

Morn Sun Feed Mill Corp. and its
Subsidiaries

Consolidated Financial Report and
Independent Auditors' Review
Report

First Quarter of 2024 and 2023

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Independent Auditor ’s Review Report

To Morn Sun Feed Mill Corp.,

Foreword

We have reviewed the accompanying consolidated balance sheets of Morn Sun Feed Mill Corp. (the “Company”) and its subsidiaries (collectively, the “Group”) for the three month ended Mar. 31, 2024 and 2023 and the relevant consolidated statements of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the three month ended Mar. 31, 2024 and 2023, and notes to the consolidated financial statement, including a summary of significant accounting policies (collectively referred to as the consolidated financial statements). In accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and FSC recognized and published IAS 34 “Interim Financial Reporting”, it is the management’s responsibility to prepare a fair representation of the financial statements, and the CPA’s responsibility to draw a conclusion on the consolidated financial statements based on the review results.

Scope of the report

The CPA has reviewed in accordance with the TWSRE 2410. The procedures performed in reviewing the consolidated financial statements include inquiries (primarily with those responsible for financial and accounting matters), analytical procedures and other review procedures. The scope of the review is significantly smaller than that of the audit work, so the CPA may not be able to detect all the matters that can be identified through the audit work, and therefore cannot express an audit opinion.

Conclusion

According to the review results of the CPA, it was not found that the consolidated financial statements of Morn Sun Feed Mill Corp. did not comply with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and FSC recognized and published IAS 34 “Interim Financial Reporting”, which cannot properly express the consolidated financial position of Morn Sun Group on Mar. 31, 2024 and 2023, and the consolidated financial performance and consolidated cash flow from Jan. 1 to Mar. 31, 2024 and 2023.

Deloitte & Touche
CPA: Zhong-Cheng, Chen

CPA: Hai-Yue, Huang

Financial Supervisory Commission Approval
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May 10, 2024

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

Morn Sun Feed Mill Corp. and its Subsidiaries
Consolidated Balance Sheet
Mar. 31, 2024, Dec. 31 and Mar. 31, 2023

Unit: NTD thousand

Code	Assets	Mar. 31, 2024		Dec. 31, 2023		Mar. 31, 2023	
		Amount	%	Amount	%	Amount	%
Current assets							
1100	Cash (Note 6)	\$ 87,645	4	\$ 75,193	3	\$ 129,199	6
1110	Financial assets at fair value through profit or loss (Note 7)	59,825	3	41,447	2	22,216	1
1120	Financial assets at fair value through other comprehensive income (Note 8)	306,703	14	296,932	14	305,023	14
1150	Notes receivable (Notes 11 & 26)	226,701	10	211,143	10	206,205	9
1170	Accounts receivable (Notes 11 & 26)	300,323	13	329,582	15	264,179	12
1200	Other receivables	858	-	550	-	327	-
1210	Other receivables - related parties (Note 33)	84	-	-	-	-	-
1220	Current income tax assets (Note 4)	1,044	-	1,044	-	1,039	-
130X	Inventories (Note 12)	221,795	10	214,697	10	263,028	12
1400	Biological assets - current (Note 13)	82,324	4	76,613	3	102,903	5
1470	Other current assets (Note 20)	4,825	-	3,338	-	2,706	-
11XX	Total current assets	<u>1,292,127</u>	<u>58</u>	<u>1,250,539</u>	<u>57</u>	<u>1,296,825</u>	<u>59</u>
Non-current assets							
1535	Financial assets at amortized cost (Notes 9 & 10)	10,418	-	10,418	-	10,418	-
1550	Investments accounted for using equity method (Note 15)	408,705	18	399,470	18	359,183	16
1600	Property, plant and equipment (Notes 16 & 34)	420,171	19	415,446	19	417,347	19
1755	Right-of-use assets (Note 17)	15,589	1	16,072	1	17,404	1
1760	Investment property (Note 18)	24,509	1	24,567	1	24,740	1
1780	Other intangible assets (Note 19)	178	-	207	-	204	-
1830	Biological assets - non-current (Note 13)	14,089	1	13,914	1	11,335	1
1840	Deferred tax assets (Note 4)	18,208	1	16,428	1	17,378	1
1975	Net defined benefit assets (Note 4)	19,565	1	19,565	1	13,513	1
1990	Other non-current assets (Notes 20 & 33)	11,494	-	16,777	1	17,441	1
15XX	Total non-current assets	<u>942,926</u>	<u>42</u>	<u>932,864</u>	<u>43</u>	<u>888,963</u>	<u>41</u>
1XXX	Total assets	<u>\$ 2,235,053</u>	<u>100</u>	<u>\$ 2,183,403</u>	<u>100</u>	<u>\$ 2,185,788</u>	<u>100</u>
Liabilities and equity							
Current liabilities							
2100	Short-term debts (Note 21)	\$ 370,096	17	\$ 374,829	17	\$ 448,735	21
2110	Short-term bills payable (Note 21)	20,000	1	20,000	1	110,000	5
2130	Contract liabilities (Note 26)	918	-	754	-	5,581	-
2150	Notes payable	-	-	6	-	-	-
2170	Accounts payable (Note 22)	182,846	8	217,554	10	199,804	9
2180	Accounts payable - related parties (Note 33)	24,497	1	14,974	1	10,932	1
2200	Other payables (Note 23)	63,260	3	71,687	3	31,019	2
2220	Other payables - related parties (Note 33)	2,656	-	2,656	-	2,867	-
2230	Current income tax liabilities (Note 4)	40,964	2	29,075	2	4,418	-
2280	Lease liabilities - current (Notes 17 & 33)	4,748	-	4,791	-	5,699	-
2399	Other current liabilities	765	-	715	-	958	-
21XX	Total current liabilities	<u>710,750</u>	<u>32</u>	<u>737,041</u>	<u>34</u>	<u>820,013</u>	<u>38</u>
Non-current liabilities							
2540	Long-term loans (Note 21)	35,000	2	-	-	-	-
2570	Deferred tax liabilities (Note 4)	19,415	1	20,022	1	20,364	1
2580	Lease liabilities - non-current (Notes 17 & 33)	10,763	-	11,326	-	11,582	-
2600	Other non-current liabilities	1,085	-	203	-	203	-
25XX	Total non-current liabilities	<u>66,263</u>	<u>3</u>	<u>31,551</u>	<u>1</u>	<u>32,149</u>	<u>1</u>
2XXX	Total liabilities	<u>777,013</u>	<u>35</u>	<u>768,592</u>	<u>35</u>	<u>852,162</u>	<u>39</u>
Equity attributable to owners of the Company (Note 25)							
Share capital							
3110	Common stock	393,702	18	393,702	18	385,982	18
3200	Capital surplus	145,207	7	145,207	7	145,207	7
Retained earnings							
3310	Legal reserve	117,594	5	117,594	5	116,638	5
3320	Special reserves	8,856	-	8,856	1	8,856	-
3350	Undistributed earnings	481,272	22	442,532	20	340,976	16
3300	Total retained earnings	607,722	27	568,982	26	466,470	21
3490	Other equity	255,800	11	246,029	11	254,120	11
31XX	Total owners' equity of the Company	<u>1,402,431</u>	<u>63</u>	<u>1,353,920</u>	<u>62</u>	<u>1,251,779</u>	<u>57</u>
36XX	Non-controlling interests (Notes 14 & 25)	55,609	2	60,891	3	81,847	4
3XXX	Total equity	<u>1,458,040</u>	<u>65</u>	<u>1,414,811</u>	<u>65</u>	<u>1,333,626</u>	<u>61</u>
Total liabilities and equity		<u>\$ 2,235,053</u>	<u>100</u>	<u>\$ 2,183,403</u>	<u>100</u>	<u>\$ 2,185,788</u>	<u>100</u>

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

Chairman: Wu, Qing-De

Manager: Wu, Qing-De

Head-finance & accounting: Qiu, Shao-Qi

Morn Sun Feed Mill Corp. and its Subsidiaries
Consolidated Statements of Comprehensive Income
For the three month ended Mar. 31, 2024 and 2023

Unit: NTD thousand (Except for earnings per share which is in NTD)

Code		Jan. 1 to Mar. 31, 2024		Jan. 1 to Mar. 31, 2023	
		Amount	%	Amount	%
4110	Operating revenue (Notes 26 & 33)	\$ 714,830	100	\$ 751,804	100
5110	Operating costs (Notes 12, 27 & 33)	(626,151)	(87)	(694,439)	(92)
5850	Gains (losses) of initially recognized biological assets and agricultural products (Note 13)	2,407	-	(3,648)	-
5860	Gains from changes in the current fair value of biological assets less sales cost (Note 13)	<u>9,048</u>	<u>1</u>	<u>10,835</u>	<u>1</u>
5900	Gross profit	<u>100,134</u>	<u>14</u>	<u>64,552</u>	<u>9</u>
	Operating expenses (Notes 27 & 33)				
6100	Selling and marketing expenses	(39,344)	(6)	(33,997)	(5)
6200	Administrative expenses (Note 19)	(21,242)	(3)	(16,215)	(2)
6300	Research and development expenses	(996)	-	(937)	-
6450	Reversal gains (loss) from expected credit impairment (Note 11)	(<u>389</u>)	<u>-</u>	<u>1,820</u>	<u>-</u>
6000	Total operating expenses	(<u>61,971</u>)	(<u>9</u>)	(<u>49,329</u>)	(<u>7</u>)
6900	Net operating income	<u>38,163</u>	<u>5</u>	<u>15,223</u>	<u>2</u>
	Non-operating income and expenses (Note 27)				
7100	Interest income	672	-	67	-
7010	Other income	576	-	834	-
7020	Other gains or losses	(3,103)	-	3,453	-
7050	Financial costs (Note 33)	(2,583)	-	(2,889)	-
7060	Share of profit or loss on associates accounted for using equity method	<u>9,235</u>	<u>1</u>	(<u>2,182</u>)	<u>-</u>
7000	Total non-operating income and expenses	<u>4,797</u>	<u>1</u>	(<u>717</u>)	<u>-</u>

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Code		Jan. 1 to Mar. 31, 2024		Jan. 1 to Mar. 31, 2023	
		Amount	%	Amount	%
7900	Net income before tax	\$ 42,960	6	\$ 14,506	2
7950	Income tax expense (Notes 4 & 28)	(9,502)	(1)	(5,353)	(1)
8200	Profit	<u>33,458</u>	<u>5</u>	<u>9,153</u>	<u>1</u>
	Other comprehensive income				
8310	Items that will not be reclassified subsequently to profit or loss:				
8316	Unrealized appraisal gains or losses on investments in equity instruments measured at fair value through other comprehensive income (Note 25)	<u>9,771</u>	<u>1</u>	<u>6,721</u>	<u>1</u>
8300	Other comprehensive income in the current period (net amount after tax)	<u>9,771</u>	<u>1</u>	<u>6,721</u>	<u>1</u>
8500	Total comprehensive income in current period	<u>\$ 43,229</u>	<u>6</u>	<u>\$ 15,874</u>	<u>2</u>
	Net income attributable to:				
8610	Owners of the Company	\$ 38,740	6	\$ 14,615	2
8620	Non-controlling interests	(5,282)	(1)	(5,462)	(1)
8600		<u>\$ 33,458</u>	<u>5</u>	<u>\$ 9,153</u>	<u>1</u>
	Total comprehensive income attributable to:				
8710	Owners of the Company	\$ 48,511	7	\$ 21,336	3
8720	Non-controlling interests	(5,282)	(1)	(5,462)	(1)
8700		<u>\$ 43,229</u>	<u>6</u>	<u>\$ 15,874</u>	<u>2</u>
	Earnings per share (Note 29)				
9710	Basic	<u>\$ 0.98</u>		<u>\$ 0.37</u>	
9810	Diluted	<u>\$ 0.98</u>		<u>\$ 0.37</u>	

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

Chairman:
Wu, Qing-De

Manager:
Wu, Qing-De

Head-finance & accounting:
Qiu, Shao-Qi

Morn Sun Feed Mill Corp. and its Subsidiaries
Income Consolidated Statements of Changes in Equity
For the three month ended Mar. 31, 2024 and 2023

