

**HUIKWANG CORPORATION**  
**PARENT COMPANY ONLY FINANCIAL**  
**STATEMENTS AND INDEPENDENT AUDITORS’**  
**REPORT**  
**DECEMBER 31, 2022 AND 2021**

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

## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Huikwang Corporation

### ***Opinion***

We have audited the accompanying parent company only balance sheets of Huikwang Corporation (the "Company") as of December 31, 2022 and 2021, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### ***Basis for opinion***

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

## ***Key audit matters***

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

Key audit matters for the Company's 2022 parent company only financial statements are stated as follows:

### Valuation of allowance for inventories

Refer to Note 4(8) for the accounting policy on inventory valuation, Note 5(2) for the uncertainty of accounting estimations and assumptions relating to inventory valuation, and Note 6(4) for details of inventories. As of December 31, 2022, the carrying amount of inventories and allowance for inventory valuation losses are NT\$690,673 thousand and NT\$29,214 thousand, respectively.

The Company is primarily engaged in manufacturing and sales of plant protection agents and geosynthetics, which are chemicals with long shelf life but still subject to climate, production technology and market demand, etc. Therefore, there is a certain risk of inventory losses due from market value decline or obsolescence. The Company's inventories are stated at the lower of cost and net realisable value. For aged over a certain period and individually recognised as obsolete inventories, the net realisable value was calculated based on the inventory clearance and historical data of discounts.

The determination of net realisable value for inventories aged over a certain period and obsolete inventories is subject to management's judgment and involves uncertainty. Considering that the amounts of the Company's inventories and allowance for inventory valuation losses are material to the parent company only financial statements, we considered the valuation of the allowance for inventories as one of the key audit matters.

### How our audit addressed the matter

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

1. Assessed the reasonableness of the policy and procedures on allowance for inventory valuation losses.
2. Obtained an understanding of the warehouse management procedures, reviewed the annual physical

inventory count plan and participated in the annual inventory count in order to assess the effectiveness of the procedures used to identify and control obsolete inventories.

3. Verified the accuracy of the aged inventory judged by management to confirm whether the classification of the inventory is consistent with its policies.
4. Sampled individual inventory item and checked its net realisable value in order to assess the reasonableness of the Company's allowance for inventory valuation losses.

#### Existence of sales revenue of geosynthetics

Refer to Note 4(24) for details on revenue recognition. Sales is recognised based on the contract price, net of the estimated output tax and sales returns and discounts, when control right of the products has been transferred, being when the products are delivered to the customer, the customer has full discretion over the sales of products, and there is no unfulfilled obligation that could affect the customers' acceptance of the products.

The Company's sales revenue mainly arises from the sales of plant protection agents and geosynthetics. Sales revenue from geosynthetics has a high proportion of export sales based on the nature of its industry, mainly in response to the needs of customers for large-scale construction projects. Also, the Company has a large number of customers and distributors which are located all over the world, such as Mainland China, South Africa, Australia, Asia, etc., and it takes a long time to verify the existence of the transactions. Thus, we considered the existence of sales revenue from geosynthetics as one of the key audit matters.

#### How our audit addressed the matter

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

1. Confirmed the process of the recognition of sales revenue, and reviewed customers' credit information, the basis of revenue recognition, approval procedure and cash collection procedures in order to assess the effectiveness of the internal controls over revenue recognition.
2. Confirmed the basic information of the significant customers and analysed sales amount and conditions compared to the prior period in order to assess the reasonableness of the amount and nature related to the sales.
3. Selected samples of sales transactions from geosynthetics for the year, and examined customer orders,

delivery orders, export declarations, sign off records, sales invoice or subsequent collection condition to ascertain the occurrence of sales revenue from geosynthetics.

***Responsibilities of management and those charged with governance for the parent company only financial statements***

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

***Auditors' responsibilities for the audit of the parent company only financial statements***

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

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

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

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

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

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

Yeh, Fang-Ting

Independent Auditors

Lin, Yung-Chih

PricewaterhouseCoopers, Taiwan  
Republic of China  
March 27, 2023

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

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

**HUIKWANG CORPORATION**  
**PARENT COMPANY ONLY BALANCE SHEETS**  
**DECEMBER 31, 2022 AND 2021**  
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2022		December 31, 2021		
		AMOUNT	%	AMOUNT	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 367,017	12	\$ 379,306	12
1150	Notes receivable, net	6(3)	157,193	5	150,520	5
1170	Accounts receivable, net	6(3) and 12	576,326	18	373,701	12
1180	Accounts receivable - related parties	7	41,011	2	49,402	2
1200	Other receivables		3,994	-	3,970	-
1210	Other receivables - related parties	7	102,689	3	77,506	3
130X	Inventories	5(2) and 6(4)	661,459	21	712,596	23
1410	Prepayments		8,343	-	8,844	-
11XX	<b>Total current assets</b>		<u>1,918,032</u>	<u>61</u>	<u>1,755,845</u>	<u>57</u>
<b>Non-current assets</b>						
1535	Financial assets at amortised cost- non-current	6(1)(2)	17,409	1	23,116	1
1550	Investments accounted for using equity method	6(5) and 7	631,939	20	694,057	22
1600	Property, plant and equipment	6(6) and 8	448,823	14	474,470	15
1760	Investment property, net	6(7)(8) and 8	137,093	4	138,407	4
1780	Intangible assets	6(9)	238	-	351	-
1840	Deferred income tax assets	6(23)	14,456	-	15,124	1
1915	Prepayments for equipment	6(6)	870	-	1,065	-
1920	Guarantee deposits paid		603	-	603	-
1990	Other non-current assets		33	-	53	-
15XX	<b>Total non-current assets</b>		<u>1,251,464</u>	<u>39</u>	<u>1,347,246</u>	<u>43</u>
1XXX	<b>Total assets</b>		<u>\$ 3,169,496</u>	<u>100</u>	<u>\$ 3,103,091</u>	<u>100</u>

(Continued)



**HUIKWANG CORPORATION**  
**PARENT COMPANY ONLY BALANCE SHEETS**  
**DECEMBER 31, 2022 AND 2021**  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2022		December 31, 2021		
		AMOUNT	%	AMOUNT	%	
<b>Current liabilities</b>						
2100	Short-term borrowings	6(10) and 8	\$ 290,000	9	\$ 279,000	9
2130	Contract liabilities - current	6(15)	2,260	-	1,529	-
2150	Notes payable		44,525	2	46,579	2
2170	Accounts payable		19,986	1	55,191	2
2180	Accounts payable - related parties	7	10,746	-	11,799	-
2200	Other payables		72,956	2	71,540	2
2230	Current income tax liabilities	6(23)	82,854	3	75,557	2
21XX	<b>Total current liabilities</b>		<u>523,327</u>	<u>17</u>	<u>541,195</u>	<u>17</u>
<b>Non-current liabilities</b>						
2570	Deferred income tax liabilities	6(23)	70,696	2	84,778	3
2640	Net defined benefit liabilities - non-current	6(11)	8,465	-	9,962	-
2645	Guarantee deposits received		1,040	-	2,150	-
2670	Other non-current liabilities	6(5)	17,969	1	12,654	1
25XX	<b>Total non-current liabilities</b>		<u>98,170</u>	<u>3</u>	<u>109,544</u>	<u>4</u>
2XXX	<b>Total liabilities</b>		<u>621,497</u>	<u>20</u>	<u>650,739</u>	<u>21</u>
<b>Equity</b>						
Share capital						
3110	Common stock	6(12)	860,612	27	856,702	28
3200	Capital surplus	6(12)(13)	210,106	7	196,666	6
Retained earnings						
3310	Legal reserve	6(14)	356,041	11	323,059	10
3320	Special reserve		206,486	6	206,486	7
3350	Unappropriated retained earnings		1,000,616	32	975,055	31
3400	Other equity interest	6(5)	( 85,862)	( 3)	( 105,616)	( 3)
3XXX	<b>Total Equity</b>		<u>2,547,999</u>	<u>80</u>	<u>2,452,352</u>	<u>79</u>
Significant Contingent Liabilities and Unrecognized Contract Commitments						
3X2X	<b>Total liabilities and equity</b>		<u>\$ 3,169,496</u>	<u>100</u>	<u>\$ 3,103,091</u>	<u>100</u>

The accompanying notes are an integral part of these parent company only financial statements.

**HUIKWANG CORPORATION**  
**PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**  
(Expressed in thousands of New Taiwan dollars, except for earning per share amounts)

Items	Notes	Year ended December 31			
		2022		2021	
		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(15) and 7	\$ 2,166,906	100	\$ 1,604,563	100
5000 Operating costs	6(4)(9)(11)(21)(22) and 7	( 1,694,529)	( 78)	( 1,245,762)	( 77)
5900 Operating margin		472,377	22	358,801	23
Operating expenses	6(9)(11)(21)(22), 7 and 12				
6100 Selling expenses		( 82,451)	( 4)	( 71,794)	( 4)
6200 General and administrative expenses		( 85,190)	( 4)	( 77,315)	( 5)
6300 Research and development expenses		( 11,265)	-	( 10,692)	( 1)
6450 Expected credit loss		( 17,322)	( 1)	( 920)	-
6000 Total operating expenses		( 196,228)	( 9)	( 160,721)	( 10)
6500 Other income and expense, net	6(7)(8)(16)	4,806	-	3,690	-
6900 Operating profit		280,955	13	201,770	13
Non-operating income and expenses					
7100 Interest income	6(17) and 7	4,213	-	3,644	-
7010 Other income	6(18)	4,231	-	3,647	-
7020 Other gains and losses	6(19) and 12	85,469	4	( 25,379)	( 1)
7050 Finance costs	6(6)(20)	( 2,956)	-	( 2,510)	-
7070 Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	6(5)	22,750	1	228,033	14
7000 Total non-operating income and expenses		113,707	5	207,435	13
7900 <b>Profit before income tax</b>		394,662	18	409,205	26
7950 Income tax expense	6(23)	( 80,200)	( 4)	( 80,127)	( 5)
8200 <b>Profit for the year</b>		\$ 314,462	14	\$ 329,078	21
<b>Other comprehensive income (loss)</b>					
<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>					
8311 Gains on remeasurements of defined benefit plan	6(11)	\$ 1,365	-	\$ 931	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(23)	( 273)	-	( 186)	-
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>					
8361 Exchange differences on translation	6(5)	19,754	1	( 27,252)	( 2)
8300 <b>Other comprehensive income (loss) for the year</b>		\$ 20,846	1	( \$ 26,507)	( 2)
8500 <b>Total comprehensive income for the year</b>		\$ 335,308	15	\$ 302,571	19
Earnings per share (in dollars)	6(24)				
9750 Basic		\$ 3.66		\$ 3.85	
9850 Diluted		\$ 3.63		\$ 3.82	

The accompanying notes are an integral part of these parent company only financial statements.

