2022
Entities over which the Company has control:		
Croissant Bakery Ltd.	$11,399	$4,089
Rivon Trading (Shanghai) Co., Ltd.	-	5,591
	$11,399	$9,680

The sales prices of the Company's sales to related parties are negotiated by the parties with reference to market prices. The outstanding amounts for 2023 and 2022 are unsecured, interest-free and payable in cash. The Company has not received any guarantee for the receivables from related parties

5. Rental income

The Company's properties were leased to related parties under general lease terms for 2022 and 2021, with the following breakdown:

	2023	2022
Other related party:		
Rivon Investment Co.	$24	$24
Cheng Tien Investment Co.	24	-
Croissant Bakery Ltd.	20	-
	$68	$24

(Amounts in thousands of New Taiwan Dollars, unless otherwise specified)

6. Property transactions

The Company's sale of properties to related parties are as follows:

Related Party	Summary		2023	2022
Cheng Tien Investment Co.	Sale of transport equipment	Price of sale	$-	$952
		Disposal loss	$-	$-

7. Operating expenses

Related Party	Summary	2023	2022
Croissant Bakery Ltd.	Operating expenses-miscellaneous purchases	$-	$100
〃	Operating expenses- research and development expenses	-	134
〃	Operating expenses- repair costs	-	(2)
〃	Operating expenses- miscellaneous	-	(55)
Subtotal		$-	$177

8. Bonuses for the Company's key managerial officers

	2023	2022
Salaries, bonuses, executive fees and remuneration	$20,833	$30,773

The key management personnel of the Company comprise directors, president and vice president.

VIII. Pledged Assets

The Company has pledged the following assets as collateral:

Item	Carrying amount 2023.12.31	Carrying amount 2022.12.31	Content of the secured liabilities
Property, plant and equipment - land and building	$1,147,579	$1,215,370	Bank loans
Investment property - land and buildings	186,641	151,294	〃
Other current assets - restricted assets - time deposits	700	29,567	Bank loan and truck fuel guarantee
Total	$1,334,920	$1,396,231	

IX. Significant Contingent Liabilities and Unrecognized Contract Commitments

As of December 31, 2023, the Company had unused forward letter of credit facilities for the purchase of raw materials and equipment amounting to approximately NT$24,594,000.

(Amounts in thousands of New Taiwan Dollars, unless otherwise specified)

X. Significant Disaster Loss

None.

XI. Significant Events after the Balance Sheet Date

None.

XII. Others

a. Category of financial instruments

Financial assets

	2023.12.31	2022.12.31
Financial assets at fair value through other comprehensive income	$708,418	$1,014,719
Financial assets at amortized cost		
Cash and cash equivalents (excluding petty cash)	41,206	49,362
Notes receivable	4,932	2,843
Accounts receivable	334,326	413,453
Refundable deposits	4,476	5,404
Restricted assets	700	29,567
Total	$1,094,058	$1,515,348

Financial liabilities

	2023.12.31	2022.12.31
Financial liabilities measured at amortized cost:		
Short-term loans	$50,000	$44,867
Short-term notes and bills payable	456,115	501,535
Accounts payable	707,222	488,889
Long-term loans (Due within one year)	4,361	3,539
Guarantee deposits received	37,444	31,149
Total	$1,255,142	$1,069,979

b. Objective and policy of financial risk management

The objective of the Company's financial risk management is to manage the market risk, credit risk, and liquidity risk related to operating activities. The Company conducts the identification, valuation, and management of the aforementioned risks based on the Company's policy and risk appetite.

The Company has set up appropriate policy, procedures, and internal control in regards to the aforementioned financial risk management based on relevant standards. Material financing activities need to be reviewed by the Board of Directors in regards to relevant standards and internal control system. During implementations of financial management activities, the Company shall strictly abide by the regulations for financial risk management that have been set up.

c. Market risk

The Company's market risk is the risk of changes in fair value or cash flow from financial instruments due to market price changes. Market risk mostly includes exchange rate risk, interest rate risk, and other pricing risks (e.g. equity instruments).

In practice, very few risk variables are single occurring, and the change in each risk variable is usually correlated. Nevertheless, the sensitivity analysis on the following risks does not take the interactions between various risk variables into consideration.

Foreign exchange risk

The Company's foreign exchange rate risk relates primarily to foreign currency bank deposits.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit is performed on significant monetary items denominated in foreign currencies as of the end of the reporting period. The Company's foreign currency risk is mainly related to the volatility in the exchange rates for USD and EUR. The information of the sensitivity analysis is as follows:

When NTD appreciates or depreciates against USD by 1%, the profit for the years ended December 31, 2023 and 2022 decreases/increases by NT$90,000 and NT$375,000, respectively.

When NTD appreciates or depreciates against EUR by 1%, the profit for the years ended December 31, 2023 and 2022 decreases/increases by NT$1,000 and NT$254,000, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the bank borrowings with fixed interest rates and variable interest rates.

Sensitivity analysis for interest rate risk mostly targets interest rate exposure items after the reporting period and includes variable rate investments and variable rate borrowings. It adopts the assumption that in a given accounting period, when the interest increases or decreases by 0.1%, the Company's 2023 and 2022 income will increase by NT$757,000 and decrease by NT$534,000 respectively.

