HUIKWANG CORPORATION AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2022 AND 2021

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 consolidated balance sheets of Huikwang Corporation and subsidiaries (the "Group") as of December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 Group's 2022 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

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

Valuation of allowance for inventories

Refer to Note 4(10) for the accounting policy on inventory valuation, Note 5(2) for the uncertaincy of accounting estimations and assumptions relating to inventory valuation, and Note 6(5) for details of inventories. As of December 31, 2022, the carrying amount of inventories and allowance for inventory valuation losses are NT$960,493 thousand and NT$29,650 thousand, respectively.

The Group 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 of inventory losses due from market value decline or obsolescence. The Group’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 are subject to management’s judgment and involves uncertainty. Considering that the amounts of the Group’s inventories and allowance for inventory valuation losses are material to the consolidated financial statements, we considered the valuation of 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 warehousing 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 Group’s allowance for inventory valuation losses.

Existence of sales revenue of geosynthetics

Refer to Note 4(26) 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 customer's acceptance of the products.

The Group'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 Group 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, and sales invoices or subsequent collection condition to ascertain the occurrence of sales revenue from geosynthetics.

Other matter – Parent company only financial reports

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

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

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

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

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

Auditors' responsibilities for the audit of the consolidated financial statements

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

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

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

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

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

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

Yeh, Fang-Ting

Independent Auditors

Lin, Yung-Chih

PricewaterhouseCoopers, Taiwan
Republic of China
March 27, 2023

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.
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 AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

			December 31, 2022		December 31, 2021	
	Assets	Notes	AMOUNT	%	AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 593,791	18	$ 549,034	17
1110	Financial assets at fair value through profit or loss - current	6(2)	-	-	35,612	1
1136	Financial assets at amortised cost - currnet	6(1)(3) and 8	2,064	-	88,330	3
1150	Notes receivable, net	6(4)	166,499	5	199,410	6
1170	Accounts receivable, net	6(4) and 12	637,975	20	423,672	13
1200	Other receivables		2,935	-	4,615	-
130X	Inventories	5(2) and 6(5)	930,843	29	911,162	29
1410	Prepayments		49,541	1	26,641	1
11XX	**Total current assets**		2,383,648	73	2,238,476	70
	Non-current assets					
1535	Financial assets at amortised cost - non-current	6(1)(3)	17,409	1	66,545	2
1600	Property, plant and equipment	6(6) and 8	684,192	21	708,116	22
1755	Right-of-use assets	6(8)	2,409	-	4,567	-
1760	Investment property, net	6(7)(9) and 8	137,093	4	138,407	5
1780	Intangible assets	6(10)(11)	238	-	351	-
1840	Deferred income tax assets	6(25)	14,456	1	15,124	1
1915	Prepayments for equipment	6(6)	1,838	-	1,935	-
1920	Guarantee deposits paid		9,165	-	2,004	-
1990	Other non-current assets		8,383	-	7,610	-
15XX	**Total non-current assets**		875,183	27	944,659	30
1XXX	**Total assets**		$ 3,258,831	100	$ 3,183,135	100

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HUIKWANG CORPORATION AND SUBSIDIARIES
CONSOLIDATED 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	%
	Current liabilities					
2100	Short-term borrowings	6(12) and 8	$ 290,000	9	$ 279,000	9
2130	Contract liabilities - current	6(17)	56,841	2	42,978	1
2150	Notes payable	7	58,313	2	53,928	2
2170	Accounts payable		35,518	1	62,910	2
2200	Other payables		95,358	3	102,907	3
2220	Other payables - related parties	7	8,528	-	7,962	-
2230	Current income tax liabilities	6(25)	85,543	2	83,773	3
21XX	**Total current liabilities**		630,101	19	633,458	20
	Non-current liabilities					
2570	Deferred income tax liabilities	6(25)	70,696	2	84,778	3
2640	Net defined benefit liabilities - non-current	6(13)	8,465	1	9,962	-
2645	Guarantee deposits received		1,570	-	2,585	-
25XX	**Total non-current liabilities**		80,731	3	97,325	3
2XXX	**Total liabilities**		710,832	22	730,783	23
	Equity attributable to owners of parent					
	Share capital					
3110	Common stock	6(14)	860,612	26	856,702	27
3200	Capital surplus	6(14)(15)	210,106	7	196,666	6
	Retained earnings	6(16)				
3310	Legal reserve		356,041	11	323,059	10
3320	Special reserve		206,486	6	206,486	6
3350	Unappropriated retained earnings		1,000,616	31	975,055	31
3400	Other equity interest		(85,862)	(3)	(105,616)	(3)
3XXX	**Total equity**		2,547,999	78	2,452,352	77
	Significant Contingent Liabilities and Unrecognized Contract Commitments	9				
3X2X	**Total liabilities and equity**		$ 3,258,831	100	$ 3,183,135	100

The accompanying notes are an integral part of these consolidated financial statements.

HUIKWANG CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

			Year ended December 31			
			2022		2021	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(17) and 7	$ 2,491,218	100	$ 2,088,965	100
5000	Operating costs	6(5)(10)(13)(23)(24)	(1,883,395)	(75)	(1,545,559)	(74)
5900	Operating margin		607,823	25	543,406	26
	Operating expenses	6(10)(13)(23)(24) and 12				
6100	Selling expenses		(147,200)	(6)	(136,493)	(6)
6200	General and administrative expenses		(118,257)	(5)	(131,434)	(6)
6300	Research and development expenses		(35,743)	(1)	(34,697)	(2)
6450	Expected credit loss		(15,186)	(1)	(2,698)	-
6000	Total operating expenses		(316,386)	(13)	(305,322)	(14)
6500	Other income and expense, net	6(7)(9)(18)	4,806	-	3,690	-
6900	Operating profit		296,243	12	241,774	12
	Non-operating income and expenses					
7100	Interest income	6(19)	7,144	-	10,022	1
7010	Other income	6(20)	4,254	-	4,244	-
7020	Other gains and losses	6(8)(10)(11)(21) and 12	91,961	4	218,555	10
7050	Finance costs	6(22)	(3,003)	-	(2,625)	-
7000	Total non-operating income and expenses		100,356	4	230,196	11
7900	**Profit before income tax**		396,599	16	471,970	23
7950	Income tax expense	6(25)	(82,137)	(4)	(142,892)	(7)
8200	**Profit for the year**		$ 314,462	12	$ 329,078	16
	Other comprehensive income					
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8311	Gains on remeasurements of defined benefit plan	6(13)	$ 1,365	-	$ 931	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(25)	(273)	-	(186)	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Exchange differences on translation		19,754	1	(27,252)	(2)
8300	**Other comprehensive income (loss) for the year**		$ 20,846	1	($ 26,507)	(2)
8500	**Total comprehensive income for the year**		$ 335,308	13	$ 302,571	14
	Profit attributable to:					
8610	Owners of the parent		$ 314,462	12	$ 329,078	16
	Comprehensive income attributable to:					
8710	Owners of the parent		$ 335,308	13	$ 302,571	14
	Earnings per share (in dollars)	6(26)				
9750	Basic		$ 3.66		$ 3.85	
9850	Diluted		$ 3.63		$ 3.82	

The accompanying notes are an integral part of these consolidated financial statements.