Unit: NTD thousand

		Equity attributable to owners of the Company									
		Common stock		Retained earnings			Other equity				
Code		Number of Shares (thousand shares)	Amount	Capital surplus	Legal reserve	Special reserves	Undistributed earnings	Unrealized appraisal gains or losses from financial assets at fair value through other comprehensive income	Total	Non-controlling interests	Total equity
A1	Balance at Jan. 1, 2023	38,598	\$ 385,982	\$ 145,207	\$ 116,638	\$ 8,856	\$ 326,361	\$ 247,399	\$ 1,230,443	\$ 87,309	\$ 1,317,752
D1	Net profit from Jan. 1 to Mar. 31, 2023	-	-	-	-	-	14,615	-	14,615	(5,462)	9,153
D3	Other comprehensive income from Jan. 1 to Mar. 31, 2023 (Note 25)	-	-	-	-	-	-	6,721	6,721	-	6,721
D5	Total comprehensive income from Jan. 1 to Mar. 31, 2023	-	-	-	-	-	14,615	6,721	21,336	(5,462)	15,874
Z1	Balance at Mar. 31, 2023	<u>38,598</u>	<u>\$ 385,982</u>	<u>\$ 145,207</u>	<u>\$ 116,638</u>	<u>\$ 8,856</u>	<u>\$ 340,976</u>	<u>\$ 254,120</u>	<u>\$ 1,251,779</u>	<u>\$ 81,847</u>	<u>\$ 1,333,626</u>
A1	Balance at Jan. 1, 2024	39,370	\$ 393,702	\$ 145,207	\$ 117,594	\$ 8,856	\$ 442,532	\$ 246,029	\$ 1,353,920	\$ 60,891	\$ 1,414,811
D1	Net profit from Jan. 1 to Mar. 31, 2024	-	-	-	-	-	38,740	-	38,740	(5,282)	33,458
D3	Other comprehensive income from Jan. 1 to Mar. 31, 2024 (Note 25)	-	-	-	-	-	-	9,771	9,771	-	9,771
D5	Total comprehensive income from Jan. 1 to Mar. 31, 2024	-	-	-	-	-	38,740	9,771	48,511	(5,282)	43,229
Z1	Balance at Mar. 31, 2024	<u>39,370</u>	<u>\$ 393,702</u>	<u>\$ 145,207</u>	<u>\$ 117,594</u>	<u>\$ 8,856</u>	<u>\$ 481,272</u>	<u>\$ 255,800</u>	<u>\$ 1,402,431</u>	<u>\$ 55,609</u>	<u>\$ 1,458,040</u>

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

Chairman: Wu, Qing-De

Manager: Wu, Qing-De

Head-finance & accounting: Qiu, Shao-Qi

Morn Sun Feed Mill Corp. and its Subsidiaries
Consolidated Statements of Cash Flows
For the three month ended Mar. 31, 2024 and 2023

Unit: NTD thousand

Code		Jan. 1 to Mar. 31, 2024	Jan. 1 to Mar. 31, 2023
	Cash flows from operating activities		
A10000	Net income before tax	\$ 42,960	\$ 14,506
A20010	Adjustments for		
A20100	Depreciation expenses	10,700	9,963
A20200	Amortization expenses	29	52
A20300	(Reversal of) expected credit impairment loss	389	(1,820)
A20400	Losses (gains) on financial assets at fair value through profit or loss	597	(2,949)
A20900	Financial costs	2,583	2,889
A21200	Interest income	(672)	(67)
A21300	Dividend income	(60)	(55)
A22300	Share of (gains) losses on associates accounted for using equity method	(9,235)	2,182
A22500	Gains on disposal of property, plant and equipment	(29)	-
A23700	Losses on market price decline and obsolete and slow-moving of inventories	-	686
A24100	Unrealized foreign currency exchange losses	1,677	-
A29900	Gains from disposal of productive biological assets	(326)	(96)
A29900	(Gains) losses of initially recognized biological assets and agricultural products	(2,407)	3,648
A29900	Gains from changes in fair value of biological assets less sales cost	(9,048)	(10,835)
A30000	Net changes in operating assets and liabilities		
A31130	Notes receivable	(15,558)	15,486
A31150	Accounts receivable	28,870	70,167
A31180	Other receivables	(308)	22
A31190	Other receivables - related parties	(84)	-
A31200	Inventories	(1,123)	27,940
A31210	Biological assets	(1,993)	8,822
A31240	Other current assets	(1,487)	1,942
A31990	Net defined benefit assets	-	(104)
A32125	Contract liabilities	164	2,338
A32130	Notes payable	(6)	(6)
A32150	Accounts payable	(34,708)	(70,453)

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Code		Jan. 1 to Mar. 31, 2024	Jan. 1 to Mar. 31, 2023
A32160	Accounts payable - related parties	\$ 9,523	(\$ 3,885)
A32180	Other payables	(8,115)	(13,516)
A32190	Other payables - related parties	-	708
A32230	Other current liabilities	50	(304)
A32990	Other non-current liabilities	<u>882</u>	<u>-</u>
A33000	Cash generated from operations	13,265	57,261
A33100	Interest received	672	67
A33200	Dividends received	60	55
A33300	Interest paid	(<u>2,185</u>)	(<u>2,575</u>)
AAAA	Net cash generated from operating activities	<u>11,812</u>	<u>54,808</u>
	Cash flows from investing activities		
B00040	Acquisition of financial assets at amortized cost	-	(10,418)
B00100	Increase in financial assets at FVTPL	(18,975)	-
B00200	Decrease in financial assets at FVTPL	-	988
B02700	Purchase of property, plant and equipment	(6,914)	(206)
B02800	Disposal of property, plant and equipment	29	-
B03800	Decrease in refundable deposits	530	-
B07100	Increase in prepayment for equipment	(<u>1,134</u>)	(<u>6,041</u>)
BBBB	Net cash outflow from investing activities	(<u>26,464</u>)	(<u>15,677</u>)
	Cash flows from financing activities		
C00200	Decrease in short-term debts	(6,410)	(53,144)
C00500	Increase in short-term bills payable	-	90,000
C01600	New long-term loans	35,000	-
C04020	Repayment of lease principal	(<u>1,486</u>)	(<u>2,319</u>)
CCCC	Net cash flows from financing activities	<u>27,104</u>	<u>34,537</u>
EEEE	Net increase in cash	12,452	73,668
E00100	Balance of cash at beginning of period	<u>75,193</u>	<u>55,531</u>
E00200	Balance of cash at the end of period	<u>\$ 87,645</u>	<u>\$ 129,199</u>

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

Chairman:
Wu, Qing-De

Manager:
Wu, Qing-De

Head-finance & accounting:
Qiu, Shao-Qi

Morn Sun Feed Mill Corp. and its Subsidiaries
Notes to Consolidated Financial Statements
For the three month ended Mar. 31, 2024 and 2023
(Unless stated otherwise, the unit is NTD thousand)

1. Organization and Operations

- (1) Established in Feb. 18, 1967, Morn Sun Feed Mill Corp. (former name: Morn Sun Feed Ltd.) (hereinafter referred to as “the Company”) was changed to its current name in December 2016. The main businesses of the Company are manufacturing, processing, trading and transportation of various feeds and its raw materials, trading of rice shells, flour, soybeans, barley and wheat and assorted grains, and feeding of domestic livestock and poultry, etc.
- (2) Since Aug. 8, 2018, the Company’s stock has been listed on Taipei Exchange for trading.
- (3) In order to expand egg selection, washing, packaging, sales and other businesses for feeding of domestic livestock and poultry, and services of agricultural products and animal husbandry, the Company invested to establish the subsidiary Morn Sun Foods Corp. in August 2019.
- (4) The consolidated financial statements are presented in New Taiwan dollars, the Company’s functional currency.

2. Date and Procedures for Approval of the Financial Report

The consolidated financial statements were approved by the board of directors on May 10, 2024.

3. Application of Newly Issued and Amended Standards and Interpretations

- (1) Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The application of the amendments to the IFRS Accounting Standards endorsed and issued into effect by the FSC will not have a material impact on the accounting policies of the Company and the entities controlled by the Company (collectively, the “Group”).

(2) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

<u>New/ revised/ amended standards and interpretations</u>	<u>Effective date issued by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined
IFRS 17 “Insurance Contracts”	Jan. 1, 2023
Amendments to IFRS 17	Jan. 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9- Comparative Information”	Jan. 1, 2023
IFRS 18 “Presentation and Disclosure in Financial Statements”	Jan. 1, 2027
Amendments to IAS 21 “Lack of Exchangeability”	Jan. 1, 2025 (Note 2)

Note 1: Unless otherwise specified, the above-mentioned new/ revised/ amended standards or interpretations will take effect during the annual reporting period beginning on or after each date.

Note 2: This amendment applies for annual reporting periods beginning after Jan. 1, 2025. When the amendments apply for the first time, the comparative period shall not be restated; instead, the effect shall be recognized in the retained earnings or exchange differences arising from the translation of the financial statements of foreign operations under equity (as appropriate) and the relevant affected assets and liabilities on the initial application date.

IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 will replace IAS 1 “Presentation of Financial Statements”. The main changes in this standard include:

- The statement of profit or loss should classify income and expenses in the operating, investing, financing, income taxes, and discontinued operations categories.
- An entity has to present totals and subtotals in the statement of profit or loss for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Requirements for provision of guidance to enhance aggregation and disaggregation: The Group should identify assets, liabilities, equity, income, expenses, losses, and cash flows in each transaction or other events, and

classify and aggregate them based on shared characteristics so that the main line items presented in the financial statements share at least one similar characteristic. Items should be disaggregated based on characteristics that are not shared. The Group should label such items as "other" only if it cannot find a more informative title.

- Increasing the disclosure of management-defined performance measures (MPMs): When the Group engages in public communications outside financial statements and communicate to management's view of an aspect of the financial performance of the entity as a whole, the Group should disclose information about its MPMs in a single note to the financial statements, including a description of how the MPM is measured, how the MPM is calculated, and a reconciliation between the MPM and the total or subtotal required by IFRS Accounting Standards, including the income tax effect and the effect on non-controlling interests for each item disclosed in the reconciliation.

In addition to the above impacts, as of the date the consolidated financial statements were approved for release, the Group continued to assess the possible impact of the application of the other standards and interpretations on its financial position and financial performance, and will disclose the relevant impact when the assessment is completed.

4. Summary of Significant Accounting Policies

(1) Statement of compliance

This consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" approved and issued by the FSC. This consolidated financial statement does not contain all the IFRSs Accounting Standards disclosures required by the annual report.

(2) Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for the financial instruments measured at fair value, the biological assets measured at fair value less sales cost and net defined benefit assets recognized at present value of defined benefit obligations less fair value of plan assets.

The fair value measurement is classified into three levels based on the observability and significance of relevant inputs:

- A. Level 1 inputs: Quoted (unadjusted) prices in active markets for identical assets or liabilities on the measurement date.
- B. Level 2 inputs: Inputs, other than quoted market prices within level 1 that are observable, either directly (i.e. prices) or indirectly (derived from prices) for assets or liabilities.
- C. Level 3 inputs: Unobservable inputs for assets or liabilities.

(3) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities (subsidiaries) controlled by the Company. Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statements of comprehensive income from the effective dates of acquisition up to the effective dates of disposal. The financial statements of subsidiaries have been adjusted to ensure consistency between their accounting policies and the Group's. All intra-group transactions, balances, income, and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group and non-controlling interests have been adjusted to reflect the changes in its relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

See Note 14 and Tables 2 for the detailed information on subsidiaries (including the percentage of ownership and main business).

(4) Other significant accounting policies

In addition to the following descriptions, please refer to the Summary of Significant Accounting Policies in the 2023 consolidated financial statement.

A. Classification of current and non-current assets and liabilities

Current assets include:

- (A) Assets held primarily for the purpose of trading;
- (B) Assets expected to be realized within 12 months after the balance sheet date; and
- (C) Cash or cash equivalents (excluding assets restricted from being exchanged or used to settle a liability for at least 12 months after the balance sheet date).

Current liabilities include:

- (A) Liabilities held primarily for the purpose of trading;
- (B) Liabilities due to be settled within 12 months after the balance sheet date; and
- (C) Liabilities for which there is no substantive right at the balance sheet date to defer settlement of the liability for at least 12 months after the balance sheet date.

Assets and liabilities that are not classified as current are classified as non-current.

B. Defined benefit post-employment benefits

The pension cost during the interim period is calculated based on the determined pension cost rate on the reporting date of the previous year, from the beginning of the year to the end of the current period where adjustments are made for significant market fluctuations in the current period, as well as significant plan amendments, liquidations or other significant one-off events.

C. Income tax expenses

The income tax expense represents the sum of the current income tax and deferred tax. Income tax for the interim period is assessed on an annual basis and is calculated on the interim pre-tax profit at the tax rate applicable to the expected total annual earnings.

5. Critical Accounting Judgments and Key Sources of Estimation and Uncertainty

Please refer to the Critical Accounting Judgments and Key Sources of Estimation and Uncertainty in the 2023 consolidated financial statement.

6. Cash

	<u>Mar. 31, 2024</u>	<u>Dec. 31, 2023</u>	<u>Mar. 31, 2023</u>
Cash on hand and petty cash	\$ 465	\$ 465	\$ 465
Checking accounts and demand deposits	<u>87,180</u>	<u>74,728</u>	<u>128,734</u>
	<u>\$ 87,645</u>	<u>\$ 75,193</u>	<u>\$ 129,199</u>

The range of market interest rates on bank deposits at the balance sheet date is as follows:

	<u>Mar. 31, 2024</u>	<u>Dec. 31, 2023</u>	<u>Mar. 31, 2023</u>
Cash in banks	0.005%-1.450%	0.005%-1.450%	0.510%-1.250%

7. Financial Instruments at FVTPL

	<u>Mar. 31, 2024</u>	<u>Dec. 31, 2023</u>	<u>Mar. 31, 2023</u>
<u>Financial assets - current</u>			
<u>Mandatorily at FVTPL</u>			
<u>Non-derivative financial</u>			
<u>assets</u>			
- Domestic listed			
(OTC) stocks	\$ 20,653	\$ 29,136	\$ 22,216
- Foreign bonds	<u>39,172</u>	<u>12,311</u>	<u>-</u>
	<u>\$ 59,825</u>	<u>\$ 41,447</u>	<u>\$ 22,216</u>

8. Financial Assets at FVTOCI

Investment in equity instruments

	<u>Mar. 31, 2024</u>	<u>Dec. 31, 2023</u>	<u>Mar. 31, 2023</u>
<u>Current</u>			
<u>Domestic investment</u>			
<u>Listed stocks</u>			
Common shares of			
Formosa Oilseed			
Processing Co.,			
Ltd. (FOPCO)	<u>\$ 306,703</u>	<u>\$ 296,932</u>	<u>\$ 305,023</u>

The Group expects to receive dividends by holding common shares of FOPCO and considers that it would be inconsistent with the aforementioned investment plan to include short-term fair value fluctuations in these investments in profit or loss, therefore it elects to designate these investments as measured at fair value through other comprehensive income.