Equity price risk

The Company's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company's listed and unlisted equity securities are included in the category measured at fair value through other comprehensive income. Portfolio information on equity securities is provided to the Company's senior management on a regular basis and the Board of Directors is required to review and approve all investment decisions on equity securities.

The Company does not hold listed equity securities that are mandatorily measured at fair value through profit or loss.

For investments in equity instruments measured at fair value through other comprehensive income, if the price of these equity securities increases/decreases by 1%, the equity in the Company's equity would increase/decrease by NT$7,084,000 and NT$9,999,000 in 2023 and 2022, respectively.

d. Credit risk management

Credit risk refers to the risk that the counterparty is unable to fulfill contractual obligations and leads to financial loss. The Company's credit risk mostly comes from operating activities (mostly from accounts receivable and notes receivable) and financing activities (mostly bank deposits and various financial instruments).

Each business unit of the Company follows credit risk policy, procedure, and controls in managing credit risks. The credit risk valuation of all trading counterparties comprehensively measures factors including the counterparties' financial status, credit rating, past transaction experiences, current economic environment, and the Company's internal valuations. The Company also adopts certain credit enhancement tools (e.g. prepayment) on a timely basis to reduce the credit risk from certain customers.

As of December 31, 2023 and 2022, receivables from top ten customers represented 76% and 84% of the total contract assets and trade receivables of the Company, respectively. The credit concentration risk of other contract assets and accounts receivables was insignificant.

The Company's financing department manages credit risk by managing bank deposits and other financial instruments in accordance with Company policy. The Company only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating. Consequently, there is no significant credit risk for these counterparties.

The Company has adopted IFRS 9 in the valuation of expected credit loss. Receivables are measured as allowances for lifetime expected credit losses.

Additionally, when evaluating financial assets that cannot be reasonably recovered, the Company will write off the assets (for instance, if the issuer or the debtor experiences material financial difficulty or has become bankrupt).

The Company's investments in debt instruments with increased credit risk are disposed of in a timely manner to reduce credit losses. When evaluating expected credit losses, forward-looking information (information that can be obtained without excessive costs or inputs) is also evaluated, including macroeconomic information and industry information, and the loss rate is further adjusted if the forward-looking information will have a significant impact.

e. Liquidity risk management

The Company maintains financial flexibility through contracts including cash and cash equivalents and bank loans, etc. The following table summarizes the maturity of the payments contained in the contracts of the Company's financial liabilities. It is compiled based on the date on which the earliest possible repayment is required using its undiscounted cash flow.

(Amounts in thousands of New Taiwan Dollars, unless otherwise specified)

Non-derivative financial liabilities

	Less than 1 year	1 to 4 years	5 years or above	Total
2023.12.31				
Loans	$72,222	$685,000	$-	$757,222
Accounts payable	456,115	-	-	456,115
Lease liabilities	19,784	21,663	-	41,447
2022.12.31				
Loans	$44,867	$488,889	$-	$533,756
Accounts payable	501,535	-	-	501,535
Lease liabilities	18,964	16,795	-	35,759

f. Adjustments of liabilities from financing activities

Information on adjustments of liabilities in 2023:

	Short-term loans	Short-term notes and Bills payable	Long-term loans (Due within one year)	Lease liabilities	Other non-Current liabilities	Total liabilities from financing activities
2023.1.1	$44,867	$-	$488,889	$31,149	$4,091	$568,996
Cash flows from:	5,133	-	218,333	(18,258)	1,602	206,810
Non-cash changes	-	-	-	24,553	(260)	24,293
2023.12.31	$50,000	$-	$707,222	$37,444	$5,433	$800,099

Information on adjustments of liabilities in 2022:

	Short-term loans	Short-term notes and Bills payable	Long-term loans (Due within one year)	Lease liabilities	Other non-Current liabilities	Total liabilities from financing activities
2022.1.1	$60,000	$69,978	$610,000	$39,808	$3,989	$783,775
Cash flows from:	(15,133)	(69,978)	(121,111)	(19,074)	217	(225,079)
Non-cash changes	-	-	-	10,415	(115)	10,300
2022.12.31	$44,867	$-	$488,889	$31,149	$4,091	$568,996

g. Fair value of financial instruments

(1) Valuation technique and assumptions used in measuring fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Company to measure or disclose the fair values of financial assets and financial liabilities:

A. The carrying amount of the cash and cash equivalents, account receivables, account payables and other current liabilities is a reasonable approximation of the fair value, mainly because the period of maturity of such instruments is short.

B. The fair value of financial assets and financial liabilities that are traded in active market and have standard terms and conditions are determined by reference to market quotations (e.g., listed stocks, beneficiary certificates, bonds and futures).

C. The fair value of long-term borrowings is determined based on quoted prices from counter-parties, and assumptions such as interest rates and discount rates are made mainly with reference to information related to similar instruments (e.g., information on credit risk).

(2) Fair value of financial instruments measured at amortized cost

The carrying amounts of financial instruments (including cash and cash equivalents, accounts receivable, accounts payable and other current liabilities) carried at amortized cost are a reasonable approximation of fair value.