HUIKWANG CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent						
				Retained Earnings			Other Equity Interest	
	Notes	Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign operations	Total equity
For the year ended December 31, 2021								
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		-	-	-	-	745	(27,252)	(26,507)
Total comprehensive income (loss)		-	-	-	-	329,823	(27,252)	302,571
Distribution of 2020 income:								
Legal reserve		-	-	18,930	-	(18,930)	-	-
Cash dividends	6(16)	-	-	-	-	(136,475)	-	(136,475)
Employees' compensation transferred to common stock	6(14)(27)	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
For the year ended December 31, 2022								
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		-	-	-	-	1,092	19,754	20,846
Total comprehensive income		-	-	-	-	315,554	19,754	335,308
Distribution of 2021 income:								
Legal reserve		-	-	32,982	-	(32,982)	-	-
Cash dividends	6(16)	-	-	-	-	(257,011)	-	(257,011)
Employees' compensation transferred to common stock	6(14)(27)	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 consolidated financial statements.

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

		For the years ended December 31,	
	Notes	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 396,599	$ 471,970
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit loss	12	15,186	2,698
(Reversal of allowance) provision for inventory market price decline	6(5)	(78)	2,944
Gain on disposal of non-current assets for sale	6(8)(21)	-	(265,114)
Depreciation	6(6)(8)(9)	55,727	53,989
Loss on disposal of property, plant and equipment	6(21)	166	6,193
Impairment loss on non-financial assets	6(10)(11)(21)	-	11,487
Amortisation	6(10)(23)	113	116
Interest income	6(19)	(7,144)	(10,022)
Interest expense	6(22)	3,003	2,625
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		32,911	(23,428)
Accounts receivable		(230,060)	(231,352)
Other receivables		2,211	1,004
Inventories		(19,612)	(78,005)
Prepayments		(22,900)	3,662
Changes in operating liabilities			
Contract liabilities - current		13,863	16,175
Notes payable		3,930	23,373
Accounts payable		(27,392)	32,432
Other payables		10,229	23,110
Receipts in advance		-	(2,915)
Net defined benefit liabilities - non-current		(132)	(1,130)
Cash inflow generated from operations		226,620	39,812
Interest received		6,613	9,676
Interest paid		(2,914)	(2,555)
Income tax paid		(94,202)	(133,690)
Net cash flows from (used in) operating activities		136,117	(86,757)

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HUIKWANG CORPORATION AND SUBSIDIARIES
CONSOLIDATED 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
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease (increase) in financial assets at fair value through profit or loss - current		$ 35,612	($ 35,612)
Decrease (increase) in financial assets at amortised cost - current		86,266	(88,330)
Cash proceeds from disposal of non-current assets for sale	6(27)	-	144,343
Decrease (increase) in financial assets at amortised cost - non-current		49,136	(66,545)
Cash paid for acquisition of property, plant and equipment	6(27)	(7,554)	(13,749)
Proceeds from disposal of property, plant and equipment		-	199
Acquisition of intangible assets	6(10)	-	(158)
Increase in prepayments for equipment		(8,675)	(3,339)
Interest paid for prepayment for equipment	6(6)(22)	(8)	(7)
Increase in guarantee deposits paid		(7,161)	(45)
(Increase) decrease in other non-current assets		(773)	1,882
Net cash flows from (used in) investing activities		146,843	(61,361)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings	6(28)	110,000	369,000
Decrease in short-term borrowings	6(28)	(99,000)	(320,000)
Decrease in short-term notes and bills payable	6(28)	-	(190,000)
(Decrease) increase in guarantee deposits received	6(28)	(1,023)	1,191
Payment of cash dividends	6(16)(27)	(257,011)	(136,475)
Proceeds from disgorgement		29	-
Net cash flows used in financing activities		(247,005)	(276,284)
Effect of foreign exchange rate changes		8,802	(9,683)
Net increase (decrease) in cash and cash equivalents		44,757	(434,085)
Cash and cash equivalents at beginning of year	6(1)	549,034	983,119
Cash and cash equivalents at end of year	6(1)	$ 593,791	$ 549,034

The accompanying notes are an integral part of these consolidated financial statements.

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

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

1. History and Organisation

(1) 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 and its subsidiaries (collectively referred herein as the “Group”) are 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 films and bags, manufacture of the industrial plastic products, and the import and export of the aforementioned products.

(2) The common shares of the Company have been listed on the Taipei Exchange since March 2004.

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

These consolidated 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:

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

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

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

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

New Standards, Interpretations and Amendments	Effective date by 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 Group's financial condition and financial performance based on the Group'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 – comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024

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

4. Summary of Significant Accounting Policies

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

(1) Compliance statement

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

(2) Basis of preparation

A. Except for the financial assets at fair value through profit or loss and defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation, the consolidated financial statements have been prepared under the historical cost convention.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5, 'Critical accounting judgements, estimates and key sources of assumption uncertainty'.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

(e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of investors	Name of subsidiaries	Main business activities	Percentage owned by the Group (%) December 31, 2022	Percentage owned by the Group (%) December 31, 2021	Note
Huikwang Corporation	HUI KWANG INTERNATIONAL CO., LTD.	General investment	100.00	100.00	—
Huikwang Corporation	HUI KWANG (THILAND) CO.,LTD.	Chemicals, pesticides, fertilizer, plant growth enhancers and other import and export trade	100.00	100.00	—
Huikwang Corporation	HKC AGROSCIENCE SDN. BHD.	Import and export trade and marketing of pesticide products	100.00	100.00	—
Huikwang Corporation	Tellus, Inc.	General investment	100.00	100.00	—
HUI KWANG INTERNATIONAL CO., LTD.	HKC (Shanghai)., Ltd.	Manufacturing of micronutrient fertilizer and organic fertilizer, glyphosate, methomyl, and other new coating materials, geosynthetics,	100.00	100.00	—
HUI KWANG INTERNATIONAL CO., LTD.	Zhejiang Huikwang Biochemical Co., Ltd.	Manufacturing and sales of pesticides, veterinary drugs, edible fungus and feed additives	—	—	(Note 1)
HKC (Shanghai)., Ltd.	Zhejiang Huikwang Biochemical Co., Ltd.	Manufacturing and sales of pesticides, veterinary drugs, edible fungus and feed additives	—	—	(Note 1)
HKC (Shanghai)., Ltd.	Zhejiang Huikwang Biochemical Co., Ltd.	Wholesale and retail of primary agricultural products, import and export business, etc.	—	—	(Note 2)
Tellus, Inc.	HUITEX Limited	Manufacturing of geosynthetics, etc.	100.00	100.00	—

Note 1: Zhejiang Huikwang Biochemical Co., Ltd. completed the process of the deregistration and liquidation in the 3rd quarter 2021.