9. Financial Assets at Amortized Cost

	<u>Mar. 31, 2024</u>	<u>Dec. 31, 2023</u>	<u>Mar. 31, 2023</u>
<u>Non-current</u>			
<u>Foreign investment</u>			
Bonds	\$ 10,418	\$ 10,418	\$ 10,418
Less: Allowance for losses	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 10,418</u>	<u>\$ 10,418</u>	<u>\$ 10,418</u>

The Group purchased 5-year foreign bonds of Mercedes-Benz Finance North America LLC in February 2023, with nominal interest rate of 5.25%, and effective interest rate of 4.21%.

For information on credit risk management and impairment assessment of financial assets measured at amortized cost, please refer to Note 10.

10. Credit Risk Management of Debt Instrument Investment

Debt instruments invested by the Group are financial assets measured at amortized cost:

	<u>Mar. 31, 2024</u>	<u>Dec. 31, 2023</u>	<u>Mar. 31, 2023</u>
At amortized cost			
Total carrying amount	\$ 10,418	\$ 10,418	\$ 10,418
Less: Allowance for losses	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 10,418</u>	<u>\$ 10,418</u>	<u>\$ 10,418</u>

The Group only invests in debt instruments that have credit ratings above the investment grade (included) and are considered to be low credit risk by impairment assessment, and the credit rating information shall be provided by independent rating agencies. The Group continuously tracks external rating information to monitor changes in the credit risk of the debt instruments in which it invests, and reviews other information, such as bond yield curves and material information about the debtor, so as to assess whether the credit risk of the debt instrument investments has increased significantly since the original recognition.

The Group measured the 12-month ECL or lifetime ECL of the investments in debt instruments based on the historical default probabilities and default loss rates for each grade, the current financial position of the debtor and the prospects of its industry as provided by external rating agencies.

The Group's current credit risk rating mechanism is as follows:

<u>Credit rating</u>	<u>Definition</u>	<u>Recognition basis for ECLs</u>
Normal	The debtor is of low credit risk, and has sufficient capacity to repay the contract cash flow	12-month ECLs
Abnormal	The credit risk has increased significantly since the original recognition	Expected credit loss during lifetime for losses (no credit impairment)
Breach of contract	With credit impairment evidence	Expected credit loss during lifetime for losses (with credit impairment)

Write-off	There is evidence that the debtor is confronted with serious financial difficulties and that the Group could not make reasonable expectation of recovery	Direct write-off
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The total carrying amount and applicable expected credit loss rate of investments in debt instruments of each credit rating are as follows:

Mar. 31, 2024

Credit rating	ECLs	Total carrying amount At amortized cost
Normal	0.03%	\$ 10,418
Abnormal	-	-
Breach of contract	-	-
Write-off	-	-

Dec. 31, 2023

Credit rating	ECLs	Total carrying amount At amortized cost
Normal	0.00%	\$ 10,418
Abnormal	-	-
Breach of contract	-	-
Write-off	-	-

Mar. 31, 2023

Credit rating	ECLs	Total carrying amount At amortized cost
Normal	0.00%	\$ 10,418
Abnormal	-	-
Breach of contract	-	-
Write-off	-	-

11. Notes Receivable and Accounts Receivable

	Mar. 31, 2024	Dec. 31, 2023	Mar. 31, 2023
<u>Notes receivable</u>			
At amortized cost			
Total carrying amount	\$ 226,701	\$ 211,143	\$ 206,205
Less: Allowance for losses	-	-	-
	<u>\$ 226,701</u>	<u>\$ 211,143</u>	<u>\$ 206,205</u>
<u>Accounts receivable</u>			
At amortized cost			
Total carrying amount	\$ 306,832	\$ 335,664	\$ 269,744

Less: Allowance for losses	(<u>6,509</u>)	(<u>6,082</u>)	(<u>5,565</u>)
	<u>\$ 300,323</u>	<u>\$ 329,582</u>	<u>\$ 264,179</u>

(1) Notes receivable

The Group recognizes the loss allowance for notes receivable based on the lifetime ECLs. The lifetime ECLs take into account the customer's past default history, and it does not need to make provision for expected credit loss upon assessment. As of Mar. 31, 2024, Dec. 31, 2023 and Mar. 31, 2023, the Group does not hold any collateral for the notes receivable.

Aging analysis of notes receivable is as follows:

	<u>Mar. 31, 2024</u>	<u>Dec. 31, 2023</u>	<u>Mar. 31, 2023</u>
1-60 days	\$ 164,830	\$ 175,038	\$ 188,845
61-120 days	34,236	24,368	15,694
Over 121 days	<u>27,635</u>	<u>11,737</u>	<u>1,666</u>
Total	<u>\$ 226,701</u>	<u>\$ 211,143</u>	<u>\$ 206,205</u>

The above aging analysis is based on the accounting date.

(2) Accounts receivable

The credit period of the Group for accounts receivable ranges from 7 days to 70 days (batch settlement), and in determining the collectibility of the accounts receivable, the Group takes into account any changes in the credit quality of the accounts receivable from the original credit date to the balance sheet date.

To mitigate credit risk, the management of the Group has appointed a dedicated team to be responsible for the determination of credit lines, credit approval and other monitoring procedures, so as to ensure that appropriate action has been taken to collect overdue receivables. In addition, the Group will review the recoverable amounts of receivables one by one at the balance sheet date to ensure that the unrecoverable receivables have been properly recognized in impairment losses. Accordingly, the Group's management believes that its credit risk has been significantly reduced.

The Group recognizes the loss allowance for accounts receivable based on the lifetime ECLs. The lifetime ECLs are calculated using a provision matrix based on the consideration for historical experience, current market situation and prospective information. As the Group's historical experience in credit loss shows that there is no significant difference in the loss patterns among different customer

groups, the customer groups are not further differentiated in the provision matrix, and only the ECLs are set based on the overdue days of the accounts receivable.

If there is evidence that a counter-party is facing serious financial difficulties and the Group cannot reasonably expect to recover the amount, the Group will directly write off the relevant accounts receivable, but will continue to try to collect the receivable. The recovered amount is recognized in profit or loss.

The loss allowance for accounts receivable measured by the Group based on the provision matrix is as follows:

Mar. 31, 2024

	<u>Not past due</u>	<u>1-60 days past due</u>	<u>61-120 days past due</u>	<u>121-180 days past due</u>	<u>181-365 days past due</u>	<u>More than 366 days past due</u>	<u>Individual identification</u>	<u>Total</u>
ECLs	0.00%~ 0.04%	1.38%~ 4.53%	9.42%~ 26.26%	12.78%~ 40.33%	12.48%~ 60.25%	100%	100%	
Total carrying amount	\$ 290,676	\$ 8,562	\$ 770	\$ 601	\$ 434	\$ 2,698	\$ 3,091	\$ 306,832
Allowance for losses (lifetime ECLs)	(119)	(193)	(134)	(212)	(62)	(2,698)	(3,091)	(6,509)
Amortized cost	<u>\$ 290,557</u>	<u>\$ 8,369</u>	<u>\$ 636</u>	<u>\$ 389</u>	<u>\$ 372</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 300,323</u>

Dec. 31, 2023

	<u>Not past due</u>	<u>1-60 days past due</u>	<u>61-120 days past due</u>	<u>121-180 days past due</u>	<u>181-365 days past due</u>	<u>More than 366 days past due</u>	<u>Individual identification</u>	<u>Total</u>
ECLs	0.00%~ 0.04%	0.02%~ 3.94%	6.67%~ 30.40%	5.88%~ 37.78%	4.76%~ 69.13%	100%	100%	
Total carrying amount	\$ 318,434	\$ 9,905	\$ 671	\$ 190	\$ 1,047	\$ 2,236	\$ 3,181	\$ 335,664
Allowance for losses (lifetime ECLs)	(71)	(74)	(138)	(12)	(370)	(2,236)	(3,181)	(6,082)
Amortized cost	<u>\$ 318,363</u>	<u>\$ 9,831</u>	<u>\$ 533</u>	<u>\$ 178</u>	<u>\$ 677</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 329,582</u>

Mar. 31, 2023

	<u>Not past due</u>	<u>1-60 days past due</u>	<u>61-120 days past due</u>	<u>121-180 days past due</u>	<u>181-365 days past due</u>	<u>More than 366 days past due</u>	<u>Individual identification</u>	<u>Total</u>
ECLs	0.00%~ 0.10%	0.00%~ 13.34%	6.77%~ 37.10%	10.65%~ 49.49%	10.64%~ 64.78%	100%	100%	
Total carrying amount	\$ 256,964	\$ 6,543	\$ 1,364	\$ -	\$ 446	\$ 2,294	\$ 2,133	\$ 269,744
Allowance for losses (lifetime ECLs)	(185)	(463)	(259)	(-)	(231)	(2,294)	(2,133)	(5,565)
Amortized cost	<u>\$ 256,779</u>	<u>\$ 6,080</u>	<u>\$ 1,105</u>	<u>\$ -</u>	<u>\$ 215</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 264,179</u>

The information on changes in the loss allowance for accounts receivable is as follows:

	<u>Jan. 1 to Mar. 31, 2024</u>	<u>Jan. 1 to Mar. 31, 2023</u>
Opening balance	\$ 6,082	\$ 7,352
Add: Impairment loss recognized	389	-
Add: Recovery of impairment losses written off	38	33
Less: Reversal of impairment loss	-	(1,820)
Closing balance	<u>\$ 6,509</u>	<u>\$ 5,565</u>

12. Inventories

	<u>Mar. 31, 2024</u>	<u>Dec. 31, 2023</u>	<u>Mar. 31, 2023</u>
Raw materials	\$ 96,996	\$ 89,968	\$ 104,237
Material	924	1,133	2,177
Work in progress	2,541	2,031	2,004
Finished goods	12,992	15,747	13,499
Inventories in transit	<u>108,342</u>	<u>105,818</u>	<u>141,111</u>
	<u>\$ 221,795</u>	<u>\$ 214,697</u>	<u>\$ 263,028</u>

Nature of sales cost is as follows:

	<u>Jan. 1 to Mar. 31, 2024</u>	<u>Jan. 1 to Mar. 31, 2023</u>
Sold inventory cost	\$ 549,681	\$ 597,254
Losses on market price decline and obsolete and slow-moving of inventories	-	686
Sold biological assets	75,305	95,124
Others	<u>1,165</u>	<u>1,375</u>
	<u>\$ 626,151</u>	<u>\$ 694,439</u>

13. Biological assets

	<u>Mar. 31, 2024</u>	<u>Dec. 31, 2023</u>	<u>Mar. 31, 2023</u>
Biological assets - current (pork pigs and meat poultry)	\$ 82,324	\$ 76,613	\$ 102,903
Biological assets - Non- current (breeding pigs and laying hens)	<u>14,089</u>	<u>13,914</u>	<u>11,335</u>
	<u>\$ 96,413</u>	<u>\$ 90,527</u>	<u>\$ 114,238</u>

	<u>Pork pigs</u>	<u>Meat poultry</u>	<u>Breeding pigs</u>	<u>Laying hens</u>	<u>Total</u>
Balance at Jan. 1, 2024	\$ 54,151	\$ 22,462	\$ 11,835	\$ 2,079	\$ 90,527
Additions	-	6,410	-	-	6,410
Investment cost and expenses	41,056	32,014	-	-	73,070
Sales	(44,136)	(31,169)	(860)	-	(76,165)
Losses on originally recognized biological assets	(3,568)	-	-	-	(3,568)
Gains from changes in fair value of less sales cost	8,118	930	-	-	9,048
Depreciation for the current period	-	-	(1,346)	(567)	(1,913)
Transfer	(2,971)	-	2,971	-	-
Scrapping	-	(973)	-	(23)	(996)
Balance at Mar. 31, 2024	<u>\$ 52,650</u>	<u>\$ 29,674</u>	<u>\$ 12,600</u>	<u>\$ 1,489</u>	<u>\$ 96,413</u>

Balance at Jan. 1, 2023	\$ 56,206	\$ 49,788	\$ 11,044	\$ -	\$ 117,038
Additions	-	7,138	-	-	7,138
Investment cost and expenses	43,166	38,017	-	-	81,183
Sales	(45,764)	(49,360)	(710)	-	(95,834)
Losses on originally recognized biological assets	(3,648)	-	-	-	(3,648)
Gains from changes in fair value of less sales cost	10,382	453	-	-	10,835
Depreciation for the current period	-	-	(1,261)	-	(1,261)
Transfer	(2,262)	-	2,262	-	-
Scrapping	-	(1,213)	-	-	(1,213)
Balance at Mar. 31, 2023	<u>\$ 58,080</u>	<u>\$ 44,823</u>	<u>\$ 11,335</u>	<u>\$ -</u>	<u>\$ 114,238</u>