(3) Information about the fair value hierarchy of financial instruments

For details of the fair value hierarchy of the Company's financial instruments, please refer to Note 12(8).

h. Fair value hierarchy

(1) Definition of fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

(Amounts in thousands of New Taiwan Dollars, unless otherwise specified)

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

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

Level 3: Unobservable inputs for the asset or liabilities.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

(2) Hierarchical information on fair value measurements

The Company has no non-recurring assets that are measured at fair value. The fair value hierarchy information of the recurring assets and liabilities is as follows:

December 31, 2023:

	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Measured at fair value through other comprehensive income				
Equity instruments measured at fair value through other comprehensive income	$356,451	$351,967	$-	$708,418

December 31, 2022:

	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Measured at fair value through other comprehensive income				
Equity instruments measured at fair value through other comprehensive income	$514,633	$485,226	$14,860	$1,014,719

Transfer between Level 1 and Level 2 during the period

(Amounts in thousands of New Taiwan Dollars, unless otherwise specified)

During the year ended December 31, 2023 and 2022, there are no transfers between Level 1 and Level 2 of the fair value hierarchy for the Company's assets and liabilities that are measured at fair value on recurring basis.

Details of changes in Level 3 of the recurring fair value hierarchy

Reconciliation of the opening to closing balances of the Company's assets and liabilities measured at fair value on recurring basis within level 3 of the fair value hierarchy is as follows:

	Equity instruments measured at fair value through other comprehensive income
	Stock
2023.1.1	$14,860
Amount influenced by exchange rate	208
Transfer-out from Level 3	(15,068)
2023.12.31	$-

	Equity instruments measured at fair value through other comprehensive income
	Stock
2022.1.1	$27,830
Total loss recognized in 2022:	
Recognized in other comprehensive income (presented in "Unrealized gain (loss) on investment in equity instruments measured at fair value through other comprehensive income")	(12,970)
2022.12.31	$14,860

Information on significant unobservable inputs in Level 3 of the fair value hierarchy

The significant unobservable inputs to the Company's fair value hierarchy for assets measured at repeated fair values in Level 3 of the fair value hierarchy that are used for fair value measurement are presented in the following table:

December 31, 2023:

The stocks of companies not listed in TPEx as originally purchased by the Group were listed on the Emerging Stock Market on August 8, 2023. Quotations of the same assets or liabilities on an active market could be acquired on the date of measurement, therefore Level 3 was transferred to Level 1.

(Amounts in thousands of New Taiwan Dollars, unless otherwise specified)

December 31, 2022:

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the inputs to fair value
Financial assets：					
Financial assets at fair value through other comprehensive income					
Stock	Market approach and equity value of complex capital structures	Expected equity value volatility	91.23%~101.23% (96.23%)	The higher expected volatility of the equity value, the lower the fair value estimate	A 5% increase (decrease) in the expected percentage fluctuation of the equity value would decrease/increase the Company's equity by NT$248,000.

(3) Information on hierarchy that is not measured at fair value but requires disclosure of fair value

December 31, 2023:

	Level 1	Level 2	Level 3	Total
Assets with disclosed fair value only:				
Investment property (Note 6)	$-	$-	$741,484 ~1,249,811	$741,484 ~1,249,811

December 31, 2022:

	Level 1	Level 2	Level 3	Total
Assets with disclosed fair value only:				
Investment property (Note 6)	$-	$-	$632,125~ 971,142	$632,125~ 971,142

i. Significant assets and liabilities denominated in foreign currencies

Information on the Company's foreign currency financial assets and liabilities with significant impact is as follows:

(Amounts in thousands of New Taiwan Dollars, unless otherwise specified)

Amount unit: thousand

	2023.12.31		
	Foreign currency	Exchange rate	NT$
Financial assets			
Monetary items:			
USD	$294	30.71	$9,029
EUR	$2	33.98	$68

	2022.12.31		
	Foreign currency	Exchange rate	NT$
Financial assets			
Monetary items:			
USD	$1,221	30.71	$37,496
EUR	$776	32.72	$25,390

The above information is based on the carrying amount in foreign currency, which has been converted to functional currency.

j. Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

XIII. Supplementary Disclosures

1. Information on Significant Transactions

(1) Financings provided to others: None.

(2) Endorsement/guarantee provided to others: None.

(3) Marketable securities held at the end of the period (excluding investments in subsidiaries, associates, and interests in joint ventures): Please refer to Attachment 1.

(4) Individual securities acquired or disposed of with accumulated amount exceeding NT$300 million or 20% of the paid-in capital: None.

(5) Acquisition of property with the amount exceeding NT$300 million or 20% of the paid-in capital: Please refer to Attachment 2.

(6) Disposal of property with the amount exceeding NT$300 million or 20% of the paid-in capital: Please refer to Attachment 3.

(7) Purchases or sales of goods from or to related parties with the amount exceeding NT$100 million or 20% of paid-in capital: None.

(8) Receivables from related parties amounting to NT$100 million or 20% of paid-up capital: None.

(9) Derivatives transactions: None.

2. Information on the reinvestment business: Please refer to Attachment 2.

3. Information on investment in Mainland China: Please refer to Attachment 3.

4. Information on major shareholders: Please refer to Attachment 4.

Table 1 Securities held at end of period (excluding investments in subsidiaries, associates, and joint ventures):

Unit: NT$ thousand

Securities Holding Company	Type and Name of Securities	Relationship with Issuer of Securities	Financial Statement Account	Ending Balance				Remark
				Number of Shares (share)	Carrying Amount	Shareholding Ratio	Fair value (Net per share) (Unit: NT$)	
Hunya Foods Co., Ltd.	PharmaEssentia Corp.	None	Financial assets at fair value through other comprehensive income	869,896	$300,984	0.26%	$346.00	None
				1,271,557	351,967	0.37%	276.80	Participation in Private Placement
Hunya Foods Co., Ltd.	Acepodia Inc.,(Cayman)	None	Financial assets at fair value through other comprehensive income	1,612,900	55,467	0.28%	34.39	None

Note 1: Securities mentioned in this table refer to stocks, bonds, and beneficiary certificates within the scope of IAS 39 "Financial Instruments: Recognition and Measurement" as well as valuable securities derived from the aforesaid items.