Note 2: Zhejiang Ceres Fine Co., Ltd. completed the process of the deregistration and liquidation in the 4th quarter 2021.

C. Subsidiaries not included in the consolidated financial statements: None.

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

E. Significant restrictions: None.

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

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'Other gains and losses'.

B. Translation of foreign operations

(a) The financial performance and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

iii. All resulting exchange differences are recognised in other comprehensive income.

(b) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in foreign operation.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

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

(6) Cash equivalents

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.

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

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

D. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) Financial assets at amortised cost

A. Financial assets at amortised cost are those that meet all of the following criteria:

(a) The objective of the Group's business model is achieved 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 Group's restricted deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(9) Accounts and notes receivable

A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

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

(10) 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 recongnised in operating costs. If the net realisable value reverses, valuation is eliminated within the credit balance and is recongnised as deduction of operating costs.

(11) Impairment of financial assets

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

(12) Derecognition of financial assets

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

(13) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each 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:

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

(14) Leasing arrangements (lessee)－right-of-use assets

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. At the commencement date, the right-of-use asset is stated at cost comprising the following:
  (a) The amount of the initial measurement of lease liabilities; and
  (b) Any lease payments made at or before the commencement date; and
  (c) Any initial direct costs incurred by the lessee; and
  (d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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

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

(15) 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.

(16) 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.

(17) Intangible assets

A. Computer software

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

B. Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method. The impairment of goodwill are tested annually and reported at cost less accumulated impairment. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.

(18) Impairment of non-financial assets

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

B. The recoverable amounts of goodwill are evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(19) 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 lifetime using the effective interest method.

(20) 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.

(21) Derecognition of financial liabilities

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

(22) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

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

ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

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 Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(23) Income taxes

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the balance sheet. 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 other than a business combination 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 Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(24) Share capital

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

(25) Dividends

Cash dividends are recorded as liabilities in the Company financial statements in the period in which they are approved by the Company 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 in which they are approved by the Company shareholders.

(26) 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 Group 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 Group 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 Group recognises the incremental costs of obtaining a contract as an expense when incurred although the Group expects to recover those costs.

(27) Operating segments

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

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

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

(1) Critical judgements in applying the Group'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 Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. The Group 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 uncertaincy. Therefore, there might be material changes to the evaluation.

B. As of December 31, 2022, the carrying amount of inventories was $930,843.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash:		
Cash on hand	$ 243	$ 220
Checking accounts and demand deposits	189,100	333,853
	189,343	334,073
Cash equivalents:		
Time deposits	373,788	145,886
Repurchase agreement	30,660	69,075
	404,448	214,961
	$ 593,791	$ 549,034

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

B. As of December 31, 2021, the Group's time deposits maturing between three months and one year were reclassified as 'Financial assets at amortised cost - current' in the amount of $86,860. There was no such situation as of December 31, 2022.

C. As of December 31, 2021, the Group's time deposits maturing over one year were reclassified as 'Financial assets at amortised cost - non-current' in the amount of $43,429.There was no such situation as of December 31, 2022.

D. As of December 31, 2022 and 2021, the Group has 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'.

E. As of December 31, 2022 and 2021, the Group's cash and cash equivalents were pledged to others as collateral (shown as 'Financial assets at amortised cost - current'). Details are provided in Note

8, 'Pledged assets'.

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

	December 31, 2021
Current items:	
Financial assets mandatorily measured at fair value through profit or loss	
Structured notes	$ 35,612

There was no such situation as of December 31, 2022.

A. The Group has no financial assets at fair value through profit or loss pledged to others as of December 31, 2021.

B. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2), 'Financial instruments'.

(3) Financial assets at amortised cost

Items	December 31, 2022	December 31, 2021
Current items:		
Time deposits with a maturity over three months	$ -	$ 86,860
Pledged demand deposits	2,064	1,470
	$ 2,064	$ 88,330
Non-current items:		
Time deposits with a maturity of over one year	$ -	$ 43,429
Restricted bank deposits	17,409	23,116
	$ 17,409	$ 66,545

A. As of December 31, 2022 and 2021, the Group's financial assets at amortised cost were pledged to others as collateral. Details are provided in Note 8, 'Pledged assets'.

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

(4) Notes and accounts receivable, net

	December 31, 2022	December 31, 2021
Notes receivable	$ 166,499	$ 199,410
Accounts receivable	$ 678,793	$ 448,733
Less: Allowance for uncollectible accounts	(40,818)	(25,061)
	$ 637,975	$ 423,672

A. The ageing analysis of notes and accounts receivable is as follows:

	December 31, 2022	December 31, 2021
Notes receivable		
Not past due	$ 166,499	$ 199,410
Accounts receivable		
Not past due	$ 624,078	$ 407,057
Up to 90 days	12,332	11,053
91 to 180 days	7,612	5,606
Over 180 days	34,771	25,017
	$ 678,793	$ 448,733

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 amounted to $393,363.

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

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

(5) Inventories

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Merchandise	$ 47,028	($ 248)	$ 46,780
Raw materials	327,258	(8,492)	318,766
Raw materials in transit	55,807	-	55,807
Supplies	36,665	(1,648)	35,017
Supplies in transit	889	-	889
Work in progress	8,196	-	8,196
Finished goods	484,650	(19,262)	465,388
	$ 960,493	($ 29,650)	$ 930,843

	December 31, 2021		
	Cost	Allowance for valuation loss	Book value
Merchandise	$ 33,053	($ 125)	$ 32,928
Raw materials	318,457	(10,946)	307,511
Raw materials in transit	100,250	-	100,250
Supplies	33,446	(996)	32,450
Work in progress	13,067	-	13,067
Finished goods	442,608	(17,652)	424,956
	$ 940,881	($ 29,719)	$ 911,162

The cost of inventories recognised as expense for the year:

	For the years ended December 31,	
	2022	2021
Cost of goods sold	$ 1,880,461	$ 1,541,877
(Reversal of allowance) provision for inventory market price decline (Note)	(78)	2,944
Loss on scrapped inventories	2,927	740
Loss (gain) on physical inventory	85	(2)
	$ 1,883,395	$ 1,545,559

(Note) For the year ended December 31, 2022, the Group reversed a previous inventory write-down as a result of subsequent sales and scraps of inventories which were previously provided with allowance.