The biological assets of the Group include pork pigs, breeding pigs, meat poultry and laying hens raised in Changhua, Nantou and Chiayi, etc. The number of pork pigs, breeding pigs, poultry and laying hens owned by the Group is as follows:

	<u>Mar. 31, 2024</u>	<u>Dec. 31, 2023</u>	<u>Mar. 31, 2023</u>
Pork pigs	10,682 pigs	11,890 pigs	11,737 pigs
Breeding pigs	1,254 pigs	1,211 pigs	1,257 pigs
Meat poultry	300,024 meat poultry	263,884 meat poultry	388,040 meat poultry
Laying hens	25,027 laying hens	25,414 laying hens	- laying hens

The sales volume of pork pigs, breeding pigs and meat poultry for the three month ended Mar. 31, 2024 and 2023 are as follows:

	<u>Jan. 1 to Mar. 31, 2024</u>	<u>Jan. 1 to Mar. 31, 2023</u>
Sales volume of pork pigs	4,195 pigs	4,478 pigs
Sales volume of breeding pigs	97 pigs	90 pigs
Sales volume of meat poultry	191,671 meat poultry	231,311 meat poultry

The fair value of the pigs evaluated by the Group by fair value method is determined by the average selling price of for transaction of live pigs all over Taiwan as announced by the Livestock Market Information Network of the Ministry of Agriculture, Executive Yuan. The average raising period of the pigs is about 7-9 months, therefore, no discount rate is involved in the calculation of fair value. The market price of breeding pigs is not easy to obtain, and the value of discounted cash flow estimation is less reliable due to external factors such as diseases, therefore, it is measured by cost method. The production cycle of meat poultry and laying hens is short, and it is difficult to obtain the market price directly during the breeding period, and the value of discounted cash flow estimation of the above biological assets is less reliable due to external factors such as

climate and diseases, therefore, it is measured by cost method. The cost of productive biological assets is depreciated by the straight-line method according to the productive period, and the durability of breeding pigs and laying hens is about 36-43 months and 16 months, respectively.

The financial risks associated with the biological assets of the Group are primarily due to changes in the prices of pork pigs and meat poultry, and the Group does not expect a material decline in the prices of pork pigs and meat poultry in the foreseeable future, and has therefore not signed derivative contracts. The Group regularly reviews the price expectations for pork pigs and meat poultry, to consider the necessity for taking proactive financial risk management measures.

The nature of the total benefit from changes in the fair value of the originally recognized biological assets and agricultural products and biological assets less sales cost is as follows:

	Jan. 1 to Mar. 31, 2024	Jan. 1 to Mar. 31, 2023
Losses on originally recognized biological assets	(\$ 3,568)	(\$ 3,648)
Gains of initially recognized agricultural products	5,975	-
Gains from changes in fair value of less sales cost	<u>9,048</u>	<u>10,835</u>
	<u>\$ 11,455</u>	<u>\$ 7,187</u>

14. Subsidiaries

(1) Subsidiaries included in the consolidated financial statements

The main entities in the consolidated financial statements are as follows:

Name of Investor	Name of subsidiary	Nature of business	Shareholding percentage		
			Mar. 31, 2024	Dec. 31, 2023	Mar. 31, 2023
The Company	Morn Sun Foods Corp.	Selection, washing, packaging and sales of eggs for feeding of domestic livestock and poultry, and services of agricultural products and animal husbandry	58.04%	58.04%	58.04%

(2) Information on subsidiaries with significant non-controlling interests

Name of subsidiary	Percentage of equity and voting rights held by non-controlling interests		
	Mar. 31, 2024	Dec. 31, 2023	Mar. 31, 2023
Morn Sun Foods Corp.	41.96%	41.96%	41.96%

Please refer to Table 2 “Information on the investees, location and so on” for the information on the business nature, main place of business and country of registration of the above subsidiaries.

Name of subsidiary	Comprehensive income allocated to non-controlling interests		Non-controlling interests		
	Jan. 1 to Mar. 31, 2024	Jan. 1 to Mar. 31, 2023	Mar. 31, 2024	Dec. 31, 2023	Mar. 31, 2023
	Morn Sun Foods Corp.	<u>(\$ 5,282)</u>	<u>(\$ 5,462)</u>	<u>\$ 55,609</u>	<u>\$ 60,891</u>

The aggregate financial information of the subsidiary below is compiled based on the amount before the elimination of inter-company transactions:

Morn Sun Foods Corp.

	Mar. 31, 2024	Dec. 31, 2023	Mar. 31, 2023
Current assets	\$ 161,521	\$ 165,437	\$ 113,033
Non-current assets	201,412	201,761	205,227
Current liabilities	(192,441)	(220,212)	(121,368)
Non-current liabilities	<u>(37,964)</u>	<u>(1,871)</u>	<u>(1,834)</u>
Equity	<u>\$ 132,528</u>	<u>\$ 145,115</u>	<u>\$ 195,058</u>

Equity attributable to:

Owners of the Company	\$ 76,919	\$ 84,224	\$ 113,211
Non-controlling interests of Morn Sun Foods Corp.	<u>55,609</u>	<u>60,891</u>	<u>81,847</u>
	<u>\$ 132,528</u>	<u>\$ 145,115</u>	<u>\$ 195,058</u>

	Jan. 1 to Mar. 31, 2024	Jan. 1 to Mar. 31, 2023
Operating revenue	<u>\$ 224,926</u>	<u>\$ 154,927</u>
Current net loss	(\$ 12,587)	(\$ 13,016)
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive income	<u>(\$ 12,587)</u>	<u>(\$ 13,016)</u>
Net loss attributed to:		
Owners of the Company	(\$ 7,305)	(\$ 7,554)
Non-controlling interests of Morn Sun Foods Corp.	<u>(5,282)</u>	<u>(5,462)</u>
	<u>(\$ 12,587)</u>	<u>(\$ 13,016)</u>

Total comprehensive income attributable to:		
Owners of the Company	(\$ 7,305)	(\$ 7,554)
Non-controlling interests of Morn Sun Foods Corp.	(<u>5,282</u>)	(<u>5,462</u>)
	(\$ <u>12,587</u>)	(\$ <u>13,016</u>)
Cash flows		
Operating activities	(\$ 34,241)	(\$ 3,128)
Investing activities	(1,887)	-
Financing activities	<u>34,300</u>	<u>13,606</u>
Net cash inflow (outflow)	(\$ <u>1,828</u>)	\$ <u>10,478</u>

15. Investments Accounted for Using Equity Method

Investments in associates

	<u>Mar. 31, 2024</u>	<u>Dec. 31, 2023</u>	<u>Mar. 31, 2023</u>
<u>Associates that are significant</u>			
Unlisted (non-OTC) company			
Top Food Industry Corporation	<u>\$ 408,705</u>	<u>\$ 399,470</u>	<u>\$ 359,183</u>

Associates that are significant are as follows:

<u>Company name</u>	<u>Percentage of equity and voting rights held</u>		
	<u>Mar. 31, 2024</u>	<u>Dec. 31, 2023</u>	<u>Mar. 31, 2023</u>
Top Food Industry Corporation	36.84%	36.84%	36.84%

Please refer to Table 2 “Information on the investees, location and so on” for the information on the business nature, main place of business and country of registration of the above associates.

The invested and Group’s share of profit or loss and other comprehensive income by equity method was recognized based on the associates’ financial statements that have been reviewed by CPAs for the same period.

The following summary financial information has been prepared on the basis of the IFRSs financial statements of the associates, and has reflected the adjustments made when using the equity method.

Top Food Industry Corporation

	<u>Mar. 31, 2024</u>	<u>Dec. 31, 2023</u>	<u>Mar. 31, 2023</u>
Current assets	\$ 1,299,975	\$ 1,585,546	\$ 1,509,716
Non-current assets	1,169,613	1,185,801	1,255,952
Current liabilities	(897,189)	(1,113,383)	(1,270,082)
Non-current liabilities	(463,059)	(573,690)	(520,664)
Equity	<u>\$ 1,109,340</u>	<u>\$ 1,084,274</u>	<u>\$ 974,922</u>
Shareholding ratio of the Group	36.84%	36.84%	36.84%
Equity enjoyed by the Group	<u>\$ 408,705</u>	<u>\$ 399,470</u>	<u>\$ 359,183</u>
	<u>Jan. 1 to Mar. 31, 2024</u>	<u>Jan. 1 to Mar. 31, 2023</u>	
Operating revenue	<u>\$ 886,139</u>	<u>\$ 929,209</u>	
Current net income (loss)	\$ 25,066	(\$ 5,925)	
Other comprehensive income	<u>-</u>	<u>-</u>	
Total comprehensive income	<u>\$ 25,066</u>	<u>(\$ 5,925)</u>	

16. Property, Plant and Equipment

	Land	Buildings and structures	Leasehold improvements	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Property under construction	Total
<u>Costs</u>									
Balance at Jan. 1, 2024	\$ 110,010	\$ 320,050	\$ 1,390	\$ 121,931	\$ 33,787	\$ 3,655	\$ 56,118	\$ -	\$ 646,941
Additions	-	48	-	3,079	2,508	-	569	-	6,204
Disposal	-	-	-	-	(480)	-	-	-	(480)
Reclassification (Note)	-	-	-	1,410	4,477	-	-	-	5,887
Balance at Mar. 31, 2024	<u>\$ 110,010</u>	<u>\$ 320,098</u>	<u>\$ 1,390</u>	<u>\$ 126,420</u>	<u>\$ 40,292</u>	<u>\$ 3,655</u>	<u>\$ 56,687</u>	<u>\$ -</u>	<u>\$ 658,552</u>
<u>Accumulated depreciation</u>									
Balance at Jan. 1, 2024	\$ -	\$ 138,684	\$ 582	\$ 41,292	\$ 26,260	\$ 2,506	\$ 22,171	\$ -	\$ 231,495
Depreciation expenses	-	1,778	56	2,421	1,411	148	1,552	-	7,366
Disposal	-	-	-	-	(480)	-	-	-	(480)
Balance at Mar. 31, 2024	<u>\$ -</u>	<u>\$ 140,462</u>	<u>\$ 638</u>	<u>\$ 43,713</u>	<u>\$ 27,191</u>	<u>\$ 2,654</u>	<u>\$ 23,723</u>	<u>\$ -</u>	<u>\$ 238,381</u>
Net amount at Mar. 31, 2024	<u>\$ 110,010</u>	<u>\$ 179,636</u>	<u>\$ 752</u>	<u>\$ 82,707</u>	<u>\$ 13,101</u>	<u>\$ 1,001</u>	<u>\$ 32,964</u>	<u>\$ -</u>	<u>\$ 420,171</u>
Net amount as of Dec. 31, 2023 and Jan. 1, 2024	<u>\$ 110,010</u>	<u>\$ 181,366</u>	<u>\$ 808</u>	<u>\$ 80,639</u>	<u>\$ 7,527</u>	<u>\$ 1,149</u>	<u>\$ 33,947</u>	<u>\$ -</u>	<u>\$ 415,446</u>
<u>Costs</u>									
Balance at Jan. 1, 2023	\$ 110,010	\$ 308,584	\$ 907	\$ 108,624	\$ 33,287	\$ 3,655	\$ 49,724	\$ 13,756	\$ 628,547
Additions	-	-	-	206	-	-	-	-	206
Balance at Mar. 31, 2023	<u>\$ 110,010</u>	<u>\$ 308,584</u>	<u>\$ 907</u>	<u>\$ 108,830</u>	<u>\$ 33,287</u>	<u>\$ 3,655</u>	<u>\$ 49,724</u>	<u>\$ 13,756</u>	<u>\$ 628,753</u>
<u>Accumulated depreciation</u>									
Balance at Jan. 1, 2023	\$ -	\$ 131,961	\$ 403	\$ 32,901	\$ 21,580	\$ 1,865	\$ 16,182	\$ -	\$ 204,892
Depreciation expenses	-	1,679	38	1,997	1,161	170	1,469	-	6,514
Balance at Mar. 31, 2023	<u>\$ -</u>	<u>\$ 133,640</u>	<u>\$ 441</u>	<u>\$ 34,898</u>	<u>\$ 22,741</u>	<u>\$ 2,035</u>	<u>\$ 17,651</u>	<u>\$ -</u>	<u>\$ 211,406</u>
Net amount at Mar. 31, 2023	<u>\$ 110,010</u>	<u>\$ 174,944</u>	<u>\$ 466</u>	<u>\$ 73,932</u>	<u>\$ 10,546</u>	<u>\$ 1,620</u>	<u>\$ 32,073</u>	<u>\$ 13,756</u>	<u>\$ 417,347</u>

Note: Transfer-in of prepayment for equipment.

The Group did not recognize or reverse any impairment loss from Jan. 1 to Mar. 31, 2024 and 2023.