**HUIKWANG CORPORATION**  
**PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**  
(Expressed in thousands of New Taiwan dollars)

	Notes	Share capital - common stock	Capital surplus	Retained Earnings			Other Equity Interest	Total equity
				Legal reserve	Special reserve	Unappropriated retained earnings	Exchanges differences on translation of Foreign operations	
<b>For the year ended December 31, 2021</b>								
Balance at January 1, 2021		\$ 852,970	\$ 188,943	\$ 304,129	\$ 206,486	\$ 800,637	(\$ 78,364)	\$ 2,274,801
Profit for the year		-	-	-	-	329,078	-	329,078
Other comprehensive income (loss) for the year	6(5)	-	-	-	-	745	(27,252)	(26,507)
Total comprehensive income (loss)		-	-	-	-	329,823	(27,252)	302,571
Distribution of 2020 net income:								
Legal reserve		-	-	18,930	-	(18,930)	-	-
Cash dividends	6(14)	-	-	-	-	(136,475)	-	(136,475)
Employees' compensation transferred to common stock	6(12)(25)	3,732	7,723	-	-	-	-	11,455
Balance at December 31, 2021		\$ 856,702	\$ 196,666	\$ 323,059	\$ 206,486	\$ 975,055	(\$ 105,616)	\$ 2,452,352
<b>For the year ended December 31, 2022</b>								
Balance at January 1, 2022		\$ 856,702	\$ 196,666	\$ 323,059	\$ 206,486	\$ 975,055	(\$ 105,616)	\$ 2,452,352
Profit for the year		-	-	-	-	314,462	-	314,462
Other comprehensive income for the year	6(5)	-	-	-	-	1,092	19,754	20,846
Total comprehensive income		-	-	-	-	315,554	19,754	335,308
Distribution of 2021 net income:								
Legal reserve		-	-	32,982	-	(32,982)	-	-
Cash dividends	6(14)	-	-	-	-	(257,011)	-	(257,011)
Employees' compensation transferred to common stock	6(12)(25)	3,910	13,411	-	-	-	-	17,321
Executing the right of disgorgement		-	29	-	-	-	-	29
Balance at December 31, 2022		\$ 860,612	\$ 210,106	\$ 356,041	\$ 206,486	\$ 1,000,616	(\$ 85,862)	\$ 2,547,999

The accompanying notes are an integral part of these parent company only financial statements.

**HUIKWANG CORPORATION**  
**PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**  
(Expressed in thousands of New Taiwan dollars)

	Notes	For the years ended December 31,	
		2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		\$ 394,662	\$ 409,205
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit losses	12	17,322	920
Provision for inventory market price decline	6(4)	25	3,032
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	6(5)		
Depreciation	6(6)(8)	( 22,750 )	( 228,033 )
Loss (gain) on disposal of property, plant and equipment	6(19)	34,817	35,422
Amortisation	6(9)(21)	44	( 162 )
Interest income	6(17)	113	116
Interest expense	6(20)	( 4,213 )	( 3,644 )
Changes in operating assets and liabilities		2,956	2,510
Changes in operating assets			
Notes receivable		( 6,673 )	( 34,752 )
Accounts receivable		( 219,947 )	( 222,658 )
Accounts receivable - related parties		8,391	16,921
Other receivables		396	73
Inventories		51,112	( 98,308 )
Prepayments		501	14,411
Changes in operating liabilities			
Contract liabilities - current		731	531
Notes payable		( 2,509 )	16,218
Accounts payable		( 35,205 )	35,779
Accounts payable - related parties		( 1,053 )	1,827
Other payables		19,060	24,163
Net defined benefit liabilities - non-current		( 132 )	( 1,130 )
Cash inflow (outflow) generated from operations		237,648	( 27,559 )
Interest received		3,793	3,289
Dividends received	6(5)	109,937	363,029
Interest paid		( 2,868 )	( 2,440 )
Income tax paid		( 86,590 )	( 73,967 )
Net cash flows from operating activities		<u>261,920</u>	<u>262,352</u>

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**HUIKWANG CORPORATION**  
**PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**  
(Expressed in thousands of New Taiwan dollars)

	Notes	For the years ended December 31,	
		2022	2021
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Decrease (increase) in financial assets at amortised cost - non-current		\$ 5,707	(\$ 23,116 )
(Increase) decrease in other receivables - related parties		( 25,183 )	15,801
Acquisition of investments accounted for using equity method	6(5) and 7	-	( 55,565 )
Proceeds from capital reduction of investments accounted for using equity method	6(5)	-	23,472
Cash paid for acquisition of property, plant and equipment	6(25)	( 2,928 )	( 9,161 )
Proceeds from disposal of property, plant and equipment		-	162
Acquisition of intangible assets	6(9)	-	( 158 )
Increase in prepayments for equipment		( 4,725 )	( 1,058 )
Interest paid for prepayments for equipment	6(6)(20)	( 8 )	( 7 )
Decrease in other non-current assets		20	22
Net cash flows used in investing activities		( 27,117 )	( 49,608 )
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Increase in short-term borrowings	6(26)	110,000	369,000
Decrease in short-term borrowings	6(26)	( 99,000 )	( 320,000 )
Decrease in short-term notes and bills payable	6(26)	-	( 190,000 )
(Decrease) increase in guarantee deposit received	6(26)	( 1,110 )	1,190
Payment of cash dividends	6(14)	( 257,011 )	( 136,475 )
Proceeds from disgorgement		29	-
Net cash flows used in financing activities		( 247,092 )	( 276,285 )
Net decrease in cash and cash equivalents		( 12,289 )	( 63,541 )
Cash and cash equivalents at beginning of year	6(1)	379,306	442,847
Cash and cash equivalents at end of year	6(1)	\$ 367,017	\$ 379,306

The accompanying notes are an integral part of these parent company only financial statements.

HUIKWANG CORPORATION  
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

1. History and Organisation

(1) Huikwang Corporation (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) on December 27, 1965. The Company is primarily engaged in the manufacture, processing, packing and trading of various pesticides, fertilizers and public health pesticide, manufacture of plastic sheets, fabrics, pipes and tubes, manufacture of the plastic bags, manufacture of the industrial plastic products, and the import and export of the aforementioned products.

(2) The Company’s stocks have been listed on the Taipei Exchange since March 2004.

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

These parent company only financial statements were authorised for issuance by the Board of Directors on March 27, 2023.

3. Application of New Standards, Amendments and Interpretations

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

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

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

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

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

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

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

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

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

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

New Standards, Interpretations and Amendments	Effective date by IASB
Amendments to IFRS 10 and IAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’	To be determined by IASB
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendment to IFRS 17, ‘Initial application of IFRS 17 and IFRS 9 — between an information’	January 1, 2023
Amendments to IAS 1, ‘Classification of liabilities as current or non-current’	January 1, 2024
Amendments to IAS 1, ‘Non-current liabilities with covenants’	January 1, 2024

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

4. Summary of Significant Accounting Policies

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

(1) Compliance statement

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

(2) Basis of preparation

A. Except for the defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation, the parent company only financial statements have been prepared under the historical cost convention.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent

company only financial statements are disclosed in Note 5 ‘Critical accounting judgements, estimates and key sources of assumption uncertainty’.

(3) Foreign currency translation

Items included in the parent company only financial statements are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The parent company only financial statements are presented in New Taiwan dollars, which is the Company’s functional and presentation currency.

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

(4) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
  - (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
  - (b) Assets held mainly for trading purposes;
  - (c) Assets that are expected to be realised within twelve months from the balance sheet date;
  - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
  - (a) Liabilities that are expected to be settled within the normal operating cycle;
  - (b) Liabilities arising mainly for trading purposes;
  - (c) Liabilities that are to be settled within twelve months from the balance sheet date;



(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash equivalents

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

(6) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
  - (a) The objective of the Company's business model is achieved by collecting contractual cash flows.
  - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.
- C. The Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(7) Accounts and notes receivable

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

(8) Inventories

Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses. If the cost exceeds net realisable value, valuation loss is accrued and recognised in operating costs. If the net realisable value reverses, valuation is eliminated within the credit balance and is recognised as deduction of operating costs.

(9) Impairment of financial assets

For accounts receivable that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

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

(11) Investments accounted for using equity method / subsidiaries

- A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- B. Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Company are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise the losses in proportion to its ownership.
- D. Pursuant to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," the profit or loss and other comprehensive income or loss in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the consolidated financial statements.

(12) Property, plant and equipment

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

Assets	Useful lives
Land improvements	7 years
Buildings	3 ~ 60 years
Machinery	2 ~ 20 years
Utilities equipment	3 ~ 23 years
Transportation equipment	3 ~ 16 years
Testing equipment	2 ~ 16 years
Other equipment	2 ~ 20 years

(13) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 13~20 years.

(14) Leasing arrangements (lessor) — operating leases

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

(15) Intangible assets

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 5 years.

(16) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(17) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(18) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(19) Derecognition of financial liabilities

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

(20) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

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

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(21) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively

enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(22) Share capital

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

(23) Dividends

Cash dividends are recorded as liabilities in the Company's financial statements in the period in which they are approved by the Company's Board of Directors; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance in the period when they are approved by the Company's shareholders.

(24) Revenue recognition

A. Sales of goods

- (a) Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price of

the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

(b) Sales revenue is recognised based on the contract price, net of the estimated output tax, sales returns and sales discounts and allowances. Accumulated experience is used to estimate and provide for the sales returns and sales discounts and allowances and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. With respect to credit terms for sales, as the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Company does not adjust the transaction price to reflect the time value of money.

(c) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

#### B. Incremental costs of obtaining a contract

Given that the contractual period lasts less than one year, the Company recognises the incremental costs of obtaining a contract as an expense when incurred although the Company expects to recover those costs.

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

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

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

None.

#### (2) Critical accounting estimates and assumptions

##### Evaluation of inventories

A. As inventories are stated at the lower of cost and net realisable value, the Company must determine the net realisable value of inventories on balance sheet date using judgements and estimates. The Company evaluates the amounts of normal consumption, obsolete or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories involves management's subjective judgements and uncertainty. Therefore, there might be material changes to the evaluation.

B. As of December 31, 2022, the carrying amount of inventories was \$661,459.

## 6. Details of Significant Accounts

### (1) Cash and cash equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash:		
Cash on hand	\$ 142	\$ 148
Checking accounts and demand deposits	<u>55,203</u>	<u>164,197</u>
	<u>55,345</u>	<u>164,345</u>
Cash equivalents:		
Time deposits	281,012	145,886
Repurchase agreement	<u>30,660</u>	<u>69,075</u>
	<u>311,672</u>	<u>214,961</u>
	<u>\$ 367,017</u>	<u>\$ 379,306</u>

A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. As of December 31, 2022 and 2021, the Company had restricted bank deposits due to the application of Repatriated Offshore Funds Act in the amount of \$17,409 and \$23,116, respectively, which were shown as ‘Financial assets at amortised cost - non-current’.

C. As of December 31, 2022 and 2021, the Company has no cash and cash equivalents pledged to others.

### (2) Financial assets at amortised cost – non-current

<u>Items</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Restricted bank deposits	<u>\$ 17,409</u>	<u>\$ 23,116</u>

A. As of December 31, 2022 and 2021, the Company had no financial assets at amortised cost pledged to others.

B. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2), ‘Financial Instruments’.