(6) Property, plant and equipment

	Land	Land improvements	Buildings	Machinery	Utility equipment	Transportation equipment	Testing equipment	Other equipment	Total
January 1, 2022									
Cost	$ 208,776	$ 1,491	$ 497,184	$ 765,785	$ 53,997	$ 47,688	$ 37,515	$ 77,504	$ 1,689,940
Accumulated depreciation	-	(1,240)	(256,312)	(569,001)	(46,685)	(38,024)	(30,313)	(40,249)	(981,824)
	$ 208,776	$ 251	$ 240,872	$ 196,784	$ 7,312	$ 9,664	$ 7,202	$ 37,255	$ 708,116
For the year ended December 31, 2022									
At January 1	$ 208,776	$ 251	$ 240,872	$ 196,784	$ 7,312	$ 9,664	$ 7,202	$ 37,255	$ 708,116
Additions	-	-	1,538	3,439	721	465	-	1,300	7,463
Transferred from prepayments for equipment	-	-	1,519	6,904	377	-	-	40	8,840
Depreciation	-	(126)	(15,474)	(28,275)	(780)	(2,134)	(1,030)	(4,356)	(52,175)
Disposals-cost	-	-	-	(354)	(276)	-	-	(924)	(1,554)
-accumulated depreciation	-	-	-	307	249	-	-	832	1,388
Net exchange differences	2,626	-	5,332	3,473	299	186	-	198	12,114
At December 31	$ 211,402	$ 125	$ 233,787	$ 182,278	$ 7,902	$ 8,181	$ 6,172	$ 34,345	$ 684,192
December 31, 2022									
Cost	$ 211,402	$ 1,491	$ 507,760	$ 780,578	$ 55,153	$ 48,516	$ 37,515	$ 78,389	$ 1,720,804
Accumulated depreciation	-	(1,366)	($ 273,973)	(598,300)	(47,251)	(40,335)	(31,343)	(44,044)	(1,036,612)
	$ 211,402	$ 125	$ 233,787	$ 182,278	$ 7,902	$ 8,181	$ 6,172	$ 34,345	$ 684,192

	Land	Land improvements	Buildings	Machinery	Utility equipment	Transportation equipment	Testing equipment	Other equipment	Construction in progress and equipment to be inspected	Total
January 1, 2021										
Cost	$ 214,280	$ 1,491	$ 429,206	$ 728,787	$ 49,476	$ 50,002	$ 37,515	$ 75,393	$ 87,812	$ 1,673,962
Accumulated depreciation	-	(1,054)	(245,801)	(555,922)	(46,268)	(38,823)	(29,245)	(39,051)	-	(956,164)
	$ 214,280	$ 437	$ 183,405	$ 172,865	$ 3,208	$ 11,179	$ 8,270	$ 36,342	$ 87,812	$ 717,798
For the year ended December 31, 2021										
At January 1	$ 214,280	$ 437	$ 183,405	$ 172,865	$ 3,208	$ 11,179	$ 8,270	$ 36,342	$ 87,812	$ 717,798
Additions	-	-	1,852	5,776	92	510	-	3,797	1,884	13,911
Transfer from prepayments for equipment	-	-	69,924	51,248	4,451	675	-	2,382	(77,684)	50,996
Depreciation	-	(186)	(14,490)	(27,892)	(485)	(2,234)	(1,068)	(4,122)	-	(50,477)
Disposals-cost	-	-	(2,138)	(19,422)	(62)	(2,899)	-	(3,690)	-	(28,211)
-accumulated depreciation	-	-	2,138	14,286	55	2,771	-	2,569	-	21,819
Net exchange differences	(5,504)	-	181	(77)	53	(338)	-	(23)	(12,012)	(17,720)
At December 31	$ 208,776	$ 251	$ 240,872	$ 196,784	$ 7,312	$ 9,664	$ 7,202	$ 37,255	$ -	$ 708,116
December 31, 2021										
Cost	$ 208,776	$ 1,491	$ 497,184	$ 765,785	$ 53,997	$ 47,688	$ 37,515	$ 77,504	$ -	$ 1,689,940
Accumulated depreciation	-	(1,240)	(256,312)	(569,001)	(46,685)	(38,024)	(30,313)	(40,249)	-	(981,824)
	$ 208,776	$ 251	$ 240,872	$ 196,784	$ 7,312	$ 9,664	$ 7,202	$ 37,255	$ -	$ 708,116

A. As of December 31, 2022 and 2021, the Group'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	$ 8	$ 7
Interest rates range	0.67%～1.34%	0.65%～0.79%

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

(7) Leasing arrangements – lessor

A. The Group 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 Group 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	37,886	42,343
Total	$ 62,742	$ 68,856

(8) Leasing arrangements－lessee

A. The Group leases land from the Shanghai Bureau of Land and Resources. The period of use starts from the date of the land use permit and the rent has been fully paid at the time of signing the lease agreement.

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

	December 31, 2022	December 31, 2021
	Carrying amount	Carrying amount
Land	$ 2,409	$ 4,567

	For the years ended December 31,	
	2022	2021
	Depreciation charge	Depreciation charge
Land	$ 2,238	$ 2,197

C. On September 2, 2020, the Board of Directors of the subsidiary, Zhejiang Huikwang Biochemical Co., Ltd., resolved to dispose its right-of-use asset, plants and other assets since it was expropriated by the local government. On September 24, 2020, the subsidiary signed an expropriation and compensation agreement and transferred the relevant assets to disposal group held for sale. In April 2021, the transfer of the aforementioned non-current assets held for sale has been completed. The contract price of $288,686 has been collected and the gain on disposal of non-current assets held for sale amounting to $265,114 (shown as 'Other gains and losses') was recognised.