Note 2: If the issuers of securities are not interested parties, this column may not be filled out.

Note 3: For securities measured at fair value, it is required to fill out the book balance obtained after the evaluation and adjustment of fair value and the deduction of accumulated impairments in the column of carrying amount; for securities not measured at fair value, it is required to fill out the book balance obtained after deduction of accumulated impairments from the cost of initial acquisition or amortized cost in the column of carrying amount.

Note 4: If the securities listed are involved in provision of guarantee, pledge loan, or other restrictions for use as agreed, number of shares guaranteed or pledged, and guarantee or pledge amount, as well as the conditions of restricted use shall be specified in the remark column.

Note 5: Methods for filling out the fair value are as follows:

1. If there are open market prices, fair value refers to the average closing price in the last month of the accounting period. However, for an open-end fund, its market price refers to the net asset value of this fund on the balance sheet date.

2. If there are no open market prices, net worth per share shall be filled out for stocks, while other items may not be filled out.

Table 2 Name of Investee Company, Location...etc. (excluding Mainland China investee companies)

Unit: NT$ thousand

Name of Investor	Name of Investee (Note 1, 2)	Location	Principal Business	Initial Investment Amount		End of the Period			Profit (Loss) of Investee for the Period (Note 2(2))	Investment Profit (Loss) Recognized for the Period (Note 2(3))	Remark
				End of the Period(Note 3)	End of Last Year	Number of Shares	Shareholding (%)	Carrying amount			
Hunya Foods Co., Ltd.	HUNYA INTERNATIONAL LIMITED	British Virgin Islands	Investment Industry	-	$30,312 (USD1,021 thousand)	-	-	$-	$224	$224	Subsidiaries
Hunya Foods Co., Ltd.	Croissants Bakery Ltd.	Taiwan	Food Industry	$175,000	175,000	-	100%	192,850	18,191	2,526	Subsidiaries
HUNYA INTERNATIONAL LIMITED	ABSOLUBEST INVESTMENTS LIMITED	British Virgin Islands	Investment Industry	-	$30,312 (USD1,021 thousand)	-	-	-	224	224	Sub-subsidiaries

Note 1: If a public company has a foreign holding company and is required by local laws and regulations to use consolidated financial statements as the primary financial statements, the disclosure of information about the foreign investee company may be limited to the relevant information of the holding company.

Note 2: For cases other than those described in Note 1, the following regulations apply:

(1) The columns of "Name of investee company", "Location", " Principal business", " Initial investment amount" and "Shareholding as of the end of the period" shall be determined in accordance with the circumstances of the Company's transfer of investment and each direct investment. The Company shall fill in the following information in the order of the reinvestment of the investee company or the indirectly controlled investee company. The relationship between each investee company and the Company (if it is a subsidiary or sub-subsidiary) shall be indicated in the Notes column.

(2) The column of "Profit or loss of investee company for the period" shall be filled in the amount of profit or loss of each investee company for the period.

(3) The column of "Gains or losses recognized during the period" shall be filled in only for each subsidiary and equity-method investee recognized by the (public) company. The remainder is not required. When filling in the "Amount of current profit or loss of each subsidiary recognized as a direct investment", the amount of current profit or loss of each subsidiary includes the investment income or loss that shall be recognized in accordance with the regulations for its reinvestment.

Note 3: The liquidation of HUNYA INTERNATIONAL LIMITED and ABSOLUBEST INVESTMENTS LIMITED was completed in October 2023 and August 2023 respectively.

Table 5 Information on Investments in Mainland China:

I. Investee Company in Mainland China:

Unit: NT$ thousand

Investee Company in Mainland China Name of Company	Main Business Activities	Paid-in Capital	Method of Investments (Note I)	Accumulated Amount of Investments Remitted from Taiwan at Beginning of	Amount of Investments Remitted or Repatriated		Accumulated Amount of Investments Remitted from	The Company's Direct or Indirect Ownership	Investment Profit (Loss) Recognized for the Period	Carrying Amount of Investments at the End of the Period	Accumulated Investment Income Repatriated at End of
					Remitted	Repatriated					
Rivon Trading (Shanghai) Co.. Ltd.	Trading Company	$29,686 (USD1,000 thousand)	(3)	$29,686	$-	$-	$29,686	100%	$219	$-	$-

II. Limitation on investment in mainland China:

Accumulated Amount of Investments Remitted from	Amount of Investments Authorized by	Ceiling on Amount of Investments Stipulated by
$29,686 (USD 1,000 thousand)	$29,686 (USD 1,000 thousand) (Note 4)	$1,446,755

III. Major transactions with any investee company in mainland China directly or indirectly through a third region, and their prices, payment terms, unrealized gains (losses), and other information: None.

IV. Directly or indirectly through a third area business with the mainland investee company to provide endorsement guarantee or provide collateral situation: None.