Depreciation expenses are recognized on a straight-line basis based on the number of useful lives below:

Buildings and structures	
Main buildings	35-45 years
Decoration engineering	3-23 years
Leasehold improvements	6 years
Machinery and equipment	3-20 years
Transportation equipment	5-6 years
Office equipment	3-8 years
Other equipment	3-15 years

17. Lease Arrangements

(1) Right-of-use assets

	<u>Mar. 31, 2024</u>	<u>Dec. 31, 2023</u>	<u>Mar. 31, 2023</u>
Carrying amount of right-of-use assets			
Land	\$ 1,461	\$ 1,519	\$ 1,691
Buildings	10,423	11,007	11,829
Transportation equipment	<u>3,705</u>	<u>3,546</u>	<u>3,884</u>
	<u>\$ 15,589</u>	<u>\$ 16,072</u>	<u>\$ 17,404</u>
	<u>Jan. 1 to Mar. 31, 2024</u>	<u>Jan. 1 to Mar. 31, 2023</u>	
Additions to right-of-use assets	<u>\$ 880</u>	<u>\$ 480</u>	
Depreciation expenses of right-of-use assets			
Land	\$ 58	\$ 58	\$ 58
Buildings	584	584	714
Transportation equipment	<u>721</u>	<u>721</u>	<u>1,358</u>
	<u>\$ 1,363</u>	<u>\$ 1,363</u>	<u>\$ 2,130</u>

In addition to the above additions and recognized depreciation expenses, the Group's right-of-use assets were not subleased or impaired from Jan. 1 to Mar. 31, 2024 and 2023.

(2) Lease liabilities

	<u>Mar. 31, 2024</u>	<u>Dec. 31, 2023</u>	<u>Mar. 31, 2023</u>
Carrying amount of lease liabilities			
Current	<u>\$ 4,748</u>	<u>\$ 4,791</u>	<u>\$ 5,699</u>
Non-current	<u>\$ 10,763</u>	<u>\$ 11,326</u>	<u>\$ 11,582</u>

Range of discount rate for lease liabilities is as follows:

	<u>Mar. 31, 2024</u>	<u>Dec. 31, 2023</u>	<u>Mar. 31, 2023</u>
Land	1.00%	1.00%	1.00%
Buildings	1.00% ~ 2.00%	1.00% ~ 2.00%	1.00% ~ 1.67%
Transportation equipment	0.91% ~ 2.20%	1.01% ~ 2.20%	0.91% ~ 2.20%

(3) Material lease-in activities and terms

The Group rented land for use as Changhua parking lot, for a period of 10 years; rented buildings for use as the Taipei office, Changhua pigsty and warehouse, for a period of 3-10 years; and rented transportation equipment for office operations in Taipei and Changhua, for a period of 2-5 years. The Group had no preferential right to take the rented land, buildings and transportation equipment, and it was agreed that the Group should not sublease or transfer the whole or part of the rented object without the consent of the lessor.

(4) Other leasing information

	<u>Jan. 1 to Mar. 31, 2024</u>	<u>Jan. 1 to Mar. 31, 2023</u>
Short-term lease expenses	<u>\$ 350</u>	<u>\$ 65</u>
Lease expenses of low-value assets	<u>\$ 13</u>	<u>\$ 13</u>
Total cash (outflow) from leases	<u>(\$ 1,901)</u>	<u>(\$ 2,443)</u>

The Group has elected apply the recognition exemption for land, buildings and transportation equipment eligible for short-term leases and certain office equipment eligible for low-value asset leases, and did not recognize the right-of-use assets and lease liabilities of said leases.

18. Investment property

	<u>Land</u>	<u>Buildings and structures</u>	<u>Total</u>
<u>Costs</u>			
Balance at Jan. 1, 2024 and Mar. 31, 2024	<u>\$ 21,265</u>	<u>\$ 8,964</u>	<u>\$ 30,229</u>
<u>Accumulated depreciation</u>			
Balance at Jan. 1, 2024	\$ -	\$ 5,662	\$ 5,662
Depreciation expenses	<u>-</u>	<u>58</u>	<u>58</u>
Balance at Mar. 31, 2024	<u>\$ -</u>	<u>\$ 5,720</u>	<u>\$ 5,720</u>
Net amount at Mar. 31, 2024	<u>\$ 21,265</u>	<u>\$ 3,244</u>	<u>\$ 24,509</u>

Net amount as of Dec. 31, 2023 and Jan. 1, 2024	<u>\$ 21,265</u>	<u>\$ 3,302</u>	<u>\$ 24,567</u>
<u>Costs</u>			
Balance at Jan. 1, 2023 and Mar. 31, 2023	<u>\$ 21,265</u>	<u>\$ 8,964</u>	<u>\$ 30,229</u>
<u>Accumulated depreciation</u>			
Balance at Jan. 1, 2023	\$ -	\$ 5,431	\$ 5,431
Depreciation expenses	<u>-</u>	<u>58</u>	<u>58</u>
Balance at Mar. 31, 2023	<u>\$ -</u>	<u>\$ 5,489</u>	<u>\$ 5,489</u>
Net amount at Mar. 31, 2023	<u>\$ 21,265</u>	<u>\$ 3,475</u>	<u>\$ 24,740</u>

The lease term of investment property is 3-5 years. At the end of the lease term, the lessee does not have a preferential right to take the investment property.

The total amount of lease payments that will be received in the future for leasing out investment property under operating leases is as follows:

	<u>Mar. 31, 2024</u>	<u>Dec. 31, 2023</u>	<u>Mar. 31, 2023</u>
1st year	\$ 2,940	\$ 2,880	\$ 3,040
2nd year	2,379	2,700	2,820
3rd year	690	766	2,259
4th year	247	312	610
5th year	<u>-</u>	<u>13</u>	<u>247</u>
	<u>\$ 6,256</u>	<u>\$ 6,671</u>	<u>\$ 8,976</u>

Investment property is depreciated on a straight-line basis based on the number of useful lives below:

Buildings and structures	45 years
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Fair value of investment property is as follows:

	<u>Mar. 31, 2024</u>	<u>Dec. 31, 2023</u>	<u>Mar. 31, 2023</u>
Fair value	<u>\$ 229,820</u>	<u>\$ 229,820</u>	<u>\$ 217,390</u>

The fair value of the investment property as of Mar. 31, 2024 and 2023 has not been evaluated by an independent evaluator, where, the management of the Group only reviewed the effectiveness of the valuation report on Nov. 17, 2023 and Nov. 24, 2021, respectively, and deemed that the fair value of the above investment property was still effective as of Mar. 31, 2024 and 2023, respectively, by taking into account the existing lease contracts and adjacent rental rates.

The fair value of investment property as of Dec. 31, 2023 is based on the valuation report made by the independent valuation company on Nov. 17, 2023, which was carried out by cost method and income method.

19. Other Intangible Assets

	<u>Computer software</u>
<u>Costs</u>	
Balance at Jan. 1, 2024 and Mar. 31, 2024	\$ <u>1,041</u>
<u>Accumulated amortization</u>	
Balance at Jan. 1, 2024	\$ 834
Amortization expenses	<u>29</u>
Balance at Mar. 31, 2024	\$ <u>863</u>
Net amount at Mar. 31, 2024	\$ <u>178</u>
Net amount as of Dec. 31, 2023 and Jan. 1, 2024	\$ <u>207</u>
<u>Costs</u>	
Balance at Jan. 1, 2023 and Mar. 31, 2023	\$ <u>886</u>
<u>Accumulated amortization</u>	
Balance at Jan. 1, 2023	\$ 630
Amortization expenses	<u>52</u>
Balance at Mar. 31, 2023	\$ <u>682</u>
Net amount at Mar. 31, 2023	\$ <u>204</u>

Amortization expenses are recognized on a straight-line basis based on the number of useful lives below:

Computer software 3-5 years

An analysis of amortization expenses by function:

	Jan. 1 to Mar. 31, 2024	Jan. 1 to Mar. 31, 2023
Administrative expenses	\$ <u>29</u>	\$ <u>52</u>

20. Other Assets

	<u>Mar. 31, 2024</u>	<u>Dec. 31, 2023</u>	<u>Mar. 31, 2023</u>
<u>Current</u>			
Prepayments	\$ 4,333	\$ 2,817	\$ 1,935
Others	<u>492</u>	<u>521</u>	<u>771</u>
	\$ <u>4,825</u>	\$ <u>3,338</u>	\$ <u>2,706</u>
<u>Non-current</u>			
Prepayment for equipment	\$ 8,382	\$ 13,135	\$ 10,593

Refundable deposits	<u>3,112</u>	<u>3,642</u>	<u>6,848</u>
	<u>\$ 11,494</u>	<u>\$ 16,777</u>	<u>\$ 17,441</u>

21. Borrowings

(1) Short-term debts

	<u>Mar. 31, 2024</u>	<u>Dec. 31, 2023</u>	<u>Mar. 31, 2023</u>
<u>Unsecured borrowings</u>			
Credit borrowings	\$ 255,000	\$ 315,000	\$ 370,000
Letter of credit borrowings	<u>115,096</u>	<u>59,829</u>	<u>78,735</u>
	<u>\$ 370,096</u>	<u>\$ 374,829</u>	<u>\$ 448,735</u>

The range of market interest rates on short-term debts at the balance sheet date is as follows:

	<u>Mar. 31, 2024</u>	<u>Dec. 31, 2023</u>	<u>Mar. 31, 2023</u>
Unsecured borrowings from bank	1.650% ~ 6.300%	1.650% ~ 6.343%	1.330% ~ 5.610%

(2) Short-term bills payable

	<u>Mar. 31, 2024</u>	<u>Dec. 31, 2023</u>	<u>Mar. 31, 2023</u>
Commercial paper payable	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ 110,000</u>

The short-term bills payable that has not yet expired is as follows:

Mar. 31, 2024

Guarantee/ acceptance agency	<u>Face value</u>	<u>Discount amount</u>	<u>Carrying amount</u>	<u>Interest rate range</u>	<u>Name of collateral</u>
<u>Commercial paper payable</u>					
China Bills Finance Corporation	<u>\$ 20,000</u>	<u>\$ -</u>	<u>\$ 20,000</u>	1.420%	None

Dec. 31, 2023

Guarantee/ acceptance agency	<u>Face value</u>	<u>Discount amount</u>	<u>Carrying amount</u>	<u>Interest rate range</u>	<u>Name of collateral</u>
<u>Commercial paper payable</u>					
Taiwan Finance Corporation	<u>\$ 20,000</u>	<u>\$ -</u>	<u>\$ 20,000</u>	1.450%	None

Mar. 31, 2023

<u>Guarantee/ acceptance agency</u>	<u>Face value</u>	<u>Discount amount</u>	<u>Carrying amount</u>	<u>Interest rate range</u>	<u>Name of collateral</u>
<u>Commercial paper payable</u>					
China Bills Finance Corporation	\$ 50,000	\$ -	\$ 50,000	1.330%	None
Taiwan Finance Corporation	40,000	-	40,000	1.330%~ 1.350%	None
Dah Chung Bills Finance Corp.	<u>20,000</u>	<u>-</u>	<u>20,000</u>	1.510%	None
	<u>\$ 110,000</u>	<u>\$ -</u>	<u>\$ 110,000</u>		

Commercial paper payable refers to interest-bearing short-term bills payable, which are measured at the original face value since the effect of discount is insignificant.

(3) Long-term loans

	<u>Mar. 31, 2024</u>	<u>Dec. 31, 2023</u>	<u>Mar. 31, 2023</u>
<u>Unsecured borrowings</u>			
Bank borrowings	\$ 35,000	\$ -	\$ -
Less: Listed as part due within 1 year	<u>-</u>	<u>-</u>	<u>-</u>
Long-term loans	<u>\$ 35,000</u>	<u>\$ -</u>	<u>\$ -</u>

The Group obtained a new dynamically provisioned bank borrowing of NT\$ 35,000 thousand in Mar. 2024, with a borrowing rate of 0.50%. The grace period is from the date of dynamic provisioning to Apr. 2026, after which the principal will be amortized every month. The maturity date of the borrowing is Mar. 2029, and the dynamically provisioned amount is mainly used for general operating turnover.

22. Accounts Payable

	<u>Mar. 31, 2024</u>	<u>Dec. 31, 2023</u>	<u>Mar. 31, 2023</u>
<u>Accounts payable</u>			
From operations	<u>\$ 182,846</u>	<u>\$ 217,554</u>	<u>\$ 199,804</u>

The Group has a financial risk management policy, to ensure that all payables are repaid within a pre-agreed credit period.

23. Other Payables

	<u>Mar. 31, 2024</u>	<u>Dec. 31, 2023</u>	<u>Mar. 31, 2023</u>
Salaries and bonuses payable	\$ 17,996	\$ 27,689	\$ 9,235

Remuneration to employees and directors payable	16,000	13,000	2,000
Freight payable	5,586	6,554	5,283
Repair charge payable	2,234	4,128	1,204
Equipment payment payable	3,170	3,880	1,545
Promotion expense payable	3,377	3,525	-
Insurance expense payable	1,819	1,753	1,858
Service expense payable	917	1,234	263
Pension payable	920	913	883
Payment for time not worked payable	2,495	-	2,392
Others	<u>8,746</u>	<u>9,011</u>	<u>6,356</u>
	<u>\$ 63,260</u>	<u>\$ 71,687</u>	<u>\$ 31,019</u>

24. Post-Employment Benefit Plans

The determined benefit plan related pensions recognized from Jan. 1 to Mar. 31, 2024 and 2023 were calculated based on the determined pension cost rate on Dec. 31, 2023 and 2022, with the amounts being NT\$ 94 thousand and NT\$ 10 thousand, respectively.