(9) Investment property, net

	Land	Buildings	Total
At January 1, 2022			
Cost	$ 133,588	$ 24,578	$ 158,166
Accumulated depreciation	-	(19,759)	(19,759)
	$ 133,588	$ 4,819	$ 138,407
For the year ended December 31, 2022			
At January 1	$ 133,588	$ 4,819	$ 138,407
Depreciation	-	(1,314)	(1,314)
At December 31	$ 133,588	$ 3,505	$ 137,093
At December 31, 2022			
Cost	$ 133,588	$ 24,578	$ 158,166
Accumulated depreciation	-	(21,073)	(21,073)
	$ 133,588	$ 3,505	$ 137,093

	Land	Buildings	Total
At January 1, 2021			
Cost	$ 133,588	$ 24,578	$ 158,166
Accumulated depreciation	-	(18,444)	(18,444)
	$ 133,588	$ 6,134	$ 139,722
For the year ended December 31, 2021			
At January 1	$ 133,588	$ 6,134	$ 139,722
Depreciation	-	(1,315)	(1,315)
At December 31	$ 133,588	$ 4,819	$ 138,407
At December 31, 2021			
Cost	$ 133,588	$ 24,578	$ 158,166
Accumulated depreciation	-	(19,759)	(19,759)
	$ 133,588	$ 4,819	$ 138,407

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

	For the years ended December 31,	
	2022	2021
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 Group as of 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 the investment property pledged to others as of December 31, 2022 and 2021, refer to Note 8, 'Pledge assets'.

(10) Intangible assets

	Computer Software
At January 1, 2022	
Cost	$ 5,898
Accumulated amortisation	(5,547)
	$ 351
For the year ended December 31, 2022	
At January 1	$ 351
Amortisation	(113)
At December 31	$ 238
At December 31, 2022	
Cost	$ 5,898
Accumulated amortisation	(5,660)
	$ 238

	Software	Goodwill	Total
At January 1, 2021			
Cost	$ 5,740	$ 12,691	$ 18,431
Accumulated amortisation	(5,431)	-	(5,431)
Net exchange differences	-	(1,168)	(1,168)
	$ 309	$ 11,523	$ 11,832
For the year ended December 31, 2022			
At January 1	$ 309	$ 11,523	$ 11,832
Additions	158	-	158
Impairment loss	-	(11,487)	(11,487)
Amortisation	(116)	-	(116)
Net exchange differences	-	(36)	(36)
At December 31	$ 351	$ -	$ 351
At December 31, 2021			
Cost	$ 5,898	$ 12,691	$ 18,589
Accumulated amortisation	(5,547)	-	(5,547)
Accumulated impairment	-	(11,487)	(11,487)
Net exchange differences	-	(1,204)	(1,204)
	$ 351	$ -	$ 351

A. There was no interest 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
	$ 113	$ 116

C. The Group's goodwill was tested annually for impairment. The recoverable amount was determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by the management. The main assumptions used in calculating value-in-use discount rate were calculated based on the weighted average cost of capital and have reflected the specific risks of the relevant operating segments. For the year ended December 31, 2021, the Group considered the current situation and future development direction of the cash-generating unit of goodwill and performed impairment assessment based on the recoverable amount calculated using the value-in-use. As the recoverable amount was lower than its carrying amount, the Group recognised impairment loss amounting to $11,487 (shown as 'Other gains and losses') for the year ended December 31, 2021. There was no such situation for the year ended December 31, 2022.

(11) Impairment of non-financial assets

A. The impairment loss recognized by the Group for the year ended December 31, 2021 was $11,487 (shown as 'Other gains and losses') and the details are as follows:

	For the year ended December 31, 2021	
	Recognised in profit or loss	Recognised in other comprehensive income
Impairment loss－goodwill	$ 11,487	$ -

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

B. The details of the impairment losses by segment are as follows:

	For the year ended December 31, 2021	
	Recognised in profit or loss	Recognised in other comprehensive income
Agro Technology	$ 11,487	$ -

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

C. The Group's goodwill is tested annually for impairment. The recoverable amount of all cash-generating units calculated using the fair value lower their carrying amount to recognise impairment loss. The assumptions used for value-in-use calculations are described in Note 6(10), 'Intangible assets'.

(12) Short-term borrowings

Type of borrowings	December 31, 2022	Interest rate range	Collateral
Unsecured bank borrowings	$ 290,000	1.16%～1.42%	None

Type of borrowings	December 31, 2021	Interest rate range	Collateral
Unsecured bank borrowings	$ 279,000	0.64%～0.82%	None

For more information on interest expense recognised in profit or loss by the Group for the years ended December 31, 2022 and 2021, refer to Note 6(22), 'Finance costs'.

(13) 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 Standards 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.

(b) The amounts recognized 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	$ 8,465	$ 9,962

(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
	31,299	(21,268)	10,031
Remeasurements:			
Return on plan assets	-	(1,835)	(1,835)
Change in financial assumptions	(771)	-	(771)
Experience adjustments	1,241	-	1,241
	470	(1,835)	(1,365)
Pension fund contribution	-	(201)	(201)
Paid pension	(2,900)	2,900	-
	(2,900)	2,699	(201)
At December 31	$ 28,869	($ 20,404)	$ 8,465

	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
	38,048	(25,956)	12,092
Remeasurements:			
Return on plan assets	-	(360)	(360)
Change in demographic assumptions	20	-	20
Change in financial assumptions	(820)	-	(820)
Experience adjustments	229	-	229
	(571)	(360)	(931)
Pension fund contribution	-	(1,199)	(1,199)
Paid pension	(6,396)	6,396	-
	(6,396)	5,197	(1,199)
At December 31	$ 31,081	($ 21,119)	$ 9,962

(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:

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

Future mortality rate was estimated based on the 6th 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:

	Discount rate		Future salary increase rate	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2022				
Effect on present value of defined benefit obligation	($ 371)	$ 381	$ 318	($ 312)
December 31, 2021				
Effect on present value of defined benefit obligation	($ 482)	$ 496	$ 420	($ 411)

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 plans of the Group 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
	$ 25, 221

B (a) 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.

(b) Certain overseas subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations are based on 20% of employees' monthly salaries and wages. The calculation of the total monthly average salary is carried out in accordance with the relevant regulations of the Department of Labor. Monthly contributions to an independent fund administrated by the government in accordance with the pension regulations are based on the employee's monthly salaries and wages. Other than monthly contributions, the Group has no further obligations.

(c) The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2022 and 2021 were $10,971 and $10,091, respectively.

(14) Share capital

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

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

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 par value on the effective date of the capital increase and the premiums that exceed 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.

(15) 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.

(16) 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 Group 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).

(17) Operating revenue

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods at a point in time in the major product lines. For more information, refer to Note 14(3), 'Segment information'.

B. Contract liabilities

(a) The Group has recognised the revenue-related contract liabilities amounting to $56,841, $42,978 and $26,803 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 $41,886 and $25,061 for the years ended December 31, 2022 and 2021, respectively.