V. Directly and indirectly through a third area to provide financing to the investee company in the mainland: None.

VI. Other transactions that have a significant effect on the profit or loss or financial position of the period: None.

Note 1. Methods of investments are divided into the following three types:

(1) Investment in mainland companies through a third region remittance.

(2) Reinvestment in mainland companies through third region investment and establishment of companies.

(3) Reinvestment in mainland companies by reinvesting in existing companies in third regions.

(4) Direct investment in mainland companies.

(5) Others.

Note 2. Investment profit (loss) recognized for the period:

(1) Indicate if no investment profit (loss) is recognized as an investee is under preparation.

(2) Indicate if investment profit (loss) is recognized on the following basis:

1.Financial statements audited by international accounting firms cooperating with accounting firms in the Republic of China.

2.Financial statements audited by the parent company's CPAs in Taiwan.

3.Others.

Note 3. The relevant figures in this table shall be presented in thousands of New Taiwan dollars.

Note 4. Rivon Trading (Shanghai) Co., Ltd. was already canceled. Also, it was already applied to the Investment Commission, the Ministry of Economic Affairs that the cancellation registration of mainland business was completed and acquired on March 30, 2023. It was approved and recorded for future reference according to Shen-Erh-Tzu No. 11200042820 Letter.

Note 5. This investee has already been disposed of in the current period. Therefore, the carrying amount of the ending investment was 0. However, relevant disposal price is now being applied for repatriation.

Table 4 Information on Major Shareholders:

Unit: share(s)

Share / Name of Major	Share			
	Number of Common Shares	Number of Special Shares	Total Number of Shares Held	Percentage of Ownership (%)
Rivon Investment Co., Ltd.	12,765,032	-	12,765,032	14.72%
Cheng Tian Investment Co., Ltd.	9,711,652	-	9,711,652	11.20%
X-Chen Chang	6,570,616	-	6,570,616	7.58%
X-Yen Chang	4,694,732	-	4,694,732	5.41%

(1) The major shareholders in this table are shareholders holding more than 5% of the common and preference shares that have completed delivery without physical registration (including treasury shares) on the last business day of each quarter calculated by the Taiwan Depository & Clearing Corporation. Share capital indicated in the Company's financial statements may differ from the actual number of shares that have been issued and delivered without physical registration as a result of different basis of preparation.

(2) If a shareholder delivers its shareholding information to the trust, the aforesaid information shall be disclosed by the individual trustee who opened the trust account. Please refer to MOPS for information on shareholders who declare themselves to be insiders holding more than 10% of shares in accordance with the Securities and Exchange Act, and their shareholdings including their shareholdings plus their delivery of trust and shares with the right to make decisions on trust property.

Chapter 7

Review and Analysis of the Company's Financial Position and Financial Performance, and Listing of Risks

I. Financial Position

II. Financial Performance

III. Cash Flows

IV. Effect on Financial Operations of Any Major Capital Expenditures during the Most Recent Fiscal Year

V. Reinvestment Policy for the Most Recent Fiscal Year, Main Reasons for Profits/Losses Generated Thereby, Plan for Improving Re-investment Profitability, and Investment Plans for the Coming Year

VI. Risk Analysis and Evaluation

VII. Other Important Matters

Chapter 7. Review and Analysis of the Company's Financial Position and Financial Performance, and Listing of Risks

I. Financial position: Major changes in assets, liabilities and equity in the last two years and their effects

Consolidated Financial Statements

Unit: NT$ thousand

Item \ Year	December 31, 2023	December 31, 2022	Difference		Remark
			Amount	%	
Current Assets	773,631	811,101	(37,470)	(4.62%)	
Property, Plant, and Equipment	1,838,907	1,811,357	27,550	1.52%	
Other Assets	1,216,435	1,500,378	(283,943)	(18.92%)	1
Total Assets	3,828,973	4,122,836	(293,863)	(7.12%)	
Current Liabilities	680,521	653,745	26,776	4.10%	
Long term Liabilities	737,193	536,485	200,708	37.41%	2
Total Liabilities	1,417,714	1,190,230	227,484	19.11%	
Capital Stock	866,740	1,083,425	(216,685)	(20.00%)	3
Capital Surplus	34,205	34,205	-	-	-
Retained Earnings	1,015,933	1,033,396	(17,463)	(1.69%)	-
Total Equity	2,411,259	2,932,606	(521,347)	(17.78%)	-

Description:
1. The decrease in other assets is mainly due to the fluctuation of the stock prices of PharmaEssentia and gain and loss evaluation.
2. The increase in the long-term liabilities is mainly due to the refund of stock capital because of a decrease in registered capital by cash.
3. The 20% decrease in capital stock is mainly due to the decrease in registered capital by cash.
4. The analysis is exempted because the change rate of increase or decrease is less than 20% and the amount is less than NT$10 million.