### (3) Notes and accounts receivable, net

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Notes receivable	<u>\$ 157,193</u>	<u>\$ 150,520</u>
Accounts receivable	\$ 606,907	\$ 386,960
Less: Allowance for uncollectible accounts	<u>( 30,581)</u>	<u>( 13,259)</u>
	<u>\$ 576,326</u>	<u>\$ 373,701</u>

A. The ageing analysis of notes and accounts receivable (including related parties) is as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Notes receivable		
Not past due	\$ 157,193	\$ 150,520
Accounts receivable		
Not past due	\$ 608,655	\$ 402,949
Up to 90 days	14,290	17,211
91 to 180 days	-	3,807
Over 180 days	24,973	12,395
	<u>\$ 647,918</u>	<u>\$ 436,362</u>

The above ageing analysis was based on past due date.

B. As of December 31, 2022 and 2021, notes and accounts receivable were all from contracts with customers. As of January 1, 2021, the balance of receivables from contracts with customers (including related parties) amounted to \$346,393.

C. As of December 31, 2022 and 2021, the Company had no notes and accounts receivable pledged to others.

D. Information relating to credit risk for notes and accounts receivable is provided in Note 12(2), 'Financial Instruments'.

(4) Inventories

	<u>December 31, 2022</u>		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Merchandise	\$ 2,045	(\$ 37)	\$ 2,008
Raw materials	237,154	( 8,406)	228,748
Raw materials in transit	54,850	-	54,850
Supplies	17,379	( 1,509)	15,870
Supplies in transit	889	-	889
Work in progress	8,196	-	8,196
Finished goods	370,160	( 19,262)	350,898
	<u>\$ 690,673</u>	<u>(\$ 29,214)</u>	<u>\$ 661,459</u>



	December 31, 2021		
	Cost	Allowance for valuation loss	Book value
Merchandise	\$ 2,754	\$ -	\$ 2,754
Raw materials	237,373	( 10,809)	226,564
Raw materials in transit	100,250	-	100,250
Supplies	15,973	( 929)	15,044
Work in progress	13,067	-	13,067
Finished goods	372,368	( 17,451)	354,917
	<u>\$ 741,785</u>	<u>(\$ 29,189)</u>	<u>\$ 712,596</u>

The cost of inventories recognised as expense for the year:

	For the years ended December 31,	
	2022	2021
Cost of goods sold	\$ 1,691,492	\$ 1,241,992
Provision for inventory market price decline	25	3,032
Loss on scrapped inventories	2,927	740
Loss (gain) on physical inventory	85	( 2)
	<u>\$ 1,694,529</u>	<u>\$ 1,245,762</u>

(5) Investments accounted for using equity method

A. Movements in investments accounted for using equity method (including the transfer of negative balances to 'Other non-current liabilities') were as follows:

	For the years ended December 31,	
	2022	2021
At January 1	\$ 681,403	\$ 811,558
Addition on investments accounted for under equity method	-	55,565
Proceeds from capital reduction of investments accounted for using equity method	-	( 23,472)
Share of profit or loss of investments accounted for using equity method	22,750	228,033
Cash dividends from investments accounted for using equity method	( 109,937)	( 363,029)
Other equity — exchange differences on translation of foreign financial statements	19,754	( 27,252)
At December 31	<u>\$ 613,970</u>	<u>\$ 681,403</u>

B. Details of investments accounted for using equity method are as follows:

<u>Investee</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
HUI KWANG INTERNATIONAL CO., LTD.	\$ 463,407	\$ 530,125
Tellus Inc.	168,532	163,932
	<u>\$ 631,939</u>	<u>\$ 694,057</u>

C. Details of negative balances of investments accounted for using equity method (shown as ‘Other non-current liabilities’) are as follows:

<u>Investee</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
HUI KWANG (THAILAND) CO., LTD.	\$ 16,963	\$ 11,717
HKC AROSCIENCE SDN. BHD.	1,006	937
	<u>\$ 17,969</u>	<u>\$ 12,654</u>

D. For more information about subsidiaries, refer to Note 4(3), ‘Basis of consolidation’ on the consolidated financial statements.

E. As of December 31, 2022 and 2021, the Company has no investments accounted for using equity method pledged to others.

(6) Property, plant and equipment

	Land	Land improvements	Buildings	Machinery	Utility equipment	Transportation equipment	Testing equipment	Other equipment	Total
<u>January 1, 2022</u>									
Cost	\$ 170,747	\$ 1,491	\$ 262,854	\$ 629,631	\$ 48,131	\$ 40,074	\$ 37,515	\$ 64,114	\$ 1,254,557
Accumulated depreciation	-	( 1,240)	( 134,019)	( 503,518)	( 45,443)	( 33,656)	( 30,313)	( 31,898)	( 780,087)
	<u>\$ 170,747</u>	<u>\$ 251</u>	<u>\$ 128,835</u>	<u>\$ 126,113</u>	<u>\$ 2,688</u>	<u>\$ 6,418</u>	<u>\$ 7,202</u>	<u>\$ 32,216</u>	<u>\$ 474,470</u>
<u>For the year ended December 31, 2022</u>									
At January 1	\$ 170,747	\$ 251	\$ 128,835	\$ 126,113	\$ 2,688	\$ 6,418	\$ 7,202	\$ 32,216	\$ 474,470
Additions	-	-	186	1,659	-	83	-	1,044	2,972
Transferred from prepayments for equipment	-	-	-	4,551	377	-	-	-	4,928
Depreciation	-	( 126)	( 6,313)	( 21,084)	( 326)	( 1,618)	( 1,030)	( 3,006)	( 33,503)
Disposals-Cost	-	-	-	( 170)	-	-	-	( 170)	( 340)
-Accumulated depreciation	-	-	-	142	-	-	-	154	296
At December 31	<u>\$ 170,747</u>	<u>\$ 125</u>	<u>\$ 122,708</u>	<u>\$ 111,211</u>	<u>\$ 2,739</u>	<u>\$ 4,883</u>	<u>\$ 6,172</u>	<u>\$ 30,238</u>	<u>\$ 448,823</u>
<u>December 31, 2022</u>									
Cost	\$ 170,747	\$ 1,491	\$ 263,040	\$ 635,671	\$ 48,508	\$ 40,157	\$ 37,515	\$ 64,988	\$ 1,262,117
Accumulated depreciation	-	( 1,366)	( 140,332)	( 524,460)	( 45,769)	( 35,274)	( 31,343)	( 34,750)	( 813,294)
	<u>\$ 170,747</u>	<u>\$ 125</u>	<u>\$ 122,708</u>	<u>\$ 111,211</u>	<u>\$ 2,739</u>	<u>\$ 4,883</u>	<u>\$ 6,172</u>	<u>\$ 30,238</u>	<u>\$ 448,823</u>

	Land	Land improvements	Buildings	Machinery	Utility equipment	Transportation equipment	Testing equipment	Other equipment	Total
<u>January 1, 2021</u>									
Cost	\$ 170,747	\$ 1,491	\$ 263,140	\$ 626,534	\$ 48,131	\$ 40,345	\$ 37,515	\$ 60,477	\$ 1,248,380
Accumulated depreciation	-	( 1,053)	( 129,920)	( 482,423)	( 45,125)	( 32,520)	( 29,246)	( 28,931)	( 749,218)
	<u>\$ 170,747</u>	<u>\$ 438</u>	<u>\$ 133,220</u>	<u>\$ 144,111</u>	<u>\$ 3,006</u>	<u>\$ 7,825</u>	<u>\$ 8,269</u>	<u>\$ 31,546</u>	<u>\$ 499,162</u>
<u>For the year ended December 31, 2021</u>									
At January 1	\$ 170,747	\$ 438	\$ 133,220	\$ 144,111	\$ 3,006	\$ 7,825	\$ 8,269	\$ 31,546	\$ 499,162
Additions	-	-	1,852	3,683	-	243	-	3,637	9,415
Depreciation	-	( 187)	( 6,237)	( 21,681)	( 318)	( 1,650)	( 1,067)	( 2,967)	( 34,107)
Disposals-Cost	-	-	( 2,138)	( 586)	-	( 514)	-	-	( 3,238)
-Accumulated depreciation	-	-	2,138	586	-	514	-	-	3,238
At December 31	<u>\$ 170,747</u>	<u>\$ 251</u>	<u>\$ 128,835</u>	<u>\$ 126,113</u>	<u>\$ 2,688</u>	<u>\$ 6,418</u>	<u>\$ 7,202</u>	<u>\$ 32,216</u>	<u>\$ 474,470</u>
<u>December 31, 2021</u>									
Cost	\$ 170,747	\$ 1,491	\$ 262,854	\$ 629,631	\$ 48,131	\$ 40,074	\$ 37,515	\$ 64,114	\$ 1,254,557
Accumulated depreciation	-	( 1,240)	( 134,019)	( 503,518)	( 45,443)	( 33,656)	( 30,313)	( 31,898)	( 780,087)
	<u>\$ 170,747</u>	<u>\$ 251</u>	<u>\$ 128,835</u>	<u>\$ 126,113</u>	<u>\$ 2,688</u>	<u>\$ 6,418</u>	<u>\$ 7,202</u>	<u>\$ 32,216</u>	<u>\$ 474,470</u>

- A. As of December 31, 2022 and 2021, the Company's property, plant and equipment are all for own use.
- B. Amount of borrowing costs capitalised and the range of the interest rates for such capitalisation are as follows:

	For the years ended December 31,	
	2022	2021
Amount capitalised	\$ <u>8</u>	\$ <u>7</u>
Interest rate range	<u>0.67% ~ 1.34%</u>	<u>0.65% ~ 0.79%</u>

- C. For more information regarding the Company's property, plant and equipment pledged to others as of December 31, 2022 and 2021, refer to Note 8, 'Pledged assets'.