(18) Other income (expenses)

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

(19) Interest income

	For the years ended December 31,	
	2022	2021
Bank deposits	$ 7,134	$ 9,272
Others	10	750
	$ 7,144	$ 10,022

(20) Other income

	For the years ended December 31,	
	2022	2021
Other income	$ 4,254	$ 4,244

(21) Other gains and losses

	For the years ended December 31,	
	2022	2021
Net loss on disposal of property, plant and equipment	($ 166)	($ 6,193)
Gain on disposal of non-current assets held for sale	-	265,114
Net currency exchange gain (loss)	103,616	(18,553)
Impairment loss	-	(11,487)
Other losses	(11,489)	(10,326)
	$ 91,961	$ 218,555

(22) Finance costs

	For the years ended December 31,	
	2022	2021
Interest expense:		
Bank borrowings	$ 2,966	$ 1,956
Commercial papers payable	45	676
	3,011	2,632
Less: Capitalisation of qualifying assets	(8)	(7)
	$ 3,003	$ 2,625

(23) Expenses by nature

	For the year ended December 31, 2022		
	Operating costs	Operating expenses	Total
Employee benefit expenses	$ 67,916	$ 134,055	$ 201,971
Depreciation	$ 40,927	$ 13,486	$ 54,413
Amortisation on intangible assets	$ 8	$ 105	$ 113

	For the year ended December 31, 2021		
	Operating costs	Operating expenses	Total
Employee benefit expenses	$ 68,922	$ 148,014	$ 216,936
Depreciation	$ 38,607	$ 14,067	$ 52,674
Amortisation on intangible assets	$ 32	$ 84	$ 116

(24) Employee benefit expense

	For the year ended December 31, 2022		
	Operating costs	Operating expenses	Total
Wages and salaries	$ 53,253	$ 110,841	$ 164,094
Labor and health insurance expense	7,266	8,933	16,199
Pension costs	3,479	7,561	11,040
Other personnel expenses	3,918	6,720	10,638
	$ 67,916	$ 134,055	$ 201,971

	For the year ended December 31, 2021		
	Operating costs	Operating expenses	Total
Wages and salaries	$ 54,380	$ 125,235	$ 179,615
Labor and health insurance expense	7,586	8,529	16,115
Pension costs	3,236	6,924	10,160
Other personnel expenses	3,720	7,326	11,046
	$ 68,922	$ 148,014	$ 216,936

A. 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 during their meeting. Employees' compensation shall be distributed to the employees of the Company and its subsidiaries who meet the requirements prescribed by the Board of Directors or its authorised person.

B. 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 respectively, 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.

(25) 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	$ 94,504	$ 168,187
Tax on undistributed surplus earnings	1,597	1,216
Prior year income tax (over) under estimation	(277)	156
Total current tax	95,824	169,559
Deferred tax:		
Origination and reversal of temporary differences	(13,687)	(26,667)
Income tax expense	$ 82,137	$ 142,892

(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	$ 273	$ 186

(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	$ 80,796	$ 157,756
Effect from items disallowed by tax regulation	21	(16,236)
Tax on undistributed surplus earnings	1,597	1,216
Prior year income tax (over) under estimation	(277)	156
Income tax expense	$ 82,137	$ 142,892

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

	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	$ 2,939	$ 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
	$ 15,124	($ 395)	($ 273)	$ 14,456
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)
	($ 84,778)	$ 14,082	$ -	($ 70,696)
	($ 69,654)	$ 13,687	($ 273)	($ 56,240)

	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
	$ 15,642	($ 332)	($ 186)	$ 15,124
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)
	($ 111,777)	$ 26,999	$ -	($ 84,778)
	($ 96,135)	$ 26,667	($ 186)	($ 69,654)

C. The amounts of deductible temporary differences that were not recognised as deferred tax assets are as follows:

	December 31, 2022	December 31, 2021
Loss on inventories from market decline	$ 436	$ 530

D. 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.

(26) 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)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 314,462	85,968	$ 3.66
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 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)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 329,078	85,585	$ 3.85
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 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

(27) Supplemental cash flow information

A. Investing activities with partial cash payments and receivements:

	For the years ended December 31, 2022	For the years ended December 31, 2021
(a) Acquisition of property, plant and equipment	$ 7,463	$ 13,911
Add: Opening balance of notes payable	255	1,580
Opening balance of payables on equipment (shown as 'Other non-current liabilities')	-	227
Opening balance of payables on equipment (shown as 'Other payables')	1,714	-
Less: Ending balance of notes payable	(710)	(255)
Ending balance of payables on equipment (shown as 'Other payables')	(1,168)	(1,714)
Cash paid for acquisition of property, plant and equipment	$ 7,554	$ 13,749
(b) Disposal of non-current assets held for sale	$ -	$ 288,686
Less: Opening balance of receipts in advance	-	(144,343)
Add: Ending balance of receipts in advance	-	-
Proceeds from disposal of non-current assets held for sale	$ -	$ 144,343

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

	For the years ended December 31, 2022	For the years ended December 31, 2021
(a) Prepayments for equipment transferred to property, plant and equipment	$ 8,840	$ 50,996
(b) Employees' compensation payable transferred to common stocks	$ 17,321	$ 11,455

(28) Changes in liabilities from financing activities

	Balance at January 1, 2022	Changes in cash flow from financing activities	Impact of changes in foreign exchange rate	Balance at December 31, 2022
Short-term borrowings	$ 279,000	$ 11,000	$ -	$ 290,000
Other payables - related parties	7,962	-	566	8,528
Guarantee deposits received	2,585	(1,023)	8	1,570
Liabilities from financing activities-gross	$ 289,547	$ 9,977	$ 574	$ 300,098

	Balance at January 1, 2021	Changes in cash flow from financing activities	Impact of changes in foreign exchange rate	Others	Balance at December 31, 2021
Short-term borrowings	$ 230,000	$ 49,000	$ -	$ -	$ 279,000
Short-term notes and bills payable	189,963	(190,000)	-	37	-
Other payables - related parties	9,115	-	(1,153)	-	7,962
Guarantee deposits received	1,397	1,191	(3)	-	2,585
Liabilities from financing activities-gross	$ 430,475	($ 139,809)	($ 1,156)	$ 37	$ 289,547

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Group
Cerex Fine Crop Corporation	An entity controlled by key management personnel
Chen Rong-Dong	Key management personnel of the Company (Director)

(2) Significant related party transactions

A. Sales

	For the years ended December 31,	
	2022	2021
Sales of goods:		
– An entity controlled by key management personnel	$ -	$ 873

The sales prices and collection terms of sales to related parties were similar to those for non-related parties.