II. Financial performance: the main reasons for the significant changes in operating income, net operating income and net income before tax for the last two years, the expected sales volume and its basis, the possible impact on the Company's future financial operations and the corresponding plans

Consolidated Financial Statements

Unit: NT$ thousand

Item \ Year	2023	2022	Change, by Amount	Change, by Percentage
Net Operating Revenue	1,929,953	2,108,653	(178,700)	(8.47%)
Operating Costs	1,392,477	1,539,923	(147,446)	(9.57%)
Gross Profit	537,476	568,730	(31,254)	(5.50%)
Operating Expenses	524,282	564,358	(40,076)	(7.10%)
Operating Income	13,194	4,372	8,822	201.78%
Non-operating Income and Expenditure	22,009	462,474	(440,465)	95.24%
Income (loss) Before Tax	35,203	466,846	(431,643)	(92.46%)
Income Tax (Expense) Gain	(19,513)	(42,690)	23,177	54.29%
Net (Loss) Gain after Tax	15,690	424,156	(408,466)	(96.30%)
Description: 1. In 2023, the shipment peak typically observed during the Chinese New Year was delayed to January, leading to a decline in operating revenue. Furthermore, an egg shortage and subsequent rise in egg prices adversely impacted cake performance. Despite a slight increase in the gross profit rate attributed to benefits from product portfolios, the overall gross profit amount decreased due to the decline in operating revenue. 2. Operating income was higher than the same period of last year due to a decline in gross operating profit, but the expenses were well controlled. 3. The non-operating income was mainly due to the gain of NT$445,346 thousand on disposal of real estate. last year.				

III. Cash flow: Analysis of cash flow changes in the latest year, plans to improve liquidity and analysis of cash flow in the coming year

(I) Net cash inflow from operating activities was NT$273,219 thousand, an increase of NT$121,809 thousand from NT$151,410 thousand in 2022, mainly due to the A/R received for the Chinese New Year was delayed to January 2023.

(II) The net cash outflow from investing activities was $106,242 thousand, an increase of NT$123,672 thousand compared to the net inflow in the previous period. The Company added production lines and replaced old equipment for long-term business development and product diversification needs; in addition, the Company measured its long-term and short-term capital position and sold PharmaEssentia shares at a profit in order to maintain financial stability and efficient use.

(III) The cash flow for the coming year is expected to be mainly based on net cash flow from own operating activities, in addition to the credit line granted by the bank as a reserve.

IV. Effect on Financial Operations of Any Major Capital Expenditures

Capital Expenditure Items	Estimated Investment Amount	Impact on Financial Operations
BI (visualization application) software import, RPA (Robot process automation), SCM (supply chain management system) import, server update	NT$8,800 thousand	Improve the management efficiency and business model setting of physical stores integrated with online market
Bread production line addition, WMS (Warehouse management system) construction, intelligent machinery purchase, laboratory addition and certification, inspection equipment purchase	NT$85,700 thousand	Reduce production costs and improve performance, new product revenue generation
Bread production line addition and product line expansion	NT$200,080 thousand	Long-term Corporate Development
Total	NT$294,580 thousand	

V. Reinvestment Policy for the Most Recent Fiscal Year, Main Reasons for Profits/Losses Generated Thereby, Plan for Improving Re-investment Profitability, and Investment Plans for the Coming Year

PharmaEssentia Corp., in which the Company has invested, was listed on the TPEx in 2016 with the aim of increasing active market transactions and business prospects. However, the Company remains committed to prioritizing investment in its own brand development. In January 2022, the Company completed a 100% equity transaction to acquire Croissants Bakery Ltd. This strategic move is aimed at tapping into opportunities to sell fresh daily commodities and overcoming current challenges associated with seasonal product sales fluctuations and disparities in production capacity and manpower utilization rates between peak and off-peak seasons. The Company aims to leverage this acquisition to gain competitive advantages and enhance overall operational benefits.

VI. Risk Analysis and Evaluation Item

(I) Effect on the Profit (Loss) of Interest and Exchange Rate Fluctuations and Changes in the Inflation Rate, and Response Measures

1. Domestic interest rates are still at a low level, which is conducive to the development of corporate investment.

2. The foreign currency portion of the Company's foreign sales revenue is mainly for purchased raw materials. The Company uses natural balance to hedge the risk of exchange rate changes, adjusts its foreign currency holdings in a timely manner, and

reduces the impact of exchange rate changes depending on the exchange rate changes.

3. The prices of raw materials such as dairy products, oils and fats and agricultural products have increased due to the epidemic, and there is pressure to increase the cost of our products but no significant risk.

(II) Engaged in high-risk, highly leveraged investments, lending of funds to others, endorsement of guarantees or derivative transactions: None.

(III) Future research and development plans and estimated investment in research and development

Develop medium to high priced chocolate products, souvenirs (French / handmade pastries) and fresh products. Export section: We have a wide range of product lines to meet the needs and regulations of the trading regions, and to promote a variety of export items and markets. We allocate 1~2% of our annual revenue to R&D to develop new products, streamline production, and introduce MES/WMS/NPD to rationalize and improve production processes.

(IV) Effect on the Financial Operations of Important Policies Adopted and Changes in the Legal Environment at Home and Abroad, and Measures to Be Taken in Response

As society continues to progress, corporate management, food safety, hygiene, labeling and consumer protection laws and regulations are being improved. The Company has always adhered to the philosophy of honesty and fair dealing and has been prudent in complying with relevant laws and regulations, with the aim of improving the quality of the Company's products and management.

(V) Impact of Information System Impairment on the Company's Financial Operations and Response Measures

The Company and its subsidiaries establish a high-availability host redundancy mechanism according to their risk levels to ensure uninterrupted service, synchronize backup data to off-site storage, conduct regular emergency response drills to ensure normal operation of the information system and data preservation, reduce the risk of information interruption or destruction, and ensure that the expected system recovery target time is met.