(7) Leasing arrangements — lessor

- A. The Company leases various assets including land and buildings (shown as 'Investment property'). Rental contracts are typically made for periods of 6 and 15 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.
- B. For the years ended December 31, 2022 and 2021, the Company recognised rent income in the amounts of \$6,120 and \$5,005, respectively, based on the operating lease agreement, which does not include variable lease payments.
- C. The maturity analysis of the lease payments under the operating leases is as follows:

	December 31, 2022	December 31, 2021
Within 1 year	\$ 6,171	\$ 6,114
1 ~ 2 years	5,314	6,171
2 ~ 3 years	4,457	5,314
3 ~ 4 years	4,457	4,457
4 ~ 5 years	4,457	4,457
Over 5 years	<u>37,886</u>	<u>42,343</u>
Total	<u>\$ 62,742</u>	<u>\$ 68,856</u>

(8) Investment property, net

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>At January 1, 2022</u>			
Cost	\$ 133,588	\$ 24,578	\$ 158,166
Accumulated depreciation	-	( 19,759)	( 19,759)
	<u>\$ 133,588</u>	<u>\$ 4,819</u>	<u>\$ 138,407</u>
<u>For the year ended December 31, 2022</u>			
At January 1	\$ 133,588	\$ 4,819	\$ 138,407
Depreciation	-	( 1,314)	( 1,314)
At December 31	<u>\$ 133,588</u>	<u>\$ 3,505</u>	<u>\$ 137,093</u>
<u>At December 31, 2022</u>			
Cost	\$ 133,588	\$ 24,578	\$ 158,166
Accumulated depreciation	-	( 21,073)	( 21,073)
	<u>\$ 133,588</u>	<u>\$ 3,505</u>	<u>\$ 137,093</u>
	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>At January 1, 2021</u>			
Cost	\$ 133,588	\$ 24,578	\$ 158,166
Accumulated depreciation	-	( 18,444)	( 18,444)
	<u>\$ 133,588</u>	<u>\$ 6,134</u>	<u>\$ 139,722</u>
<u>For the year ended December 31, 2021</u>			
At January 1	\$ 133,588	\$ 6,134	\$ 139,722
Depreciation	-	( 1,315)	( 1,315)
At December 31	<u>\$ 133,588</u>	<u>\$ 4,819</u>	<u>\$ 138,407</u>
<u>At December 31, 2021</u>			
Cost	\$ 133,588	\$ 24,578	\$ 158,166
Accumulated depreciation	-	( 19,759)	( 19,759)
	<u>\$ 133,588</u>	<u>\$ 4,819</u>	<u>\$ 138,407</u>

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

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Rental income from investment property (shown as 'Other income (expenses)')	\$ 6,120	\$ 5,005
Direct operating expenses arising from the investment property that generated rental income during the year (shown as 'Other income (expenses)')	\$ 1,314	\$ 1,315

B. The fair value of the investment property held by the Company as at December 31, 2022 and 2021 were \$360,344 and \$320,492, respectively, which was valued based on quoted prices in the neighbouring area by real estate agents or actual price registration information, which were categorised within Level 3 in the fair value hierarchy.

C. For more information regarding investment property pledged to others as of December 31, 2022 and 2021, refer to Note 8, 'Pledge assets'.

(9) Intangible assets

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
<u>Computer software</u>		
<u>At January 1</u>		
Cost	\$ 5,898	\$ 5,740
Accumulated amortisation	( 5,547)	( 5,431)
	<u>\$ 351</u>	<u>\$ 309</u>
<u>For the year ended December 31</u>		
At January 1	\$ 351	\$ 309
Additions	-	158
Amortisation	( 113)	( 116)
At December 31	<u>\$ 238</u>	<u>\$ 351</u>
<u>At December 31</u>		
Cost	\$ 5,898	\$ 5,898
Accumulated amortisation	( 5,660)	( 5,547)
	<u>\$ 238</u>	<u>\$ 351</u>

A. No interest was capitalised as part of intangible assets for the years ended December 31, 2022 and 2021.

B. Details of amortisation on intangible assets were as follows:

	For the years ended December 31,	
	2022	2021
Manufacturing overhead	\$ 8	\$ 32
Administrative expenses	105	84
	<u>\$ 113</u>	<u>\$ 116</u>

(10) Short-term borrowings

	December 31, 2022	Interest rate range	Collateral
Unsecured bank borrowings	<u>\$ 290,000</u>	1.16% ~ 1.42%	None

	December 31, 2021	Interest rate range	Collateral
Unsecured bank borrowings	<u>\$ 279,000</u>	0.64% ~ 0.82%	None

For more information on interest expense recognised in profit or loss by the Company for the years ended December 31, 2022 and 2021, refer to Note 6(20), 'Financial costs'.

(11) Pensions

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

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

	December 31, 2022	December 31, 2021
Present value of defined benefit obligations	\$ 28,869	\$ 31,081
Fair value of plan assets	( 20,404)	( 21,119)
Net defined benefit liability	<u>\$ 8,465</u>	<u>\$ 9,962</u>



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

	For the year ended December 31, 2022		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	\$ 31,081	(\$ 21,119)	\$ 9,962
Interest expense (income)	218	( 149)	69
	<u>31,299</u>	<u>( 21,268)</u>	<u>10,031</u>
Remeasurements:			
Return on plan assets	-	( 1,835)	( 1,835)
Change in financial assumptions	( 771)	-	( 771)
Experience adjustments	1,241	-	1,241
	<u>470</u>	<u>( 1,835)</u>	<u>( 1,365)</u>
Pension fund contribution	-	( 201)	( 201)
Paid pensions	( 2,900)	2,900	-
	<u>( 2,900)</u>	<u>2,699</u>	<u>( 201)</u>
At December 31	<u>\$ 28,869</u>	<u>(\$ 20,404)</u>	<u>\$ 8,465</u>
	For the year ended December 31, 2021		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	\$ 37,901	(\$ 25,878)	\$ 12,023
Current service cost	33	-	33
Interest expense (income)	114	( 78)	36
	<u>38,048</u>	<u>( 25,956)</u>	<u>12,092</u>
Remeasurements:			
Return on plan assets	-	( 360)	( 360)
Change in demographic assumptions	20	-	20
Change in financial assumptions	( 820)	-	( 820)
Experience adjustments	229	-	229
	<u>( 571)</u>	<u>( 360)</u>	<u>( 931)</u>
Pension fund contribution	-	( 1,199)	( 1,199)
Paid pensions	( 6,396)	6,396	-
	<u>( 6,396)</u>	<u>5,197</u>	<u>( 1,199)</u>
At December 31	<u>\$ 31,081</u>	<u>(\$ 21,119)</u>	<u>\$ 9,962</u>

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

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Discount rate	<u>1.20%</u>	<u>0.70%</u>
Future salary increase rate	<u>3.25%</u>	<u>3.25%</u>

Future mortality rate was estimated based on the 6<sup>th</sup> Taiwan Standard Ordinary Experience Mortality Table for the years ended December 31, 2022 and 2021.

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

	<u>Discount rate</u>		<u>Future salary increases</u>	
	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>
<u>December 31, 2022</u>				
Effect on present value of defined benefit obligation	(\$ <u>371</u> )	<u>\$ 381</u>	<u>\$ 318</u>	(\$ <u>312</u> )

	<u>Discount rate</u>		<u>Future salary increases</u>	
	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>
<u>December 31, 2021</u>				
Effect on present value of defined benefit obligation	(\$ <u>482</u> )	<u>\$ 496</u>	<u>\$ 420</u>	(\$ <u>411</u> )

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

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(f) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2023 amount to \$135.

(g) As of December 31, 2022, the weighted average duration of the retirement plan is 6 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	\$	8,787
2-5 years		7,839
Over 5 years		8,595
	<u>\$</u>	<u>25,221</u>

B. Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2022 and 2021 were \$3,601 and \$3,442, respectively.

(12) Share capital

A. Movements in the number of the Company’s ordinary shares outstanding are as follows (unit: shares in thousands):

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Beginning number of shares	85,670	85,297
Employees’ compensation transferred to common stock	<u>391</u>	<u>373</u>
Ending number of shares	<u>86,061</u>	<u>85,670</u>

B. On March 29, 2022, the Company’s Board of Directors resolved to increase its capital by issuing new shares through transferring employees’ compensation payable amounting to \$17,321. After obtaining the approval from the Securities and Futures Bureau of Financial Supervisory Commission, the effective date of the capital increase was set on June 30, 2022. A total of 391 thousand new shares were issued through the employees’ shares compensation amounting to \$17,321 based on the closing price at the previous day of the board meeting and after taking into account the effects of ex-rights and ex-dividends. The new shares were expected to be transferred

to share capital at the par value on the effective date of the capital increase and the premiums that exceed the par value were transferred to ‘Capital surplus, additional paid-in capital arising from ordinary share’.

- C. On March 25, 2021, the Company’s Board of Directors resolved to increase its capital by issuing new shares through transferring employees’ compensation payable amounting to \$11,455. After obtaining the approval from the Securities and Futures Bureau of Financial Supervisory Commission, the effective date of the capital increase was set on June 18, 2021. A total of 373 thousand new shares were issued through the employees’ shares compensation amounting to \$11,455 based on the closing price at the previous day of the board meeting and after taking into account the effects of ex-rights and ex-dividends. The new shares were expected to be transferred to share capital at the par value on the effective date of the capital increase and the premiums that exceed the par value were transferred to ‘Capital surplus, additional paid-in capital arising from ordinary share’.
- D. As of December 31, 2022, the Company’s authorised capital was \$1,000,000 and the paid-in capital was \$860,612, consisting of 86,061 thousand shares of ordinary stock, with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

(13) Capital surplus

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

(14) Retained earnings

- A. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company’s paid-in capital.
- B. Under the Company’s Articles of Incorporation, the current year’s earnings, if any, shall first be used to pay all taxes and offset accumulated operating losses and then 10% of the remaining amount shall be set aside as legal reserve. After that, special reserve shall be set aside or reverse in accordance with the related laws or the regulations made by the regulatory authority. The remainder, if any, along with prior year’s accumulated undistributed earnings shall be proposed by the Board of Directors and resolved by the shareholders during their meeting. The Company’s Board of Directors shall distribute all or part of the distributable dividends and bonuses in cash through a resolution adopted by a majority vote at its meeting attended by two-thirds of the total

number of directors and reported it to the shareholders' meeting. The aforementioned regulation does not require approval from the shareholders. The Company's policy on dividend distribution shall be based on current and future development plans, investment environment, capital needs and domestic and foreign competition, taking into consideration shareholders' benefits, balanced dividends and the Company's long-term financial plan. The distribution shall be proposed by the Board of Directors and reported to the shareholders every year. At least 10% of the accumulated distributable earnings shall be appropriated as dividends, and cash dividends shall account for at least 10% of the total dividends distributed. However, the Board of Directors shall adjust the ratios based on current operating status and shall be resolved by the shareholders during their meeting.

- C. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- (b) The amount of \$206,486 previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Financial-Supervisory-Securities-Corporate Letter No.1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land.
- D. The Company recognised cash dividends distributed to owners amounting to \$257,011 (\$3 (in dollars) per share) and \$136,475 (\$1.6 (in dollars) per share) for the years ended December 31, 2022 and 2021, respectively. On March 27, 2023, the Board of Directors resolved the distribution of cash dividends from 2022 earnings in the amount of \$232,365 (\$2.7 (in dollars) per share).

(15) Operating revenue

A. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods at a point in time in the following major product lines:

	For the years ended December 31,	
	2022	2021
Agro technology revenue	\$ 1,248,802	\$ 907,499
Environmental science revenue	918,104	697,064
	\$ 2,166,906	\$ 1,604,563

B. Contract liabilities

(a) The Company has recognised the revenue-related contract liabilities amounting to \$2,260, \$1,529 and \$998 as of December 31, 2022, December 31, 2021 and January 1, 2021, respectively.

(b) Revenue recognised that was included in the contract liabilities at the beginning of the year

were \$1,529 and \$998 for the years ended December 31, 2022 and 2021, respectively.