25. Equity

(1) Common stock

	<u>Mar. 31, 2024</u>	<u>Dec. 31, 2023</u>	<u>Mar. 31, 2023</u>
Authorized shares (in thousands)	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>
Authorized capital	<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$ 500,000</u>
Issued and paid shares (in thousands)	<u>39,370</u>	<u>39,370</u>	<u>38,598</u>
Issued capital	<u>\$ 393,702</u>	<u>\$ 393,702</u>	<u>\$ 385,982</u>

The ordinary shares issued, with a par value of NT\$10 per share, are entitled to one voting right per share and to the right to receive dividends.

On Jun. 26, 2023, upon resolution of the annual general meeting, the Company passed capital increase of NT\$ 7,720 thousand from surplus, with issuance of total 772 thousand new shares at the par value of NT\$10 each, which has been approved and declared effective by the Financial Supervisory Commission on Aug. 10, 2023. And on Aug. 11, 2023, it was resolved by the Board of Directors to set Sept. 5, 2023 as the base date for capital increase.

(2) Capital surplus

	<u>Mar. 31, 2024</u>	<u>Dec. 31, 2023</u>	<u>Mar. 31, 2023</u>
<u>May be used to</u> <u>compensate losses,</u> <u>distribute cash, or</u> <u>replenish capital</u> (Note 1)			
Share premium	\$ 132,883	\$ 132,883	\$ 132,883
Difference between the actual acquisition or disposal price of the subsidiary's equity price and the book value	2,135	2,135	2,135
Conversion premium of employee stock options	1,023	1,023	1,023
Expiration of employee stock options	372	372	372
<u>May only be used to</u> <u>compensate losses</u>			
Recognition of changes in ownership interests of subsidiaries (Note 2)	<u>8,794</u>	<u>8,794</u>	<u>8,794</u>
	<u>\$ 145,207</u>	<u>\$ 145,207</u>	<u>\$ 145,207</u>

Note 1: This type of capital surplus can be used to make up for losses, and can also be used to pay cash or to replenish capital when the Company does not suffer losses, but when capital is replenished, it is limited to a certain percentage of the paid-in capital each year.

Note 2: Such capital reserves are the impact of equity transactions recognized as a factor of changes in the subsidiary's equity when the Company makes no actual acquisition or disposal of the subsidiary's equity.

(3) Retained earnings and dividends policy

In accordance with the Company's Articles of Incorporation regarding the earnings distribution policy, if there is a surplus in the Company's annual final accounts, it shall be firstly used to pay taxes and make up for cumulative losses, and then 10% of the balance shall be set aside as the legal reserve, which shall no longer be set aside if reaching paid-in capital of the Company; and then special reserves shall be set aside or reversed as stipulated by laws and regulations or

competent authority; as for the balance, together with the cumulative undistributed earnings, the Board of Directors shall make an earning distribution proposal, and then submit to the Shareholders' Meeting to resolve to be used for distribution of shareholders' dividends and bonuses. If the Company's Shareholders' Meeting resolves to distribute dividends to shareholders in the form of cash or stock, and if the Company's Shareholders' Meeting resolves to distribute dividends to shareholders, no less than 10% of the cumulative earnings available for distribution shall be allocated for the distribution of dividends to shareholders every year, but if the cumulative earnings available for distribution are less than 1% of the paid-in capital, it may not be distributed, and the cash dividend shall not be less than 10% of the total dividends. For the employee compensation and directors' remuneration distribution policy stipulated in the Company's Articles of Incorporation, please refer to Note 27(8) regarding employee compensation and directors' remuneration.

The legal reserve may be used to make up for losses. When the Company does not suffer losses, the part of the legal reserve in excess of 25% of the total paid-in capital can be distributed in cash in addition to being used to replenish the capital. The Company set aside and reversed a special reserve in accordance with the FSC letters Jin-Guan-Zheng-Fa-Zi No. 1090150022, and the directive, entitled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs."

The Company held the board meeting and annual general meeting on Mar. 11, 2024 and Jun. 26, 2023, respectively, which proposed and resolved and passed the earning distribution plans for 2023 and 2022 as follows:

	<u>2023</u>	<u>2022</u>
Legal reserve	<u>\$ 16,345</u>	<u>\$ 956</u>
Cash dividends	<u>\$ 86,614</u>	<u>\$ 38,598</u>
Stock dividends	<u>\$ 19,685</u>	<u>\$ 7,720</u>
Cash dividend per share (NTD)	\$ 2.2	\$ 1.0
Stock dividend per share (NTD)	\$ 0.5	\$ 0.2

The remaining earnings distribution plan for 2023 is to be resolved by the annual general meeting held on Jun. 24, 2024.

(4) Other equity items

Unrealized appraisal gains or losses from financial assets at fair value through other comprehensive income

	Jan. 1 to Mar. 31, 2024	Jan. 1 to Mar. 31, 2023
Opening balance	\$ 246,029	\$ 247,399
Recognized in the current period		
Unrealized Gain/(Loss)		
Equity instruments	<u>9,771</u>	<u>6,721</u>
Other comprehensive income in the current period	<u>9,771</u>	<u>6,721</u>
Closing balance	<u>\$ 255,800</u>	<u>\$ 254,120</u>

(5) Non-controlling interests

	Jan. 1 to Mar. 31, 2024	Jan. 1 to Mar. 31, 2023
Opening balance	\$ 60,891	\$ 87,309
Current net loss	(5,282)	(5,462)
Closing balance	<u>\$ 55,609</u>	<u>\$ 81,847</u>

26. Revenue

	Jan. 1 to Mar. 31, 2024	Jan. 1 to Mar. 31, 2023
<u>Revenue from customer contracts</u>		
Revenue from livestock feed	\$ 400,232	\$ 413,864
Revenue from egg products	224,751	154,478
Revenue from breeding	75,305	95,124
Revenue from trading of bulk raw materials	13,304	85,718
Other income	<u>1,238</u>	<u>2,620</u>
	<u>\$ 714,830</u>	<u>\$ 751,804</u>

(1) Description of customer contracts

Sales revenue

Sales revenue of the Group mainly comes main from sales of all kinds of feeds, bulk raw materials, pigs and meat poultry, and egg products, which are accounted for when actual discounts occur, while the remaining sales items are sold at fixed prices agreed on by contract.

(2) Balance of contracts

	Mar. 31, 2024	Dec. 31, 2023	Mar. 31, 2023	Jan. 1, 2023
Notes receivable (Note 11)	<u>\$ 226,701</u>	<u>\$ 211,143</u>	<u>\$ 206,205</u>	<u>\$ 221,691</u>

Accounts receivable (Note 11)	<u>\$ 300,323</u>	<u>\$ 329,582</u>	<u>\$ 264,179</u>	<u>\$ 332,526</u>
Contract liabilities Sales	<u>\$ 918</u>	<u>\$ 754</u>	<u>\$ 5,581</u>	<u>\$ 3,243</u>

(3) Breakdown of revenue from customer contracts

Please refer to Note 37 for information on breakdown of revenues.

27. Net Income

(1) Interest income

	<u>Jan. 1 to Mar. 31, 2024</u>	<u>Jan. 1 to Mar. 31, 2023</u>
Financial assets at amortized cost	\$ 139	\$ 67
Financial assets at FVTPL	527	-
Others	<u>6</u>	<u>-</u>
	<u>\$ 672</u>	<u>\$ 67</u>

(2) Other income

	<u>Jan. 1 to Mar. 31, 2024</u>	<u>Jan. 1 to Mar. 31, 2023</u>
Dividend income	\$ 60	\$ 55
Rental income	309	309
Others	<u>207</u>	<u>470</u>
	<u>\$ 576</u>	<u>\$ 834</u>

(3) Other gains or losses

	<u>Jan. 1 to Mar. 31, 2024</u>	<u>Jan. 1 to Mar. 31, 2023</u>
Net foreign currency exchange gains (losses)	(\$ 2,777)	\$ 411
Gains on disposal of property, plant and equipment	29	-
Gains from disposal of productive biological assets	326	96
Gains (losses) from financial assets mandatorily at fair value through profit or loss	(597)	2,949
Others	<u>(84)</u>	<u>(3)</u>
	<u>(\$ 3,103)</u>	<u>\$ 3,453</u>

(4) Financial costs

	Jan. 1 to Mar. 31, 2024	Jan. 1 to Mar. 31, 2023
Interest on bank borrowings	(\$ 2,531)	(\$ 2,843)
Interest on lease liabilities	(<u>52</u>)	(<u>46</u>)
	(\$ <u>2,583</u>)	(\$ <u>2,889</u>)

(5) Depreciation and amortization

	Jan. 1 to Mar. 31, 2024	Jan. 1 to Mar. 31, 2023
Property, plant and equipment	\$ 7,366	\$ 6,514
Biological assets	1,913	1,261
Right-of-use assets	1,363	2,130
Investment property	58	58
Intangible assets	<u>29</u>	<u>52</u>
	\$ <u>10,729</u>	\$ <u>10,015</u>
An analysis of depreciation expenses by function		
Operating costs	\$ 7,586	\$ 6,310
Operating expenses	<u>3,114</u>	<u>3,653</u>
	\$ <u>10,700</u>	\$ <u>9,963</u>
An analysis of amortization expenses by function		
Operating expenses	<u>\$ 29</u>	<u>\$ 52</u>

Please refer to Note 19 for information on allocation of intangible assets' amortization expenses to individual line items.

(6) Direct operating expenses of investment property

	Jan. 1 to Mar. 31, 2024	Jan. 1 to Mar. 31, 2023
Rental income generated		
Salaries and wages	\$ 94	\$ 42
Depreciation	58	58
Others	<u>26</u>	<u>25</u>
	\$ <u>178</u>	\$ <u>125</u>

(7) Employee benefits expenses

	Jan. 1 to Mar. 31, 2024	Jan. 1 to Mar. 31, 2023
Short-term employee benefits	\$ <u>37,123</u>	\$ <u>31,776</u>

Post-employment benefits		
Defined contribution plans	1,356	1,435
Defined benefit plans (Note 24)	<u>94</u>	<u>10</u>
	<u>1,450</u>	<u>1,445</u>
Labor and health insurance expenses	3,158	3,303
Other employee benefits	<u>1,251</u>	<u>1,272</u>
Total employee benefits expenses	<u>\$ 42,982</u>	<u>\$ 37,796</u>
An analysis by function		
Operating costs	\$ 15,129	\$ 13,703
Operating expenses	<u>27,853</u>	<u>24,093</u>
	<u>\$ 42,982</u>	<u>\$ 37,796</u>

(8) Employee compensation and directors' remuneration

In accordance with the provisions of the Articles of Incorporation, the Company shall allocate more than 1.5% and no more than 5% of the pre-tax income before the employee compensation and directors' remuneration distributed are deducted for employee compensation and directors' remuneration, respectively. Estimated employee compensation and director remuneration for the three months ended Mar. 31, 2024 and 2023 are as follows:

Estimated percentage

	<u>Jan. 1 to Mar. 31, 2024</u>	<u>Jan. 1 to Mar. 31, 2023</u>
Employee compensation	2.94%	2.38%
Directors' remuneration	2.94%	2.38%

Amount

	<u>Jan. 1 to Mar. 31, 2024</u>	<u>Jan. 1 to Mar. 31, 2023</u>
Employee compensation	<u>\$ 1,500</u>	<u>\$ 500</u>
Directors' remuneration	<u>\$ 1,500</u>	<u>\$ 500</u>

If there is a change in the amount after the annual consolidated financial statements are approved for release, it shall be treated as a change in accounting estimates and adjusted and accounted for in the next year.

The employee compensation and directors' remuneration for 2023 and 2022 resolved by the board of directors on Mar. 11, 2024 and Mar. 27, 2023, respectively, are as follows:

	<u>2023</u>	<u>2022</u>
	<u>Cash</u>	<u>Cash</u>
Employee compensation	<u>\$ 6,500</u>	<u>\$ 500</u>
Directors' remuneration	<u>\$ 6,500</u>	<u>\$ 500</u>

For information on employee compensation and directors' remuneration decided by the Company's board of directors, please visit the Market Observatory Post System (MOPS) of Taiwan Stock Exchange.

(9) Gains and losses from foreign currency exchange

	<u>Jan. 1 to Mar. 31, 2024</u>	<u>Jan. 1 to Mar. 31, 2023</u>
Total foreign currency exchange gains	\$ 89	\$ 923
Total foreign currency exchange (losses)	(<u>2,866</u>)	(<u>512</u>)
Net gains (losses)	(<u>\$ 2,777</u>)	<u>\$ 411</u>

28. Income Tax

(1) Income tax recognized in profit or loss

Major components of tax expenses are as follows:

	<u>Jan. 1 to Mar. 31, 2024</u>	<u>Jan. 1 to Mar. 31, 2023</u>
Current income tax		
Current period	\$ 11,889	\$ 4,418
Deferred tax		
Current period	(<u>2,387</u>)	<u>935</u>
Income tax expense recognized in profit or loss	<u>\$ 9,502</u>	<u>\$ 5,353</u>

(2) Income tax approval

As for the profit-seeking enterprise income tax returns filed by the Company, the cases before 2021 have been approved by the tax collection authority. As for the profit-seeking enterprise income tax returns filed by the subsidiaries, the cases before 2022 have been approved by the tax collection authority. As of Mar. 31, 2024, the Company and its subsidiaries did not have any pending tax litigation cases.