The Company has established a corporate information security policy and related management practices to ensure the confidentiality, integrity and availability of internal information assets to meet the requirements of relevant laws and regulations. According to the risk level, we will continue to plan and build appropriate information security-related software and software resources and improve operational processes to reduce the risk of confidential information leakage.

For the year 2023 and up to the date of printing of the annual report, the Company has not had any information system impairment events that have had or may have a material adverse effect on the Company's business and operations, nor has it been involved in any legal cases or regulatory investigations in relation to information security events.

(VI) Effect on the Crisis Management of Changes in the Corporate Image, and Measures to Be Taken in Response

Our company mainly markets the brands "77 Chocolates" and "Rivon Wedding Cakes", and operates prudently with the philosophy of "honesty, innovation, quality, and service"; the highest standards of quality are implemented in each of our products to accumulate brand value. The newly introduced chocolate tourism factory is also aimed at sustainable management and increasing brand visibility, which not only brings new business, but also has a positive effect on corporate image.

(VII) Expected benefits and possible risks of the merger and acquisition: None.

(VIII) Expected benefits and possible risks of plant expansion

It is expected that the expansion of new product lines, labor dormitories and warehousing and logistics will cost NT$98,720 thousand. The expansion of new product lines will contribute to the revenue and profitability of the company's long-term development.

(IX) Risks associated with concentrations of purchases or sales:
In the last two years, there were no individual manufacturers who accounted for more than 10% of the Company's purchases. The supply of goods is normal and there is no risk of over-concentration; there are 3-4 customers who accounted for more than 10% of the Company's sales in the last two years due to the large-scale channels, but none of them has exceeded 30%.

(X) The impact, risk and response measures on the Company due to a significant transfer or change of shareholding of directors, supervisors or major shareholders holding more than 10% of the shares: None.

(XI) Effect of the change in operating right on the Company and risk: None.

(XII) Litigation or non-litigation events: None.

(XIII) Other important risks: None.

VII. Other Important Matters: None.

Chapter 8 Special Disclosure

I. Information on Affiliates

II. Private Placement of Securities during the Most Recent Fiscal Year and during the Current Fiscal Year Up to the Date of Publication of the Annual Report

III. Holding or Disposal of Shares in the Company by Subsidiaries during the Most Recent Fiscal Year and during the Current Fiscal Year Up to the Date of Publication of the Annual Report

IV. Other Supplementary Information

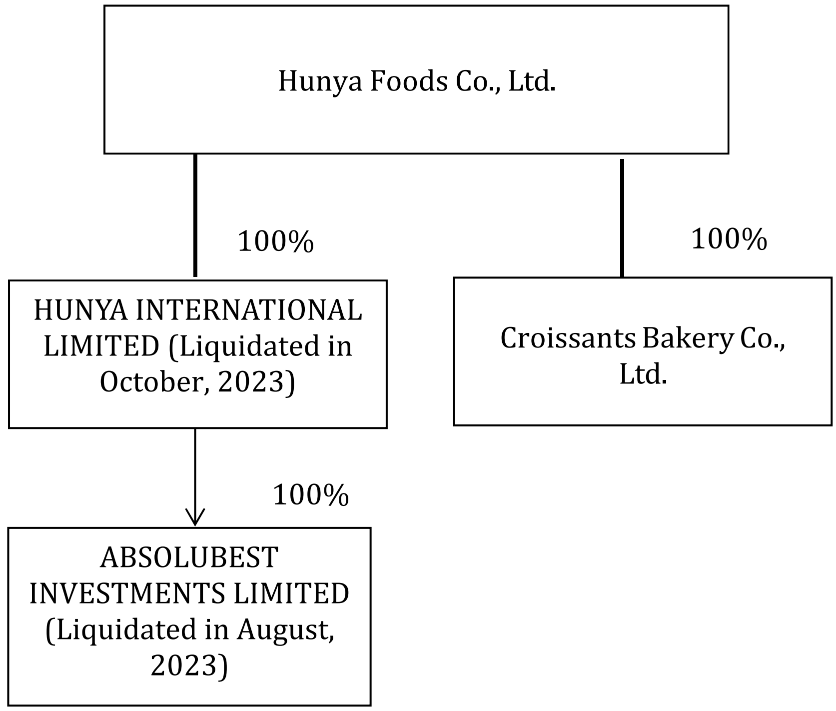
V. Situations Listed in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act, which Might Materially Affect Shareholders' Equity or the Price of the Securities, Occurring during the Most Recent Fiscal Year and during the Current Fiscal Year Up to the Date of Publication of the Annual Report