(16) Other income (expenses), net

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Other income		
Rent income	\$ 6,120	\$ 5,005
Other expenses		
Depreciation	( 1,314)	( 1,315)
	<u>\$ 4,806</u>	<u>\$ 3,690</u>

(17) Interest income

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Bank deposits	\$ 3,450	\$ 2,910
Others	763	734
	<u>\$ 4,213</u>	<u>\$ 3,644</u>

(18) Other income

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Other income	\$ 4,231	\$ 3,647

(19) Other gains and losses

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Net (loss) gains on disposals of property, plant and equipment	(\$ 44)	\$ 162
Net currency exchange gain (loss)	97,002	( 15,139)
Other losses	( 11,489)	( 10,402)
	<u>\$ 85,469</u>	<u>(\$ 25,379)</u>

(20) Finance costs

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Interest expense:		
Bank borrowings	\$ 2,919	\$ 1,841
Commercial papers payable	45	676
	<u>2,964</u>	<u>2,517</u>
Less: Capitalisation of qualifying assets	( 8)	( 7)
	<u>\$ 2,956</u>	<u>\$ 2,510</u>

(21) Expenses by nature

	For the year ended December 31, 2022		
	<u>Operating costs</u>	<u>Operating expense</u>	<u>Total</u>
Employee benefit expense	\$ 48,763	\$ 80,619	\$ 129,382
Depreciation	\$ 27,077	\$ 6,426	\$ 33,503
Amortisation on intangible assets	\$ 8	\$ 105	\$ 113

	For the year ended December 31, 2022		
	<u>Operating costs</u>	<u>Operating expense</u>	<u>Total</u>
Employee benefit expense	\$ 48,087	\$ 76,219	\$ 124,306
Depreciation	\$ 28,128	\$ 5,979	\$ 34,107
Amortisation on intangible assets	\$ 32	\$ 84	\$ 116

(22) Employee benefit expense

	For the year ended December 31, 2022		
	<u>Operating cost</u>	<u>Operating expense</u>	<u>Total</u>
Wages and salaries	\$ 39,841	\$ 64,191	\$ 104,032
Labor and health insurance expense	3,883	5,101	8,984
Pension costs	1,678	1,992	3,670
Directors' remuneration	-	6,436	6,436
Other personnel expenses	3,361	2,899	6,260
	<u>\$ 48,763</u>	<u>\$ 80,619</u>	<u>\$ 129,382</u>

	For the year ended December 31, 2022		
	<u>Operating cost</u>	<u>Operating expense</u>	<u>Total</u>
Wages and salaries	\$ 39,521	\$ 60,548	\$ 100,069
Labor and health insurance expense	3,872	4,597	8,469
Pension costs	1,618	1,893	3,511
Directors' remuneration	-	6,648	6,648
Other personnel expenses	3,076	2,533	5,609
	<u>\$ 48,087</u>	<u>\$ 76,219</u>	<u>\$ 124,306</u>

A. For the years ended December 31, 2022 and 2021, the average number of employees were 143 and 142 employees, respectively, which included 4 non-employee directors for both years.

For the years ended December 31, 2022 and 2021, the average employee benefit expense were \$885 and \$852, respectively, while average wages and salaries were \$748 and \$725, respectively.

The average wages and salaries increased by 3% compared to prior year. The Company has set up the audit committee, so there is no supervisors' remuneration.

- B. Directors' remuneration of the Company was set based on the extent of participation and the value of contribution in and to the Company's operations as well as the general pay level within the same industry; managers' and employees' compensation policy of the Company was set based on the position held, responsibility assumed, profitability of the Company, contribution to the Company's performance and the pay level of similar positions within the same industry.
- C. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year (which represents current year's pre-tax profit excluding employees' compensation and directors' remuneration distributed) shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 1% for employees' compensation and shall not be higher than 5% for directors' remuneration. If the Company has accumulated losses, profit shall be reserved to cover losses first. The distribution percentage of the employees' compensation and directors' remuneration and whether the employees' compensation shall be distributed in the form of shares or in cash shall be resolved by the Board of Directors with a majority vote at its meeting attended by two-thirds of the total number of directors and reported to the shareholders' meeting. The employees that the Company shall distribute employees' compensation include the employees of subsidiaries who meet the requirements prescribed by the Board of Directors or its authorised person.
- D. For the years ended December 31, 2022 and 2021, employees' compensation was accrued at \$18,893 and \$17,321, respectively; while directors' remuneration was accrued at \$6,298 and \$6,495, respectively. The aforementioned amounts were recognised in salary expenses. The employees' compensation and directors' remuneration were estimated and accrued based on the percentage of distributable profit of the year as prescribed by the Company's Articles of Incorporation. Employees' compensation and directors' remuneration for 2021 amounting to \$23,816 as resolved at the meeting of Board of Directors were the same as those estimated amounts recognised in the 2021 financial statements. The employees' compensation and directors' remuneration resolved by the Board of Directors on March 27, 2023 were \$18,893 and \$6,298, respectively, and the employees' compensation will be distributed in the form of shares. Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.



(23) Income tax

A. Income tax expense

(a) Components of income tax expense:

	For the years ended December 31,	
	2022	2021
Current tax:		
Current tax on profits for the year	\$ 92,640	\$ 105,552
Tax on undistributed surplus earnings	1,597	1,216
Prior year income tax (over) under estimation	( 350)	26
Total current tax	<u>93,887</u>	<u>106,794</u>
Deferred tax:		
Origination and reversal of temporary differences	( 13,687)	( 26,667)
Income tax expense	<u>\$ 80,200</u>	<u>\$ 80,127</u>

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

	For the years ended December 31,	
	2022	2021
Remeasurement of defined benefit obligations	<u>\$ 273</u>	<u>\$ 186</u>

(c) Reconciliation between income tax expense and accounting profit:

	For the years ended December 31,	
	2022	2021
Tax calculated based on profit before tax and statutory tax rate	\$ 78,932	\$ 81,841
Effect from items disallowed by tax regulation	21	( 2,956)
Tax on undistributed surplus earnings	1,597	1,216
Prior year income tax (over) under estimation	( 350)	26
Income tax expense	<u>\$ 80,200</u>	<u>\$ 80,127</u>

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

For the year ended December 31, 2022				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
Deferred income tax				
assets:				
Loss on doubtful debts	\$ 2,939	\$ 2,455	\$ -	\$ 5,394
Unrealised exchange loss	2,839	( 2,839)	-	-
Loss on inventories from market decline	5,838	5	-	5,843
Pensions	2,860	( 26)	( 273)	2,561
Unused compensated absences	648	10	-	658
	<u>\$ 15,124</u>	<u>(\$ 395)</u>	<u>(\$ 273)</u>	<u>\$ 14,456</u>
Deferred income tax liabilities:				
Investment income	(\$ 58,489)	\$ 17,438	\$ -	(\$ 41,051)
Increment tax on land revaluation	( 18,384)	-	-	( 18,384)
Gain on revaluation	( 7,905)	-	-	( 7,905)
Unrealised exchange gain	-	( 3,356)	-	( 3,356)
	<u>(\$ 84,778)</u>	<u>\$ 14,082</u>	<u>\$ -</u>	<u>(\$ 70,696)</u>
	<u>(\$ 69,654)</u>	<u>\$ 13,687</u>	<u>(\$ 273)</u>	<u>(\$ 56,240)</u>

For the year ended December 31, 2021

	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
Deferred income tax				
assets:				
Loss on doubtful debts	\$ 2,663	\$ 276	\$ -	\$ 2,939
Unrealised exchange loss	3,810	( 971)	-	2,839
Loss on inventories from market decline	5,231	607	-	5,838
Pensions	3,272	( 226)	( 186)	2,860
Unused compensated absences	666	( 18)	-	648
	<u>\$ 15,642</u>	<u>(\$ 332)</u>	<u>(\$ 186)</u>	<u>\$ 15,124</u>
Deferred income tax				
liabilities:				
Investment income	(\$ 85,488)	\$ 26,999	\$ -	(\$ 58,489)
Increment tax on land revaluation	( 18,384)	-	-	( 18,384)
Gain on revaluation	( 7,905)	-	-	( 7,905)
	<u>(\$ 111,777)</u>	<u>\$ 26,999</u>	<u>\$ -</u>	<u>(\$ 84,778)</u>
	<u>(\$ 96,135)</u>	<u>\$ 26,667</u>	<u>(\$ 186)</u>	<u>(\$ 69,654)</u>

C. The Company's income tax returns through 2020 have been assessed and approved by the Tax Authority, and there were no disputes existing between the Company and the Tax Authority as of March 27, 2023.

(24) Earnings per share

	For the year ended December 31, 2022		
	Amount after tax	Weighted average number of shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 314,462	85,968	\$ 3.66
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 314,462	85,968	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	657	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	\$ 314,462	86,625	\$ 3.63

	For the year ended December 31, 2021		
	Amount after tax	Weighted average number of shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 329,078	85,585	\$ 3.85
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 329,078	85,585	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	613	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	\$ 329,078	86,198	\$ 3.82

(25) Supplemental cash flow information

A. Investing activities with partial cash payments:

	For the years ended December 31,	
	2022	2021
Acquisition of property, plant and equipment	\$ 2,972	\$ 9,415
Add: Opening balance of notes payable	255	1,580
Opening balance of payables for equipment (shown as 'other payables')	1,579	-
Less: Ending balance of notes payable	( 710)	( 255)
Ending balance of payables for equipment (shown as 'other payables')	( 1,168)	( 1,579)
Cash paid for purchase of property, plant and equipment	<u>\$ 2,928</u>	<u>\$ 9,161</u>

B. Investing and financing activities with no cash flow effect:

	For the years ended December 31,	
	2022	2021
(a) Prepayments for equipment transferred to property, plant and equipment	<u>\$ 4,928</u>	<u>\$ -</u>
(b) Employees' compensation payables transferred to common stocks	<u>\$ 17,321</u>	<u>\$ 11,455</u>

(26) Changes in liabilities from financing activities

	Short-term borrowings	Guarantee deposits received	Liabilities from financing activities-gross
Balance at January 1, 2022	\$ 279,000	\$ 2,150	\$ 281,150
Changes in cash flow from financing activities	11,000	( 1,110)	9,890
Balance at December 31, 2022	<u>\$ 290,000</u>	<u>\$ 1,040</u>	<u>\$ 291,040</u>

  

	Short-term borrowings	Short-term notes and bills payable	Guarantee deposits received	Liabilities from financing activities-gross
Balance at January 1, 2021	\$ 230,000	\$ 189,963	\$ 960	\$ 420,923
Changes in cash flow from financing activities	49,000	( 190,000)	1,190	( 139,810)
Others	-	37	-	37
Balance at December 31, 2021	<u>\$ 279,000</u>	<u>\$ -</u>	<u>\$ 2,150</u>	<u>\$ 281,150</u>

## 7. Related Party Transactions

### (1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
HUI KWANG (THAILAND) CO., LTD.	Subsidiary
HUITEX Limited	Subsidiary
Tellus Inc.	Subsidiary
HKC (Shanghai), Ltd.	Subsidiary
Cerex Fine Crop Corporation	An entity controlled by key management personnel

### (2) Significant related party transactions

#### A. Sales

	For the years ended December 31,	
	2022	2021
Sales of goods:		
– Subsidiaries	\$ 150,172	\$ 158,064
– An entity controlled by key management personnel	-	873
	<u>\$ 150,172</u>	<u>\$ 158,937</u>

Except for the collection term for the subsidiary, HKC (Shanghai), Ltd., of T/T 90 days after the completion of sales and monthly billings, the remaining sales prices and collection terms of sales to related parties were similar to those for main customers. The collection terms for general foreign customers were L/C at sight to 180 days or T/T within 180 days after monthly billings. The collection terms for general domestic customers were obtaining a 3~4 months promissory note after the completion of sales and monthly billings or T/T within 180 days after monthly billings.