B. Loans from related parties (shown as ‘Other payables－related parties’)

	For the year ended December 31, 2022				
	Maximum outstanding balance date	Maximum outstanding balance	Balance at December 31, 2022	Interest rate	Interest expense
Chen Rong-Dong	2022.12	$ 8,528	$ 8,528	-	$ -

	For the year ended December 31, 2021				
	Maximum outstanding balance date	Maximum outstanding balance	Balance at December 31, 2022	Interest rate	Interest expense
Chen Rong-Dong	2021.01	$ 9,079	$ 7,962	-	$ -

C. Notes payable

	December 31, 2022	December 31, 2021
Payables to related parties:		
– An entity controlled by key management personnel	$ 22	$ 27

(3) Key management compensation

	For the years ended December 31,	
	2022	2021
Salaries and other short-term employee benefits	$ 29,134	$ 31,448

8. Pledged Asset

The Group’s assets pledged as collateral are as follows:

Pledged asset	December 31, 2022	December 31, 2021	Purpose
Demand deposits (shown as ‘Financial assets at amortised cost - current’)	2,064	1,470	Acceptance of bill guarantee
Land (Note)	134,984	131,788	Short-term borrowing facilities
Buildings - net (Note)	103,492	34,258	Short-term borrowing facilities and acceptance of bill guarantee
Investment property - land	32,506	32,506	Short-term borrowing facilities
	$ 273,046	$ 200,022	

(Note) Shown as ‘Property, plant and equipment’.

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) As of December 31, 2022 and 2021, the Group’s capital expenditure contracted for the acquisition of 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 Group’s unused letters of credit for the purchase of raw materials and supplies amounted to $ - and $7,765, respectively.

(3) Refer to Note 6(7), ‘Leasing arrangements – lessor’ for information on the Group’s lease contract commitments.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

None.

12. Others

(1) Capital management

The Group’s objectives when managing capital are to safeguard the Group’s ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group 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

	December 31, 2022	December 31, 2021
Financial assets		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$ -	$ 35,612
Financial assets at amortised cost		
Cash and cash equivalents	$ 593,791	$ 549,034
Financial assets at amortised cost (current and non-current)	19,473	154,875
Notes receivable	166,499	199,410
Accounts receivable	637,975	423,672
Other receivables	2,935	4,615
Guarantee deposits paid	9,165	2,004
	$ 1,429,838	$ 1,333,610

	December 31, 2022	December 31, 2021
Financial liabilities		
Financial liabilities at amortised cost		
Short-term borrowings	$ 290,000	$ 279,000
Notes payable (including related parties)	58,313	53,928
Accounts payable	35,518	62,910
Other payables (including related parties)	103,886	110,869
Guarantee deposits received	1,570	2,585
	$ 489,287	$ 509,292

B. Financial risk management policies

(a) The Group'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 Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial position and financial performance.

(b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group'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 Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

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

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

iv. The Group's businesses involve some non-functional currency operations (the Group's functional currency: NTD; other certain subsidiaries' functional currency: USD and RMB). 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: functional currency)	Foreign currency amount (in thousands)	Exchange rate	Book value
Financial assets			
Monetary items			
USD : NTD	$ 27,450	30.66	$ 841,609
USD : RMB	1,341	6.9646	41,109
RMB : NTD	11,824	4.383	51,827
EUR : NTD	193	32.52	6,280
THB : NTD	1,890	0.8741	1,652
Financial liabilities			
Monetary items			
USD : NTD	401	30.76	12,326

(foreign currency: functional currency)	December 31, 2021		
	Foreign currency amount (in thousands)	Exchange rate	Book value
Financial assets			
Monetary items			
USD : NTD	$ 15,666	27.63	$ 432,852
USD : RMB	324	6.38	8,971
RMB : NTD	34,651	4.32	149,657
EUR : NTD	613	31.12	19,066
THB : NTD	1,078	0.81	878
JPY : NTD	13,664	0.24	3,259
Financial liabilities			
Monetary items			
USD : NTD	581	27.73	16,097
RMB : NTD	6,222	4.32	27,184

For the sensitivity analysis of foreign exchange risk, as of December 31, 2022 and 2021, if the exchange rate of New Taiwan dollars to all foreign currencies had appreciated /depreciated by 1% with all other variables remaining constant, the after-tax profit for the years ended December 31, 2022 and 2021 would have increased/decreased by $7,112 and $4,703 respectively. If the exchange rate of RMB to USD had appreciated/depreciated by 1% with all other variables remaining constant, the after-tax profit for the years ended December 31, 2022 and 2021 would have increased/decreased by $308 and $67, respectively.

v. The total exchange gain (loss), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2022 and 2021, amounted to $103,616 and ($18,553), respectively.

Price risk

There Group is not engaged in any financial instruments with price variations, hence does not except price risk arising from significant variations in the market price.

Cash flow and fair value interest rate risk

i. The Group’s main interest rate risk arises from short-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. During the years ended December 31, 2022 and 2021, the 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 Group 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 Group manages its credit risk taking into consideration the entire Group's concern. According to the Group's credit policy, the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the 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 Group classifies customer's accounts receivable in accordance with credit term. The Group applies the modified approach using a provision matrix to estimate the expected credit loss. The Group 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 90 days	91～180 days	180～365 days	More than 1 year	Total
December 31, 2022					
Total book value	$ 636,410	$ 7,612	$ 1,043	$ 33,728	$ 678,793
Expected loss rate	0%～5%	10%	50%	100%	
Loss allowance	$ 5,808	$ 761	$ 521	$ 33,728	$ 40,818
December 31, 2021					
Total book value	$ 418,110	$ 5,606	$ 2,227	$ 22,790	$ 448,733
Expected loss rate	0%～5%	10%	50%	100%	
Loss allowance	$ 596	$ 561	$ 1,114	$ 22,790	$ 25,061

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

	For the years ended Deceber 31,	
	2022	2021
At January 1	$ 25,061	$ 23,322
Expected credit loss	15,186	3,698
Effect of foreign exchange	571	(959)
At December 31	$ 40,818	$ 26,061

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group'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 Group treasury. Group 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 Group has the following undrawn borrowing facilities:

	December 31, 2022	December 31, 2021
Floating rate:		
Expiring within one year	$ 875,823	$ 726,000

iv. The table below analyses the Group'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	58,313	-	-	-
Accounts payable	35,518	-	-	-
Other payables	95,358	-	-	-
Other payables - related parties	8,528	-	-	-
Guarantee deposits received	88	260	-	1,222

December 31, 2021	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	$ 280,037	$ -	$ -	$ -
Notes payable	53,928	-	-	-
Accounts payable	62,910	-	-	-
Other payables	102,907	-	-	-
Other payables - related parties	7,962	-	-	-
Guarantee deposits received	1,110	-	260	1,215

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

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

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

Level 3: Unobservable inputs for the asset or liability.