Chapter 8. Special Disclosure

I. Information on Affiliates

(I) Consolidated Business Report of Affiliates

1. Organizational chart of affiliates



2. Basic information of affiliates

Unit: NT$ thousand

Name of Affiliate	Date of Incorporation	Address	Paid-in Capital	Major Lines of Business or Products
Hunya Foods Co., Ltd.	1976.6.14	20F.-6, No. 86, Sec. 1, Beixin Rd., Xindian Dist., New Taipei City	866,740	Manufacturing, processing, trading, importing and exporting candy, chocolate, biscuits, mooncakes, pastry, bakery and other food products
HUNYA INTERNATIONAL LIMITED	2001.6.8	Sea Meadow House,Blackburne Highway,(P.O. Box 116),Road Town,Tortola,British Virgin Islands.	30,312 (USD1,021,000X29.68)	Investment Industry (Liquidated in October, 2023)
ABSOLUBEST INVESTMENTS LIMITED	2001.7.3	Sea Meadow House,Blackburne Highway (P.O. Box 116), Road Town, Tortola, British Virgin Islands.	30,312 (USD1,021,000X29.68)	Investment Industry (Liquidated in August, 2023)
Croissants Bakery Co., Ltd.	1989.1.31	20F.-6, No. 86, Sec. 1, Beixin Rd., Xindian Dist., New Taipei City	866,740	Manufacture and sale of pastry buns, frozen dough, frozen cakes, and all kinds of frozen prepared foods

Note 1. All affiliates, regardless of size, shall be disclosed.

Note 2. If each affiliate has a factory and the sales value of the factory's products exceeds 10% of the controlling company's operating revenues, the name of the factory, the date of establishment, the address and the main items of products produced by the factory should be added.

Note 3. If the affiliate is a foreign company, the name and address of the affiliate may be in English, the date of establishment may be in Western dollars, and the paid-in capital may be in foreign currency (provided that the exchange rate as of the date of filing is added).

3. Where there is considered to be a controlled and subordinate relation, information of the same shareholders

Unit: NT$ thousand; share; %

Presumed cause	Name (Note 1)	Shareholding (Note 2)		Date of Incorporation	Address	Paid-in Capital	Main Business Activities
		Number of Shares	Percentage of Ownership				
None							

Note 1.: Where the shareholders in common are juristic persons, fill in the name of the juristic person; where the shareholders in common are natural persons, fill in the name of the natural person. Natural shareholders only fill in the reason for presumption, name and shareholding.

Note 2.: Shareholdings are included in the shareholder's shareholding information of the controlling company.

4. Business relationship description:

(1) Industry covered by the business of the overall affiliates:

A. Manufacturing, processing, trading, import and export of candy, chocolate, biscuits, mooncakes, pastry, bakery and other food products.

B. Investment Industry.

5. Information on directors, supervisors, and presidents of affiliates

March 26, 2024
Unit: Share; %

Name of Affiliate	Title	Name or Representative	Shareholding	
			Number of Shares	Shareholding Ratio (%)
Hunya Foods Co., Ltd.	Chairperson	Representative of Cheng Tian Investment Co., Ltd.: Yun-Chi Chang	9,711,652	11.20
	Director	Representative of Tong Mao Investment Co., Ltd.: Sheng-Chun Wang	114,926	0.13
	Director	Representative of Rivon Investment Co., Ltd.: Shu-Yen Chang	12,765,032	14.72
	Independent Director	Tsung-Pen Chang	0	-
	Independent Director	Yen-Chuan Lin	0	-
	Independent Director	Chun-Pei Liu	0	-
	Independent Director	Cheng-Chiu Yang	0	-
HUNYA INTERNATIOAL LIMITED	Director	Representative of Hunya Foods Co., Ltd.: Yun-Chi Chang	-	100
ABSOLUBEST INVESTMENTS LIMITED	Director	Representative of HUNYA INTERNATIONAL LIMITED: Yun-Chi Chang	-	100

Note 1. If the affiliate is a foreign company, its position is listed as equivalent.
Note 2. If the investee company is a limited company, please fill in the number of shares and the percentage of shareholding; for others, please fill in the amount of capital and the percentage of capital contribution and specify.
Note 3. If the director or supervisor is a juristic person, the relevant information of the representative shall be disclosed.

(II) Operating status of affiliates

Unit: NT$ thousand

Name of Affiliate	Capital	Total Assets	Total Liabilities	Net Worth	Operating Revenue	Operating Income (Loss)	Profit or Loss (After Tax)	Earnings Per Share (NT$) (After Tax)
Hunya Foods Co., Ltd.	866,740	3,775,211	1,363,952	2,411,259	1,750,034	16,239	15,690	0.16
HUNYA INTERNATIONAL LIMITED	-	-	-	-	-	-	224	-
Croissants Bakery Ltd.	102,000	161,070	47,532	113,538	191,317	(888)	18,191	

Note 1.: All affiliates, regardless of size, shall be disclosed.
Note 2.: If the affiliate is a foreign company, the relevant figures should be presented in New Taiwan dollars using the exchange rate as of the reporting date.

(III) Consolidated Financial Statements of Affiliates: See page **110**.

(IV) Reports on Affiliations: None.

II. Private Placement of Securities during the Most Recent Fiscal Year and during the Current Fiscal Year Up to the Date of Publication of the Annual Report: None.

III. Holding or Disposal of Shares in the Company by Subsidiaries during the Most Recent Fiscal Year and during the Current Fiscal Year Up to the Date of Publication of the Annual Report: None.

IV. Other Supplementary: None.

V. Situations Listed in Subparagraph 2, Paragraph 2, Article 36 of the Securities and Exchange Act, which Might Materially Affect Shareholders' Equity or the Price of the Securities, Occurring during the Most Recent Fiscal Year and during the Current Fiscal Year Up to the Date of Publication of the Annual Report: None.

Hunya Foods Co., Ltd.

President: Yun-Chi Chang

宏亞食品股份有限公司
HUNYA FOODS CO., LTD.