#### B. Purchases

	For the years ended December 31,	
	2022	2021
Purchases of goods:		
– HKC (Shanghai), Ltd.	\$ 158,888	\$ 103,440
– Subsidiaries	14,245	-
	<u>\$ 173,133</u>	<u>\$ 103,440</u>

Except for the payment terms for the subsidiary, HKC (Shanghai), Ltd., of T/T 30 days after monthly billings, the remaining purchase prices and payment terms of purchases from related parties were based on mutual agreements and similar to those for main suppliers. The payment terms were L/C 180 days for general foreign suppliers and obtaining a 2~3 months promissory note after monthly billings for general domestic suppliers.

C. Property transactions

Acquisition for financial assets (cash capital increase):

	Accounts	Number of shares (in thousands)	Objects	For the year ended December 31, 2021
Tellus Inc.	Investments accounted for using the equity method	2	HUITEX Limited	\$ <u>55,565</u>

There was no such situation for the year ended December 31, 2022.

D. Notes and accounts receivable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Receivables from related parties:		
– HUI KWANG (THAILAND) CO., LTD.	\$ 25,424	\$ 33,046
– HKC (Shanghai), Ltd.	<u>15,587</u>	<u>16,356</u>
	<u>\$ 41,011</u>	<u>\$ 49,402</u>

E. Notes and accounts payable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Payables to related parties:		
– HKC (Shanghai), Ltd.	\$ 7,840	\$ 11,799
– Subsidiaries	<u>2,906</u>	<u>-</u>
	<u>\$ 10,746</u>	<u>\$ 11,799</u>

F. Loans to related parties (shown as ‘Other receivables - related parties’)

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Loans to related parties:		
(a) Ending balance:		
HUITEX Limited	\$ 74,829	\$ 61,246
HUI KWANG (THAILAND) CO., LTD.	<u>27,860</u>	<u>16,260</u>
	<u>\$ 102,689</u>	<u>\$ 77,506</u>
	<u>For the years ended December 31,</u>	
(b) Interest income:	<u>2022</u>	<u>2021</u>
HUITEX Limited	<u>\$ 763</u>	<u>\$ 734</u>

The loans to HUITEX Limited carry interest at 1.5% and 1.1% per year for the years ended December 31, 2022 and 2021, respectively, and the loans to HUI KWANG (THAILAND) CO., LTD do not carry any interest.

(3) Key management compensation

	For the years ended December 31,	
	2022	2021
Salaries and other short-term employee benefits	\$ 25,326	\$ 27,859

8. Pledged Assets

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

Pledged asset	Book value		Purpose
	December 31, 2022	December 31, 2021	
Land (Note)	\$ 94,329	\$ 94,389	Short-term borrowings facilities
Buildings - net (Note)	31,834	34,258	Short-term borrowings facilities
Investment property - land	32,506	32,506	Short-term borrowings facilities
	<u>\$ 158,669</u>	<u>\$ 161,153</u>	

(Note) Shown as 'Property, plant and equipment'.

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

- (1) As of December 31, 2022 and 2021, the Company's capital expenditure contracted for purchasing property, plant and equipment but not yet incurred amounted to \$2,030 and \$1,197, respectively.
- (2) As of December 31, 2022 and 2021, the Company's unused letters of credit for purchasing raw materials and supplies amounted to \$— and \$7,765, respectively.
- (3) Refer to Note 6(7), 'Leasing arrangements – lessor' for information of the Company's lease contract commitments.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

None.

12. Others

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial instruments

A. Financial instruments by category

Details of financial instruments by category of the Company are described in Note 6.

B. Financial risk management policies

- (a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial



markets and seeks to minimise potential adverse effects on the Company's financial position and financial performance.

(b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close cooperation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

### C. Significant financial risks and degrees of financial risks

#### (a) Market risk

##### Foreign exchange risk

i. The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD and RMB. Foreign exchange rate risk arises from future commercial transactions and recognised assets and liabilities.

ii. Management has set up a policy to require the Company to manage its foreign exchange risk against its functional currency. The Company is required to hedge their entire foreign exchange risk exposure with the treasury.

iii. The Company has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. However, the Company's foreign operations are considered strategic investments; thus, no hedging for the purpose is conducted.

iv. The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2022

	Foreign currency amount <u>(in thousands)</u>	<u>Exchange rate</u>	<u>Book value</u>
(foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 28,279	30.66	\$ 867,033
EUR:NTD	193	32.52	6,280
RMB:NTD	15,381	4.383	67,414
THB:NTD	1,890	0.8741	1,652
<u>Investments accounted for     using equity method</u>			
USD:NTD	20,913	30.71	642,248
THB:NTD	( 17,546)	0.8941	( 15,688)
MYR:NTD	( 150)	6.699	( 1,006)
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	495	30.76	15,232
RMB:NTD	1,769	4.433	7,840

December 31, 2021

(foreign currency: functional currency) <u>Financial assets</u>	Foreign currency		
	amount		
	(in thousands)	Exchange rate	Book value
<u>Monetary items</u>			
USD:NTD	\$ 17,451	27.63	\$ 482,158
EUR:NTD	613	31.12	19,066
RMB:NTD	34,651	4.319	149,657
THB:NTD	1,078	0.8147	878
JPY:NTD	13,664	0.2385	3,259
<u>Investments accounted for using equity method</u>			
USD:NTD	25,257	27.68	699,107
THB:NTD	( 12,918)	0.8347	( 10,783)
MYR:NTD	( 147)	6.36	( 937)
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	612	27.73	16,959
RMB:NTD	8,726	4.369	38,123

As of December 31, 2022 and 2021, if the Company's functional currency exchange rate to foreign currencies had appreciated/depreciated by 1% with all other factors remaining constant, the after-tax profit for the years ended December 31, 2022 and 2021 would have increased/decreased by \$7,354 and \$4,799, respectively.

- v. The total exchange gain (loss), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2022 and 2021, amounted to \$97,002 and (\$15,139), respectively.

Price risk

The Company is not engaged in any financial instruments with price variations, hence does not expect price risk arising from significant variations in the market price.

Cash flow and fair value interest rate risk

- i. The Company's main interest rate risk arises from short-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. During the years ended December 31, 2022 and 2021, the Company's borrowings at variable rate were denominated in New Taiwan dollars.
- ii. If the borrowing interest rate had increased/decreased by 10% with all other variables held constant, the after-tax profit for the years ended December 31, 2022 and 2021 would have decreased/increased by \$14 and \$7, respectively. The main factor is that changes in interest

expense result from floating rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.
- ii. The Company manages its credit risk taking into consideration the entire company's concern. According to the Company's credit policy, the Company is responsible for managing and analysing the credit risk for each of the new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. In accordance with the management of credit risk, if the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- iv. The Company classifies customer's accounts receivable in accordance with credit term. The Company applies the modified approach using a provision matrix to estimate the expected credit loss. The Company used the forecastability to adjust the loss rate calculated based on historical and timely information. On December 31, 2022 and 2021, the provision matrix were as follows:

	Within days	91~180 days	180~365 days	More than 1 year	Total
<u>December 31, 2022</u>					
Total book value	\$ 622,945	\$ -	\$ -	\$ 24,973	\$ 647,918
Expected loss rate	0%~5%	10%	50%	100%	
Loss allowance	\$ 5,608	\$ -	\$ -	\$ 24,973	\$ 30,581
<u>December 31, 2021</u>					
Total book value	\$ 420,160	\$ 3,807	\$ -	\$ 12,395	\$ 436,362
Expected loss rate	0%~5%	10%	50%	100%	
Loss allowance	\$ 483	\$ 381	\$ -	\$ 12,395	\$ 13,259

v. Movements in relation to the Company applying the modified approach to provide loss allowance for accounts receivable are as follows:

	For the years ended December 31,	
	2022	2021
At January 1	\$ 13,259	\$ 12,339
Expected credit loss	17,322	920
At December 31	<u>\$ 30,581</u>	<u>\$ 13,259</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs.
- ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Company treasury. Company treasury invests surplus cash in interest bearing current accounts, time deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts.
- iii. The Company has the following undrawn borrowing facilities:

	December 31, 2022	December 31, 2021
Floating rate:		
Expiring within one year	<u>\$ 765,000</u>	<u>\$ 726,000</u>

- iv. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Non-derivative financial liabilities:				
Short-term borrowings	\$ 291,755	\$ -	\$ -	\$ -
Notes payable	44,525	-	-	-
Accounts payable	19,986	-	-	-
Accounts payable - related parties	10,746	-	-	-
Other payables	72,817	-	-	-
Guarantee deposits received	-	260	-	780

<u>December 31, 2021</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>More than 5 years</u>
Non-derivative financial liabilities:				
Short-term borrowings	\$ 280,037	\$ -	\$ -	\$ -
Notes payable	46,579	-	-	-
Accounts payable	55,191	-	-	-
Accounts payable - related parties	11,799	-	-	-
Other payables	70,673	-	-	-
Guarantee deposits received	1,110	-	260	780

v. The Company does not expect the maturity date to end early nor the actual cash flow to be materially different.

(3) Fair value information

The Company had no fair value financial instruments as of December 31, 2022 and 2021.

(4) Others

Due to the Covid-19 pandemic and the implementation of the government's multiple preventive measures, the Company thoroughly complied with "Guidelines for Enterprise Planning of Business Continuity in Response to the Coronavirus Disease 2019". There was no significant adverse effect in various operations.

13. Supplementary Disclosures

According to the current regulatory requirements, the Company is only required to disclose the information for the year ended December 31, 2022.

(1) Significant transactions information

- A. Loans to others: Refer to table 1.
- B. Provision of endorsements and guarantees to others: None.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): None.
- D. Acquisition or sale of the same security with the accumulated cost exceeding NT\$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: Refer to table 2.
- H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Refer to table 3.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland

China): Refer to table 4.

(3) Information on investments in Mainland China

A. Basic information: Refer to table 5.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Refer to table 6.

(4) Major shareholders information

Major shareholders information: Refer to table 7.

14. Segment Information

Not applicable.