29. Earnings Per Share

	Unit: NTD per share	
	Jan. 1 to Mar. 31, 2024	Jan. 1 to Mar. 31, 2023
Earnings per basic share	<u>\$ 0.98</u>	<u>\$ 0.37</u>
Earnings per diluted share	<u>\$ 0.98</u>	<u>\$ 0.37</u>

In calculating the earnings per share, the impact of the items subject to retrospective adjustment of the stock grants has been retroactively adjusted and the base date of the stock grants was set on Sept. 5, 2023. Upon retrospective adjustment, the change in earnings per basic share and per diluted share from Jan. 1 to Mar. 31, 2023 is as follows:

	Unit: NTD per share	
	Before retrospective adjustment	After retrospective adjustment
Earnings per basic share	<u>\$ 0.38</u>	<u>\$ 0.37</u>
Earnings per diluted share	<u>\$ 0.38</u>	<u>\$ 0.37</u>

The earnings and the weighted average number of ordinary shares adopted to calculate the earnings per share are as follows:

Profit

	Jan. 1 to Mar. 31, 2024	Jan. 1 to Mar. 31, 2023
Net income used in the computation of the earnings per basic share and per diluted share - attributed to the owners of the Company	<u>\$ 38,740</u>	<u>\$ 14,615</u>

Number of shares

	Unit: thousand shares	
	Jan. 1 to Mar. 31, 2024	Jan. 1 to Mar. 31, 2023
Weighted average number of ordinary shares in computation of basic earnings per share	39,370	39,370
Effect of potentially dilutive ordinary shares:		
Employee compensation	<u>132</u>	<u>22</u>

Weighted average number of ordinary shares used in the computation of diluted earnings per share

39,502

39,392

If the Group can settle the compensation to employees in cash or shares, the Group assumes the entire amount of the compensation would be settled in shares and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share if the effect is dilutive. Such a dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

30. Information on Cash Flows

(1) Non-cash transactions

Unless disclosed in other notes, the Group conducted the following non-cash transaction activities from Jan. 1 to Mar. 31, 2024 and 2023:

As of Mar. 31, 2024, Dec. 31, 2023 and Mar. 31, 2023, the outstanding amounts for the acquisition of property, plant and equipment by the Group are NT\$3,170 thousand, NT\$3,880 thousand and NT\$1,545 thousand, respectively (other payables included in the statements).

(2) Changes in liabilities from financing activities

Jan. 1 to Mar. 31, 2024

	Jan. 1, 2024	Cash flows	Non-cash changes			Others	Mar. 31, 2024
			New leases	Amortized amount of interest expense	Effect of exchange rate changes		
Short-term debts	\$ 374,829	(\$ 6,410)	\$ -	\$ -	\$ 1,677	\$ -	\$ 370,096
Lease liabilities	16,117	(1,486)	880	52	-	(52)	15,511
Long-term loans	-	35,000	-	-	-	-	35,000
	<u>\$ 390,946</u>	<u>\$ 27,104</u>	<u>\$ 880</u>	<u>\$ 52</u>	<u>\$ 1,677</u>	<u>(\$ 52)</u>	<u>\$ 420,607</u>

Jan. 1 to Mar. 31, 2023

	Jan. 1, 2023	Cash flows	Non-cash changes			Others	Mar. 31, 2023
			New leases	Amortized amount of interest expense	Effect of exchange rate changes		
Short-term debts	\$ 501,879	(\$ 53,144)	\$ -	\$ -	\$ -	\$ -	\$ 448,735
Short-term bills payable	20,000	90,000	-	-	-	-	110,000
Lease liabilities	19,120	(2,319)	480	46	-	(46)	17,281
	<u>\$ 540,999</u>	<u>\$ 34,537</u>	<u>\$ 480</u>	<u>\$ 46</u>	<u>\$ -</u>	<u>(\$ 46)</u>	<u>\$ 576,016</u>

31. Capital Risk Management

The Group makes capital management to ensure that the Group is able to maximize shareholder returns by optimizing debt and equity balances as a going concern. There is no change in overall strategy of the Group.

The capital structure of the Group consists of the Group's net debt (i.e., borrowings less cash) and equity attributable to owners of the Company (i.e., equity, capital reserves, retained earnings and other equity items).

The Group does not need to comply with other external capital requirements.

The Group's key management reviews the capital structure regularly, and their review includes considering the costs of various types of capital and relevant risks. Based on advice of the key management, the Group will balance the whole capital structure by payment of dividends, issuance of new shares or repayment of old debts, etc.

32. Financial Instruments

(1) Fair value - financial instruments not at fair value

Mar. 31, 2024

	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
<u>Financial assets</u>					
Financial assets at amortized cost					
- Foreign bonds	<u>\$ 10,418</u>	<u>\$ -</u>	<u>\$ 10,546</u>	<u>\$ -</u>	<u>\$ 10,546</u>

Dec. 31, 2023

	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
<u>Financial assets</u>					
Financial assets at amortized cost					
- Foreign bonds	<u>\$ 10,418</u>	<u>\$ -</u>	<u>\$ 10,361</u>	<u>\$ -</u>	<u>\$ 10,361</u>

Mar. 31, 2023

	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
<u>Financial assets</u>					
Financial assets at amortized cost					
- Foreign bonds	<u>\$ 10,418</u>	<u>\$ -</u>	<u>\$ 10,202</u>	<u>\$ -</u>	<u>\$ 10,202</u>

Except for the foreign bonds of Level 2 above, which are measured by reference market values provided by third parties, the carrying amounts of financial assets and financial liabilities that are not measured at fair value are close to their fair value or their fair value cannot be reliably measured.

(2) Fair value - financial instruments at fair value on a recurring basis

A. Fair value hierarchy

Mar. 31, 2024

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at</u>				
<u>FVTPL</u>				
Domestic listed (OTC) stocks	\$ 20,653	\$ -	\$ -	\$ 20,653
Foreign bonds	<u>-</u>	<u>39,172</u>	<u>-</u>	<u>39,172</u>
	<u>\$ 20,653</u>	<u>\$ 39,172</u>	<u>\$ -</u>	<u>\$ 59,825</u>

<u>Financial assets at</u>				
<u>FVTOCI</u>				
Investment in equity instruments				
- Domestic listed stocks	<u>\$ 306,703</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 306,703</u>

Dec. 31, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at</u>				
<u>FVTPL</u>				
Domestic listed stocks	\$ 29,136	\$ -	\$ -	\$ 29,136
Foreign bonds	<u>-</u>	<u>12,311</u>	<u>-</u>	<u>12,311</u>
	<u>\$ 29,136</u>	<u>\$ 12,311</u>	<u>\$ -</u>	<u>\$ 41,447</u>

<u>Financial assets at</u>				
<u>FVTOCI</u>				
Investment in equity instruments				
- Domestic listed stocks	<u>\$ 296,932</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 296,932</u>

Mar. 31, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at</u>				
<u>FVTPL</u>				
Domestic listed (OTC) stocks	<u>\$ 22,216</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,216</u>

<u>Financial assets at</u>				
<u>FVTOCI</u>				
Investment in equity instruments				
- Domestic listed stocks	<u>\$ 305,023</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 305,023</u>

Transfer between Level 1 and Level 2 fair values from Jan. 1 to Mar. 31, 2024 and 2023.

B. Valuation techniques and inputs applied for Level 2 fair value measurement

<u>Types of financial instruments</u>	<u>Valuation techniques and inputs</u>
Foreign debt instrument investment	It is measured by reference market values provided by third parties.

(3) Categories of financial instruments

	<u>Mar. 31, 2024</u>	<u>Dec. 31, 2023</u>	<u>Mar. 31, 2023</u>
<u>Financial assets</u>			
Financial assets at FVTPL			
Mandatorily at FVTPL	\$ 59,825	\$ 41,447	\$ 22,216
Financial assets at amortized cost (Note 1)	629,141	630,528	606,758
Financial assets at FVTOCI			
Investment in equity instruments	306,703	296,932	305,023
<u>Financial liability</u>			
Financial liability at amortized cost (Note 2)	659,328	658,554	787,192

Note 1: The balances include financial assets measured at amortized cost, which comprise cash, financial assets measured at amortized cost, notes receivable, accounts receivable, other receivables, other receivables - related parties and refundable deposits (other non-current assets included in the statements).

Note 2: The balances include financial liabilities measured at amortized cost, which comprise short-term debts, short-term notes payable, notes payable, accounts payable, accounts payable - related parties, some other payables, other payables - related parties, long-term loans, and guarantee deposits received (other non-current assets included in the statements).

(4) Financial risk management objective and policies

Main financial instruments of the Group include equity investment, accounts receivable, accounts payable, borrowings and lease liabilities, etc. The Group's financial management department supervises and manages the financial risks related to the Group's operations through the internal reports on risk exposure analyses based on the degree and breadth of risks. These risks include market risk (including exchange rate risk, interest rate risk, and other price risks), credit risk, and liquidity risk.

A. Market risk

The main financial risks of the Group as a result of its operations are the risk of foreign exchange rate fluctuations (refer to (1) below), the risk of interest rate fluctuations (refer to (2) below) and other price risks (refer to (3) below). There is no change in the Group's exposure to market risks in financial instruments and in the way it manages and measures such exposure.

(A) Exchange rate risk

The Group is engaged in transactions denominated in foreign currencies, thus causing the Group to be exposed to the risk of exchange rate fluctuations.

For the carrying amount of the Group's monetary assets and monetary liabilities denominated in non-functional currencies at the balance sheet date, please refer to Note 35.

Sensitivity analysis

The Group is mainly affected by fluctuations in the exchange rates of USD.

The table below details the Group's sensitivity analysis when the exchange rate between the NTD (functional currency) and the functional currency increases and decreases by 1%. A sensitivity rate of 1% is used internally when reporting to management from the Group on exchange rate risks. It represents management's assessment on reasonably possible scope of foreign exchange rates. The sensitivity analysis includes only monetary items in outstanding foreign currencies, and adjusts their conversion at the end of the period by 1% fluctuation in exchange rate. The amounts in the following table represent the amount that would increase in net income before tax if the NTD appreciates by 1% against the USD; when the NTD depreciates by 1% against the USD, its impact on net income before tax will be negative of the same amount.

	Effect on USD	
	Jan. 1 to Mar. 31, 2024	Jan. 1 to Mar. 31, 2023
Gains and losses	\$ 1,313	\$ 1,511

The above mainly arose from the Group's short-term debts, and accounts payable denominated in USD that are still in circulation without cash flow hedging at the balance sheet date.

The decrease in the Group's sensitivity to USD exchange rate in the current period was mainly due to the decrease in the accounts payable denominated in USD.

(B) Interest rate risk

Because the Group has capital adopting fixed and floating interest rates simultaneously, thus, the interest rate risk exposure arises. The Group manages the interest rate risk by maintaining an appropriate fixed and floating interest rate portfolio.

The carrying amount of the Group's financial assets and financial liabilities exposed to the interest rate risk at the balance sheet date is as follows:

	<u>Mar. 31, 2024</u>	<u>Dec. 31, 2023</u>	<u>Mar. 31, 2023</u>
Interest rate risk with fair value			
- Financial assets	\$ 49,590	\$ 22,729	\$ -
- Financial liability	85,511	156,117	307,281
Cash flow interest rate risk			
- Financial assets	86,576	73,655	122,779
- Financial liability	355,096	254,829	268,735

Sensitivity analysis

The following sensitivity analysis is based on the interest rate risk of non-derivative instruments at the balance sheet date. For assets and liabilities adopting floating interest rate, the analysis assumes that the amounts of the assets and liabilities outstanding at the balance sheet date are outstanding during the reporting period. The fluctuation rate used by the Group in reporting interest rates internally to the key management is a 25 basis point increase or decrease in interest rate, which also represents management's assessment of the range of reasonable possible fluctuations in interest rates.

If the interest rate increases/decreases by 25 base point, then under the condition that all other variables remain unchanged, the Group's net income before tax from Jan. 1 to Mar. 31, 2024 and 2023 would decrease/increase by NT\$ 168 thousand and NT\$ 91 thousand, respectively, mainly because of the Group's risk exposure of deposits and borrowings at floating interest rates.

The increase in the Group's sensitivity to interest rate in the current period was mainly due to the increase in the bank borrowings adopting floating interest rate.

(C) Other price risks

The Group is exposed to price risk arising from investment in negotiable securities.

Sensitivity analysis

The following sensitivity analysis is based on the securities price risk at the balance sheet date.

If the securities price increases/decreases by 1%, the gains and losses before tax from Jan. 1 to Mar. 31, 2024 and 2023 would increase/decrease NT\$ 598 thousand and NT\$ 222 thousand, respectively, due to increase/decrease in fair value of financial assets at fair value through profit and loss; and the other comprehensive income before tax from Jan. 1 to Mar. 31, 2024 and 2023 would increase/decrease NT\$ 3,067 thousand and NT\$ 3,050 thousand, respectively, due to increase/decrease in fair value of financial assets at fair value through other comprehensive income.

The Group has increased sensitivity to price risk of financial assets at fair value through profit and loss in the current period, mainly due to increase in debt instrument investment.