B. Fair value information of investment property at cost is provided in Note 6(9), 'Investment property'.

C. Financial assets and financial liabilities not measured at fair value. The carrying amounts of cash and cash equivalents, financial assets at amortised cost (including current and non-current), notes receivable, accounts receivable, other receivables, guarantee deposits paid, short-term borrowings, notes payable (including related parties), accounts payable, other payables, and guarantee deposits received are approximate to their fair values.

D. The related information on financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2022 and 2021 are as follows:

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Structured notes	$ -	$ 35,612	$ -	$ 35,612

There was no such situation as of December 31, 2022.

E. The methods and assumptions of fair value are as follows:

(a) When assessing non-standard and low-complexity financial instruments, for example, interest rate swap contracts and financial products, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

(b) The market approach is used by the Group to measure its assets held for disposal (Price-to - sales ratio, P/S ratio), which is calculated as the ratio of recent identical or similar transaction price to sales as an observable input to project the fair value of the disposal group.

(c) The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.

(4) Other matters

Due to the Covid-19 pandemic and the implementation of the government's multiple preventive measures, the Group thoroughly complied with the "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 Group 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 $300 million or 20% of the Group'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

(1) General information

The management of the Group has identified the operating segments based on information provided to the Group's chief operating decision-maker in order to make strategic decisions. The chief operating decision-maker of the Group manages the business from a product perspective. The Group's basis for identification and measurement for segment information had no significant changes during the year.

(2) Measurement of segment information

The chief operating decision-maker evaluates the performance of operating segments based on segment pre-tax income. The accounting policies of the operating department are the same as the summary of the significant accounting policies described in Note 4 to the consolidated financial statements.

(3) Information about segment profit or loss, assets and liabilities

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

	For the year ended December 31, 2022			
	Agro Technology	Environmental Science	Others	Total
Segment revenue	$ 1,776,351	$ 1,059,174	$ -	$ 2,835,525
Inter-segment revenue	(203,659)	(140,648)	-	(344,307)
Revenue from external customers, net	$ 1,572,692	$ 918,526	$ -	$ 2,491,218
Interest income	$ -	$ -	$ 7,144	$ 7,144
Depreciation and amortisation	$ 24,454	$ 24,141	$ 7,245	$ 55,840
Interest expense	$ -	$ -	$ 3,003	$ 3,003
Segment profit (loss)	$ 122,653	$ 168,784	$ 105,162	$ 396,599
Segment assets	$ 1,568,297	$ 887,647	$ 802,887	$ 3,258,831
Capital expenditure on non-current assets	$ 9,254	$ 6,638	$ 254	$ 16,146
Segment liabilities	$ 165,237	$ 37,345	$ 508,250	$ 710,832

	For the year ended December 31, 2021			
	Agro Technology	Environmental Science	Others	Total
Segment revenue	$ 1,506,972	$ 842,616	$ -	$ 2,349,588
Inter-segment revenue	(141,263)	(119,360)	-	(260,623)
Revenue from external customers, net	$ 1,365,709	$ 723,256	$ -	$ 2,088,965
Interest income	$ -	$ -	$ 10,022	$ 10,022
Depreciation and amortisation	$ 25,970	$ 20,776	$ 7,359	$ 54,105
Interest expense	$ -	$ -	$ 2,625	$ 2,625
Segment profit (loss)	$ 95,783	$ 142,301	$ 233,886	$ 471,970
Segment assets	$ 1,194,161	$ 968,764	$ 1,020,210	$ 3,183,135
Capital expenditure on non-current assets	$ 4,675	$ 5,733	$ 7,007	$ 17,415
Segment liabilities	$ 161,237	$ 34,222	$ 535,324	$ 730,783

(4) Reconciliation for segment income (loss)

Sales between segments are carried out at arm’s length. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the consolidated statement of comprehensive income. The amount of segment profit (loss) provided to the chief operating decision-maker adopts the same measurement for assets in the Group's financial statements. Therefore, no reconciliation is required.

(5) Information on products and services

Revenue from external customers is mainly from sales of plant protection and geosynthetics. Details are as follows:

	For the years ended December 31,	
	2022	2021
Plant protection	$ 1,572,692	$ 1,365,709
Geosynthetics	918,526	723,256
Total sales revenue	$ 2,491,218	$ 2,088,965

(6) Geographical information

Geographical information of the Group for the years ended December 31, 2022 and 2021 is as follows:

	For the years ended December 31,			
	2022		2021	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	$ 646,825	$ 587,058	$ 668,233	$ 614,348
Brazil	613,347	-	248,878	-
Mainland China	563,458	71,246	722,791	79,193
Hongkong	288,620	-	43,967	-
Australia	86,317	-	64,154	-
Thailand	50,905	175,849	50,721	167,445
Japan	42,629	-	71,849	-
Vietnam	41,525	-	63,409	-
Philippines	38,345	-	15,425	-
Indonesia	35,440	-	53,072	-
Others	83,807	-	86,466	-
	$ 2,491,218	$ 834,153	$ 2,088,965	$ 860,986

(7) Major customer information

Major customer (net revenue from the customer constituting more than 10% of net consolidated operating revenue) information of the Group for the years ended December 31, 2022 and 2021 is as follows:

	For the years ended December 31,			
	2022		2021	
	Revenue	Segement	Revenue	Segement
Cheongfuli (Hong Kong) Co., Ltd.	$ 273,728	Geosynthetics	$ -	Geosynthetics

Huikwang Corporation and Subsidiaries

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 and Subsidiaries

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

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
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 and Subsidiaries

Significant inter-company transactions during the reporting period

For the year ended December 31, 2022

Table 3

Expressed in thousands of NTD

				Transaction			
Number (Note 2)	Company name	Counterparty	Relationship (Note 3)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 4)
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 and Subsidiaries
Information on investees
For the year ended December 31, 2022

Table 4

Expressed in thousands of NTD

				Initial investment amount		Shares held as at December 31, 2022					
Investor	Investee	Location	Main business activities	Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value	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
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 and Subsidiaries
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)

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) (Note 3)	Ceiling on investments in Mainland China by the Investment Commission of MOEA (Note 4)
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 and Subsidiaries

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

	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing				
Investee in Mainland China	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 and Subsidiaries

Major shareholders information

December 31, 2022

Table 7

Unit: shares

	Number of shares			
Name of major shareholders	Common shares	Preference shares	Ownership	Footnote
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.