**HUIKWANG CORPORATION**  
**STATEMENT OF CASH AND CASH EQUIVALENTS**  
**DECEMBER 31, 2022**  
 (Expressed in thousands of New Taiwan dollars)

Item	Description	Amount
Cash:		
Cash on hand		\$ 142
Checking accounts		1,678
Demand deposits - New Taiwan Dollars		32,063
- Foreign currency	USD 416 (in thousands), exchange rate: 30.66; EUR 193 (in thousands), exchange rate: 32.52; THB 1,890 (in thousands), exchange rate: 0.87; JPY 8 (in thousands), exchange rate: 0.23; RMB 174 (in thousands), exchange rate: 4.38	21,462
Cash equivalents:		
Time deposits — Foreign currency	USD 7,500 (in thousands), exchange rate: 30.66; maturity date was from Jan 17, 2023 to Mar 27, 2023 and interest rate was 4.45% ~ 4.82%	229,950
	RMB 11,650 (in thousands), exchange rate: 4.383; maturity date was from Jan 12, 2023 to Jan 31, 2023 and interest rate was 1.06% ~ 2.00%	51,062
Repurchase agreement — Foreign currency	USD 1,000 (in thousands), exchange rate: 30.66; maturity date was Jan 3, 2023 and interest rate was 4%	30,660
		\$ 367,017



HUIKWANG CORPORATION  
STATEMENT OF NOTES RECEIVABLE, NET  
DECEMBER 31, 2022  
(Expressed in thousands of New Taiwan dollars)

Client Name	Description	Amount	Note
GUOSING CO.	Notes receivable	\$ 19,410	—
JIOUDE CO.	Notes receivable	18,016	—
CHENGJHAN AGRICULTURE Co., Ltd.	Notes receivable	12,833	—
SINGYA CO.	Notes receivable	12,512	—
DINGHONG CO.	Notes receivable	12,033	—
JHENGYUAN CO.	Notes receivable	10,279	—
PINGYI Co., Ltd.	Notes receivable	9,622	—
HONGSHENG CO.	Notes receivable	9,255	—
YUANCHANG CO.	Notes receivable	8,528	—
JISHENG AGRICULTURE MATERIAL CO.	Notes receivable	8,003	—
Others (less than 5%)	Notes receivable	<u>36,702</u>	—
		<u>\$ 157,193</u>	

HUIKWANG CORPORATION  
STATEMENT OF ACCOUNTS RECEIVABLE, NET  
DECEMBER 31, 2022  
(Expressed in thousands of New Taiwan dollars)

<u>Client Name</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Solus Industria Quimica Ltda	Receivables from clients	\$ 224,983	—
Cropfield Do Brasil Industrial De Insumos Agricolas Ltda.	Receivables from clients	200,756	—
Cheongfuli (Hong Kong Co., Ltd)	Receivables from clients	56,994	—
Alamos do Brasil Ltda	Receivables from clients	45,597	—
Others (less than 5%)	Receivables from clients	<u>78,577</u>	—
		606,907	
Less: Allowance for uncollectible accounts		<u>( 30,581)</u>	
		<u>\$ 576,326</u>	

Note: Allowance for all the Company's accounts receivable that were past due over a year amounting to \$24,973 was recognized.

HUIKWANG CORPORATION  
STATEMENT OF ACCOUNTS RECEIVABLE - RELATED PARTIES, NET  
DECEMBER 31, 2022  
 (Expressed in thousands of New Taiwan dollars)

Client Name	Description	Amount	Note
HUI KWANG (THAILAND) CO., LTD.	Receivables from clients	\$ 25,424	—
Hui Kwang (Shanghai) Co., Ltd.	Receivables from clients	<u>15,587</u>	—
		<u>\$ 41,011</u>	

HUIKWANG CORPORATION  
STATEMENT OF OTHER RECEIVABLES - RELATED PARTIES  
DECEMBER 31, 2022  
 (Expressed in thousands of New Taiwan dollars)

Client Name	Description	Amount	Note
HUITEX Limited	Loans – short-term financing	\$ 74,829	–
HUI KWANG (THAILAND) CO., LTD.	Loans – business transaction	27,860	–
		<u>\$ 102,689</u>	

HUIKWANG CORPORATION  
STATEMENT OF INVENTORIES  
DECEMBER 31, 2022

(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount		Note
		Cost	Net Realizable Value	
Merchandise	—	\$ 2,045	\$ 4,193	Note
Raw materials	—	237,154	226,822	Note
Raw materials in transit	—	54,850	54,850	Note
Supplies	—	17,379	15,884	Note
Supplies in transit	—	889	889	Note
Work in progress	—	8,196	10,410	Note
Finished goods	—	370,160	490,214	Note
		<u>690,673</u>	<u>\$ 803,262</u>	
Less: Allowance for valuation loss		( 29,214)		
		<u>\$ 661,459</u>		

Note: Refer to Note 4(8) for the method to determine the net realizable value.

**HUIKWANG CORPORATION**  
**STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR UNDER EQUITY METHOD**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**  
(Expressed in thousands of New Taiwan dollars)

The Name of the Company	Beginning Balance		Addition		Decrease		Ending Balance			Market Value or Net Assets Value			
	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Percentage of Ownership	Amount	Unit Price (in dollars)	Total Amount	Collateral	Note
HUI KWANG INTERNATIONAL CO., LTD.	6,619	\$ 530,125	-	\$ 43,219	-	(\$ 109,937)	6,619	100.00%	\$ 463,407	\$ 71.40	\$ 472,593	None	—
HUI KWANG (THAILAND) CO., LTD.	50	( 11,717)	-	-	-	( 5,246)	50	100.00%	( 16,963)	( 313.76)	( 15,688)	None	(Note)
HKC AGROSCIENCE SDN. BHD.	20	( 937)	-	-	-	( 69)	20	100.00%	( 1,006)	( 50.30)	( 1,006)	None	(Note)
Tellus Inc.	7	163,932	-	11,177	-	( 6,577)	7	100.00%	168,532	25,512.01	169,655	None	—
	<u>\$ 6,696</u>	<u>\$ 681,403</u>	<u>-</u>	<u>\$ 54,396</u>	<u>-</u>	<u>(\$ 121,829)</u>	<u>\$ 6,696</u>		<u>\$ 613,970</u>		<u>\$ 625,554</u>		

(Note) Shown as 'Other non-current liabilities'.

HUIKWANG CORPORATION  
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT – COST  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(Expressed in thousands of New Taiwan dollars)

Refer to Note 6(6) for the information related to property, plant and equipment.

HUIKWANG CORPORATION  
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT – ACCUMULATED  
DEPRECIATION  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(Expressed in thousands of New Taiwan dollars)

Refer to Note 6(6) for the information related to property, plant and equipment and Note 4(12) for the method to determine depreciation and useful lives.



HUIKWANG CORPORATION  
STATEMENT OF CHANGES IN INVESTMENT PROPERTY – COST  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(Expressed in thousands of New Taiwan dollars)

Refer to Note 6(8) for the information related to investment property, net.

HUIKWANG CORPORATION  
STATEMENT OF CHANGES IN INVESTMENT PROPERTY – ACCUMULATED DEPRECIATION  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(Expressed in thousands of New Taiwan dollars)

Refer to Note 6(8) for the information related to investment property, net and Note 4(13) for the method to determine depreciation and useful lives.

HUIKWANG CORPORATION  
STATEMENT OF SHORT-TERM BORROWINGS  
DECEMBER 31, 2022  
 (Expressed in thousands of New Taiwan dollars)

Type of Loan	Description	Ending Balance	Contract Period	Range of Interest Rate	Credit Facility	Collateral	Note
Unsecured bank borrowings	The Export-Import Bank of the Republic of China	\$ 180,000	2022.9.15~ 2023.9.15	1.16%	\$ 200,000	None	—
"	Chinatrust Commercial Bank	110,000	2022.12.5~ 2023.3.6	1.42%	300,000	None	—
		<u>\$ 290,000</u>					

HUIKWANG CORPORATION  
STATEMENT OF NOTES PAYABLE  
DECEMBER 31, 2022

(Expressed in thousands of New Taiwan dollars)

Supplier Name	Description	Amount	Note
KCI MASTER INDUSTRIES CORP.	Notes payable	\$ 7,111	—
MEEI SAN ENTERPRISES CO.	Notes payable	3,958	—
E-CHI OIL CO., LTD.	Notes payable	3,165	—
TAIWAN AGROCHEMICAL INDUSTRIES INC.	Notes payable	2,898	—
YUNG LI PLASTICS CO., LTD.	Notes payable	2,437	—
Others (less than 5%)	Notes payable	24,956	—
		<u>\$ 44,525</u>	

HUIKWANG CORPORATION  
STATEMENT OF OTHER PAYABLES  
DECEMBER 31, 2022

(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Wages and salaries payable	—	\$ 16,332	—
Employees' compensation and directors' remuneration payable	—	25,191	—
Service fees payable	—	10,595	—
Others (less than 5%)	—	<u>20,838</u>	—
		<u>\$ 72,956</u>	

HUIKWANG CORPORATION  
STATEMENT OF CURRENT INCOME TAX LIABILITIES  
DECEMBER 31, 2022  
 (Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Current income tax payable	—	\$ 81,257	—
Tax on undistributed surplus earnings payable	—	1,597	—
		<u>\$ 82,854</u>	

HUIKWANG CORPORATION  
STATEMENT OF CHANGES IN DEFERRED TAX LIABILITIES  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(Expressed in thousands of New Taiwan dollars)

Refer to Note 6(23) for the information related to income tax.

HUIKWANG CORPORATION  
STATEMENT OF OPERATING REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2022  
 (Expressed in thousands of New Taiwan dollars)

Item	Volume (kilograms)	Amount	Note
Geosynthetics	14,355 (in thousands)	\$ 918,200	—
Herbicides	4,787 (in thousands)	674,209	—
Insecticides	1,993 (in thousands)	386,150	—
Fungicides	444 (in thousands)	170,006	—
Acaricides	23 (in thousands)	12,516	—
Fertiliser	101 (in thousands)	9,598	—
Others	25 (in thousands)	3,090	—
		<u>2,173,769</u>	
Less: Sales returns and allowances		( <u>6,863</u> )	
		<u>\$ 2,166,906</u>	



HUIKWANG CORPORATION  
STATEMENT OF OPERATING COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
 (Expressed in thousands of New Taiwan dollars)

Item	Amount
Merchandise at January 1	\$ 2,754
Add: Merchandise purchased	617,625
Less: Transferred to expenses	( 20)
Merchandise at December 31	( <u>2,045</u> )
Merchandise sold during the year	<u>618,314</u>
Raw materials and raw materials in transit	337,623
Add: Raw materials purchased	843,344
Less: Loss on physical inventory for raw materials	( 103)
Raw materials sold	( 30,057)
Transferred to expenses	( 551)
Scrapped	( 1,820)
Raw materials and raw materials in transit at December 31	( <u>292,004</u> )
Raw materials used during the year	<u>856,432</u>
Supplies at January 1	15,973
Add: Supplies purchased	56,164
Gain on physical inventory for supplies	16
Less: Transferred to expenses	( 88)
Supplies at December 31	( <u>18,268</u> )
Supplies used during the year	<u>53,797</u>

HUIKWANG CORPORATION  
STATEMENT OF OPERATING COSTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2022  
 (Expressed in thousands of New Taiwan dollars)

Item	Amount
Direct labor	\$ 21,019
Manufacturing overhead	106,170
Manufacturing cost	1,037,418
Work in progress at January 1	13,067
Work in progress at December 31	( 8,196)
Cost of finished goods	1,042,289
Finished goods at January 1	372,368
Add: Gain on physical inventory for finished goods	2
Less: Transferred to expenses	( 271)
Scrapped	( 1,107)
Finished goods at December 31	( 370,160)
Cost of production and marketing	1,043,121
Cost of raw materials sold	30,057
Cost of inventory sold	1,691,492
Loss on physical inventory	85
Provision for inventory market price decline	25
Loss on scrapped inventories	2,927
	\$ 1,694,529

HUIKWANG CORPORATION  
STATEMENT OF MANUFACTURING OVERHEAD  
FOR THE YEAR ENDED DECEMBER 31, 2022  
 (Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Wages and salaries	—	\$ 20,500	—
Utilities	—	22,732	—
Depreciation	—	27,077	—
Processing expense	—	6,750	—
Others (less than 5%)	—	29,111	—
		\$ 106,170	

HUIKWANG CORPORATION  
STATEMENT OF SELLING EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2022  
 (Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Wages and salaries	—	\$ 17,881	—
Freight	—	29,523	—
Commission	—	12,100	—
Export expenses	—	6,950	—
Insurance expenses	—	4,158	—
Others (less than 5%)	—	11,839	—
		\$ 82,451	

HUIKWANG CORPORATION  
STATEMENT OF ADMINISTRATIVE EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2022  
 (Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Wages and salaries	—	\$ 42,248	—
Directors' remuneration	—	6,436	—
Depreciation	—	4,970	—
Utilities	—	4,613	—
Others (less than 5%)	—	26,923	—
		\$ 85,190	

HUIKWANG CORPORATION  
STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Wages and salaries	—	\$ 6,054	—
Depreciation	—	1,448	—
Utilities	—	1,255	—
Insurance expenses	—	649	—
Others (less than 5%)	—	1,859	—
		<u>\$ 11,265</u>	

HUIKWANG CORPORATION  
STATEMENT OF OTHER INCOME (EXPENSES), NET  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(Expressed in thousands of New Taiwan dollars)

Refer to Note 6(16) for the information related to other income (expense), net.

HUIKWANG CORPORATION  
STATEMENT OF FINANCE COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(Expressed in thousands of New Taiwan dollars)

Refer to Note 6(20) for the information related to finance costs.



HUIKWANG CORPORATION  
STATEMENT OF SUMMARY OF EMPLOYEE BENEFITS, DEPRECIATION, AND  
AMORTISATION EXPENSES IN THE CURRENT PERIOD  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(Expressed in thousands of New Taiwan dollars)

Refer to Note 6(21) for the information related to expenses by nature and Note 6(22) for the information related to employee benefits.

Huikwang Corporation  
Loans to others  
For the year ended December 31, 2022

Table 1

Expressed in thousands of NTD

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2022	Balance at December 31, 2022	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans	Footnote
													Item	Value			
0	Huikwang Corporation	Huitex Limited	Other receivables	Y	\$ 100,000	\$ 100,000	\$ 74,756	1.1%~1.5%	Short-term financing	\$ -	Operating capital	\$ -	-	\$ -	\$ 254,800	\$ 509,600	(Note1)
		Hui Kwang (Thailand) Co., Ltd.	Other receivables	Y	31,862	27,860	27,860	—	Business transactions	29,491	Business transactions	-	-	-	29,491	509,600	(Note1)

(Note 1): Calculations of limit on ceiling on total loans granted is 20% of the Company's net worth;

Limit on loans granted to a single party: (1) For short-term financing: shall not exceed 10% of the creditor's net worth.

(2) For business transaction: shall not exceed the amount of the business transactions between both parties during the most recent year.

(Note 2): Foreign currencies were translated into New Taiwan dollars, with exchange rate as of December 31, 2022 as follows: USD: NTD 1: 30.71; RMB: NTD 1: 4.413.

Huikwang Corporation

Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more

For the year ended December 31, 2022

Table 2

Expressed in thousands of NTD

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction		Percentage of total purchases (sales)	Credit term	Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount			Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Huikwang Corporation	HKC (Shanghai), Ltd.	An investee company accounted for using equity method by the subsidiary, (Hui Kwang International Co., Ltd.)	(Sales)	\$ 119,679	(6%)	90 days after monthly billings by T/T	\$ -	(Note 1)	\$ 15,587	2%	—
			Purchases	158,888	10%	30 days after monthly billings by T/T	-	(Note 2)	( 7,840)	(10%)	—

(Note 1): The collection terms for general foreign customers were L/C at sight to 180 days or T/T within 180 days after monthly billings. The collection terms for general domestic customers were obtaining a 3~4 months promissory note after the completion of sales and monthly billings or T/T within 180 days after monthly billings.

(Note 2): The payment terms were L/C 180 days for general foreign suppliers and obtaining a 2~3 months promissory note after monthly billings for general domestic suppliers.

(Note 3): Foreign currencies were translated into New Taiwan dollars with exchange rate as of December 31, 2022 as follows: USD: NTD 1: 30.71; RMB: NTD 1: 4.413.

Huikwang Corporation

Significant inter-company transactions during the reporting period

For the year ended December 31, 2022

Table 3

Expressed in thousands of NTD

Number (Note 2)	Company name	Counterparty	Relationship (Note 3)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 4)
				General ledger account	Amount	Transaction terms	
0	Huikwang Corporation	HUI KWANG (THAILAND) CO., LTD.	1	Sales	(\$ 29,491)	180 days after monthly billings by T/T	(1%)
			1	Accounts receivable	25,424	—	1%
			1	Other receivables	27,860	—	1%
		HKC (Shanghai), Ltd.	1	Sales	( 119,679)	90 days after monthly billings by T/T	(5%)
			1	Purchases	158,888	30 days after monthly billings by T/T	6%
			1	Accounts receivable	15,587	—	—
			1	Purchases	14,245	90 days after monthly billings by T/T	1%
		HUITEX Limited	1	Other receivables	74,829	—	2%

(Note 1): As the amounts and counterparties of significant inter-company transactions are the same from the opposite transaction sides, no disclosure is required. Only transactions amounting to more than \$10,000 are disclosed.

(Note 2): The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

1. Parent company is '0'.
2. The subsidiaries are numbered in order starting from '1'.

(Note 3): Relationship between transaction company and counterparty is classified into the following three categories:

1. Parent company to subsidiary.
2. Subsidiary to parent company
3. Subsidiary to subsidiary.

(Note 4): Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the year to consolidated total operating revenues for income statement accounts.

(Note 5): Foreign currencies were translated into New Taiwan dollars with exchange rate as of December 31, 2022 as follows: USD: NTD 1: 30.71; RMB: NTD 1: 4.413.

Huikwang Corporation  
Information on investees  
For the year ended December 31, 2022

Table 4

Expressed in thousands of NTD

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2022			Net profit (loss) of the investee for the year ended December 31, 2022	Investment income (loss) recognised for the year ended December 31, 2022	Footnote
				Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value			
Huikwang Corporation	HUI KWANG INTERNATIONAL CO., LTD.	Republic of Mauritius	General investment	\$ 227,398	\$ 227,398	6,619,140	100.00	\$ 463,407	\$ 37,995	\$ 33,644	Subsidiary
Huikwang Corporation	HUI KWANG (THAILAND) CO., LTD.	Thailand	Chemicals, pesticides, fertilizer, plant growth enhancers and other import and export trade	815	815	50,000	100.00	( 16,963)	( 3,959)	( 4,300)	Subsidiary
Huikwang Corporation	HKC AGROSCIENCE SDN. BHD.	Malaysia	Import and export trade and marketing of pesticide products	200	200	20,000	100.00	( 1,006)	( 17)	( 17)	Subsidiary
Huikwang Corporation	Tellus, Inc.	British Virgin Islands	General investment	200,563	200,563	6,650	100.00	( 168,532)	( 5,669)	( 6,577)	Subsidiary
Tellus, Inc.	HUITEX Limited	Thailand	Manufacturing of geosynthetics, etc.	184,139	184,139	2,100,000	100.00	( 162,357)	( 5,669)	(Note 1)	Subsidiary

(Note 1): According to the related regulations, it is not required to disclose income (loss) recognised by the Company.

(Note 2): Foreign currencies were translated into New Taiwan dollars, with exchange rate as of December 31, 2022 as follows: USD: NTD 1: 30.71; THB: NTD 1: 0.8941; MYR: NTD 1 : 6.699.

Huikwang Corporation  
Information on investments in Mainland China  
For the year ended December 31, 2022

Table 5

Expressed in thousands of NTD

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2022		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Net income of investee for the year ended December 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2022	Book value of investments in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
HKC (Shanghai), Ltd.	Manufacturing of micronutrient fertilizer and organic fertilizer, glyphosate, methomyl, and other new coating materials, geosynthetics, etc.	\$ 227,254	(Note 1)	\$ 202,686	\$ -	\$ -	\$ 202,686	\$ 37,995	100.00	\$ 37,995	\$ 472,565	\$ 600,073	(Note 2)
<u>Company name</u>	<u>Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022</u>	<u>Investment amount approved by the Commission of the Ministry of Economic Affairs (MOEA) (Note 3)</u>	<u>Ceiling on investments in Mainland China by the Investment Commission of MOEA (Note 4)</u>										
Huikwang Corporation	\$ 202,686	\$ 276,390	\$ 1,528,799										

(Note 1) Through investing in an existing company (Hui Kwang International Co., Ltd.) in the third area, which then invested in the investee in Mainland China.

(Note 2): The paid-in capital of HKC (Shanghai), Ltd. includes the indirect investment through Hui Kwang International Co., Ltd. using the earnings of \$73,704 (USD\$ 2,400 thousand) distributed by HKC (Shanghai), Ltd.

(Note 3): The amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) in accordance with Jing-Shen-II-Zi No. 09600471590 includes the indirect investment in the investee in Mainland China through Hui Kwang International Co., Ltd. using the earnings of \$73,704(USD\$ 2,400 thousand) distributed by HKC (Shanghai), Ltd.

(Note 4): The ceiling amount is calculated based on the 60% of the net assets or consolidated net assets (whichever is higher).

(Note 5): Foreign currencies were translated into New Taiwan dollars with exchange rate as of December 31, 2022 as follows: USD: NTD 1:30.71; RMB: NTD 1:4.413.

Huikwang Corporation

Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas

For the year ended December 31, 2022

Table 6

Expressed in thousands of NTD

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing				
	Amount	%	Amount	%	Balance at December 31, 2022	%	Balance at December 31, 2022	Purpose	Maximum balance during the year ended December 31, 2022	Balance at December 31, 2022	Interest rate	Interest during the year ended December 31, 2022	Others
HKC (Shanghai), Ltd.	\$ 119,679	6	\$ -	-	\$ 15,587	2	\$ -	-	\$ -	\$ -	-	\$ -	\$ -
	( 158,888)	( 10)	-	-	( 7,840)	( 26)	-	-	-	-	-	-	-

Huikwang Corporation  
Major shareholders information  
December 31, 2022

Table 7

Unit: shares

Name of major shareholders	Number of shares		Ownership	Footnote
	Common shares	Preference shares		
Huikwang Investment Corporation	15,343,113	-	17.82%	—
Chen Rong-Dong	7,986,746	-	9.28%	—

Note: The major shareholders' information was derived from the data using the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded on the financial statements may be different from the actual number of shares in dematerialised form due to the difference of calculation basis.