The Group's sensitivity to price risk of financial assets at fair value through other comprehensive income in this period, is not much different from the same period of the previous year.

B. Credit risk

Credit risk refers to the risk that a counterparty defaults on the contract obligation and causes the financial loss to the Group. As of the balance sheet date, the maximum credit risk exposure that the Group may incur financial

losses due to the counterparty's non-performance of obligations, is mainly from the carrying amount of financial assets recognized in the consolidated balance sheet.

The Group's object of accounts receivable cover a large number of customers, without material credit risk against any single counterparty or any group of counterparties with similar characteristics.

C. Liquidity risk

The Group manages and maintains sufficient cash positions to support the operations of the Group and mitigate the impact of cash flow fluctuations. The Group's management supervises use condition of the banks' financing facilities, and guarantee compliance with the borrowing contract clauses.

Borrowings from banks are an important source of liquidity for the Group. For financing facilities unspent by the Group, please refer to the following (B) Description of financing facilities.

(A) Table of liquidity and interest rate risks of non-derivative financial liabilities

The remaining contractual maturity analysis of non-derivative financial liabilities was based on the earliest date at which the Group might be required to repay and was compiled based on the undiscounted cash flows of financial liabilities (including principal and estimated interest). Therefore, the bank borrowings for which the Group may be demanded to make immediate repayment, are listed within the earliest period in the following table, however, by considering the financial position of the Group, the management thinks that it is unlikely that the bank would exercise its right to demand immediate settlement from the Group. The management believes that the bank borrowings will be repaid at the end of the reporting period in accordance with the repayment schedule specified in the borrowing agreement; the maturity analysis of other non-derivative financial liabilities was compiled in accordance with the agreed repayment date.

For interest cash flows paid at floating interest rates, the undiscounted amount of interest is derived from the yield curve at the balance sheet date.

Mar. 31, 2024

	Require immediate payment or payment within 1 month	1-3 months	3 months -1 year	1-5 years	Over 5 years
Non-interest-bearing liabilities	\$ 234,029	\$ -	\$ -	\$ 203	\$ -
Lease liabilities	289	728	3,906	9,617	1,427
Floating interest rate instruments	13,294	258,888	50,216	36,988	-
Fixed interest rate instruments	<u>50,081</u>	<u>20,041</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 297,693</u>	<u>\$ 279,657</u>	<u>\$ 54,122</u>	<u>\$ 46,808</u>	<u>\$ 1,427</u>

Dec. 31, 2023

	Require immediate payment or payment within 1 month	1-3 months	3 months -1 year	1-5 years	Over 5 years
Non-interest-bearing liabilities	\$ 263,523	\$ -	\$ -	\$ 203	\$ -
Lease liabilities	745	769	3,455	9,694	1,936
Floating interest rate instruments	25,619	200,757	30,167	-	-
Fixed interest rate instruments	<u>90,160</u>	<u>50,107</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 380,047</u>	<u>\$ 251,633</u>	<u>\$ 33,622</u>	<u>\$ 9,897</u>	<u>\$ 1,936</u>

Mar. 31, 2023

	Require immediate payment or payment within 1 month	1-3 months	3 months -1 year	1-5 years	Over 5 years
Non-interest-bearing liabilities	\$ 228,254	\$ -	\$ -	\$ 203	\$ -
Lease liabilities	543	1,033	4,269	8,560	3,310
Floating interest rate instruments	647	219,326	50,198	-	-
Fixed interest rate instruments	<u>160,255</u>	<u>110,136</u>	<u>20,088</u>	<u>-</u>	<u>-</u>
	<u>\$ 389,699</u>	<u>\$ 330,495</u>	<u>\$ 74,555</u>	<u>\$ 8,763</u>	<u>\$ 3,310</u>

(B) Financing facilities

	<u>Mar. 31, 2024</u>	<u>Dec. 31, 2023</u>	<u>Mar. 31, 2023</u>
Unsecured bank loan limit			
- Amount spent	\$ 425,096	\$ 394,829	\$ 558,735
- Amount unspent	<u>1,499,904</u>	<u>1,482,221</u>	<u>1,571,265</u>
	<u>\$ 1,925,000</u>	<u>\$ 1,877,050</u>	<u>\$ 2,130,000</u>

33. Related Party Transactions

The transactions, account balances, as well as income and expenses between the Company and its subsidiaries (which are related parties of the Company) are all eliminated upon consolidation, so they are not disclosed in this note. Unless disclosed in other notes, the transactions between the Group and the related parties are as follows.

(1) Name of related parties and relationship

<u>Name of related party</u>	<u>Relationship with the Group</u>
Top Food Industry Corporation	Associate
Formosa Oilseed Processing Co., Ltd.	Substantial related party (in which the Company is the corporate director)
FineTek Co., Ltd.	Substantial related party (the chairman of which is the same with the chairman of the Company)
Maode Investment Inc.	Substantial related party
Taiwan Xianglong LOHAS Promotion Association	Substantial related party
Qi-Ye, Huang	Substantial related party (major shareholder of the Company)
Yun-Hui, Huang	Substantial related party
Qiang, Huang (Note)	Substantial related party (president of the Company)

Note: Mr. Qiang, Huang passed away on October 2022. On Nov. 11, 2022, the Board of Directors of the Company resolved to appoint Mr. Qing-De, Wu to co-act as president of the Company.

(2) Operating revenue

<u>Related party category</u>	<u>Jan. 1 to Mar. 31, 2024</u>	<u>Jan. 1 to Mar. 31, 2023</u>
Substantial related party	<u>\$ 24</u>	<u>\$ 66</u>

The Group's sales price and collection period for related parties are comparable to that for ordinary customers.

(3) Purchases

<u>Related party category</u>	<u>Jan. 1 to Mar. 31, 2024</u>	<u>Jan. 1 to Mar. 31, 2023</u>
Substantial related party	<u>\$ 40,332</u>	<u>\$ 31,638</u>

The purchase price of the Group to the related parties is agreed upon by both parties, and its payment term is not significantly different from that for ordinary manufacturers.

(4) Payables to related parties

<u>Account title</u>	<u>Related party category</u>	<u>Mar. 31, 2024</u>	<u>Dec. 31, 2023</u>	<u>Mar. 31, 2023</u>
Accounts payable - related parties	Substantial related party / Formosa Oilseed Processing Co., Ltd.	<u>\$ 24,497</u>	<u>\$ 14,974</u>	<u>\$ 10,932</u>

The balance of the outstanding payables to related parties is not guaranteed.

(5) Rent agreement

<u>Account title</u>	<u>Related party category/name</u>	<u>Mar. 31, 2024</u>	<u>Dec. 31, 2023</u>	<u>Mar. 31, 2023</u>
Lease liabilities	Substantial related party / Qi-Ye, Huang	<u>\$ 2,712</u>	<u>\$ 2,848</u>	<u>\$ 445</u>
	Substantial related party / Qiang, Huang	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,925</u>

<u>Related party category</u>	<u>Jan. 1 to Mar. 31, 2024</u>	<u>Jan. 1 to Mar. 31, 2023</u>
<u>Interest expense</u>		
Substantial related party	<u>\$ 14</u>	<u>\$ 7</u>

The Group rented office venues and land and plants separately from the substantial related parties, at the rental price determined in reference to the general market price, and the payment terms are semi-annual payment and monthly payment, respectively.

(6) Transactions with other related parties

<u>Account title</u>	<u>Related party category/name</u>	<u>Mar. 31, 2024</u>	<u>Dec. 31, 2023</u>	<u>Mar. 31, 2023</u>
A. Refundable deposits	Substantial related party / Qiang, Huang	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 88</u>

B. In addition, the Group and the substantial related party - Huang, Yun-Hui jointly operate the livestock and pig farm plan in the form of joint operation cooperation, where, the substantial related party - Huang, Yun-Hui provides the existing pig breeding site, while the Group provides the pigs and the feed for the pigs, and is responsible for coordinating the operation activities such as the raising and marketing of the pigs, so as to increase the profits. In accordance with the profit distribution ratio in the contract, the amount collected by the Group from substantial related parties from Jan. 1 to Mar. 31, 2024 was NT\$ 84 thousand.

In accordance with the profit distribution ratio in the contract, the amount paid by the Group to substantial related parties Jan. 1 to Mar. 31, 2023 was NT\$ 708 thousand.

As of Mar. 31, 2024, Dec. 31, 2023 and Mar. 31, 2023, other receivables-related parties included in the statements were NT\$ 84 thousand, NT\$ 0 thousand and NT\$ 0 thousand, respectively; as of Mar. 31, 2024, Dec. 31, 2023 and Mar. 31, 2023, other payables-related parties included in the statements were NT\$ 2,656 thousand, NT\$ 2,656 thousand and NT\$ 2,867 thousand, respectively.

C. The Group engaged in charitable donation from Jan. 1 to Mar. 31, 2024, donating NT\$ 1,980 thousand to Taiwan Xianglong LOHAS Promotion Association. The operating expenses included in the statements are as follows.

(7) Remuneration of key management personnel

	Jan. 1 to Mar. 31, 2024	Jan. 1 to Mar. 31, 2023
Short-term employee benefits	\$ 6,083	\$ 3,358
Post-employment benefits	<u>153</u>	<u>119</u>
	<u>\$ 6,236</u>	<u>\$ 3,477</u>

Remuneration to directors and other key management is decided by the Remuneration Committee in accordance with personal performance and market trend.

34. Significant Contingent Liabilities and Unrecognized Commitments

Unless noted in other notes, the significant commitments and contingencies of the Group at the balance sheet date are as follows:

- (1) As of Mar. 31, 2024, Dec. 31, 2023 and Mar. 31, 2023, the Group's opened but unspent letter of credit amount for purchase of raw materials was US\$ 1,565 thousand, US\$ 2,912 thousand and US\$ 3,221 thousand, respectively.
- (2) As of Mar. 31, 2024, Dec. 31, 2023 and Mar. 31, 2023, the Group's commitment amount for replacement of plant equipment and acquisition of transportation facilities was NT\$ 4,481 thousand, NT\$ 17,872 thousand and NT\$ 49,253 thousand, respectively.

35. Information on Foreign Currency Assets and Liabilities with Significant Impact

The information below is aggregated and presented in foreign currencies other than the Group's functional currency. The exchange rates disclosed refer to the exchange rates of such foreign currencies to the functional currency. Foreign currency assets and liabilities with significant impact are as follows:

Mar. 31, 2024

	<u>Foreign currency</u>	<u>Exchange rate</u>		<u>Carrying amount</u>
<u>Foreign currency assets</u>				
<u>Monetary item</u>				
USD	\$ 364	32.000	(USD: NTD)	\$ 11,505
<u>Non-monetary item</u>				
USD	1,224	32.000	(USD: NTD)	39,172
<u>Foreign currency liabilities</u>				
<u>Monetary item</u>				
USD	3,810	32.000	(USD: NTD)	121,925

Dec. 31, 2023

	<u>Foreign currency</u>	<u>Exchange rate</u>		<u>Carrying amount</u>
<u>Foreign currency assets</u>				
<u>Monetary item</u>				
USD	\$ 1,242	30.705	(USD: NTD)	\$ 38,429
<u>Non-monetary item</u>				
USD	401	30.705	(USD: NTD)	12,311
<u>Foreign currency liabilities</u>				
<u>Monetary item</u>				
USD	2,315	30.705	(USD: NTD)	71,053

Mar. 31, 2023

	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Carrying amount</u>
<u>Foreign currency assets</u>			
<u>Monetary item</u>			
USD	\$ 334	30.450 (USD: NTD)	\$ 10,542
<u>Foreign currency liabilities</u>			
<u>Monetary item</u>			
USD	5,309	30.450 (USD: NTD)	161,656

The foreign currency exchange gains (losses) (realized and unrealized) with a significant impact are as follows:

Foreign currency	<u>Jan. 1 to Mar. 31, 2024</u>		<u>Jan. 1 to Mar. 31, 2023</u>	
	<u>Exchange rate</u>	<u>Net gains (losses) on foreign currency exchange</u>	<u>Exchange rate</u>	<u>Net gains (losses) on foreign currency exchange</u>
USD	31.448 (USD: NTD)	(\$ <u>2,777</u>)	30.395 (USD: NTD)	\$ <u>411</u>

36. Additional Disclosures

(1) Information on significant transactions:

- A. Loaning funds to others: None.
- B. Endorsement/ guarantee provided: None.
- C. Marketable securities held at the end of period (excluding investment in subsidiaries and associates): Table 1.
- D. Marketable securities acquired or sold at costs or prices at least NT\$300 million or 20% of the paid-in capital: None.
- E. Acquisition of individual property at costs of at least NT\$300 million or 20% of the paid-in capital: None.
- F. Disposal of individual property at costs of at least NT\$300 million or 20% of the paid-in capital: None.
- G. Disposal of individual property at costs of at least NT\$100 million or 20% of the paid-in capital: None.
- H. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
- I. Trading in derivative instruments: None.
- J. Others: Business relationship and significant transactions between the parent company and its subsidiaries: None.

- (2) Information on Investees: Table 2.
- (3) Information on Investments in Mainland China: None.
- (4) Information on major shareholders: List of all shareholders with ownership of 5% or greater showing the names and the number of shares and percentage of ownership held by each shareholder: Table 3.

37. Segments Information

This refers to the information provided to the main operational decision makers to allocate resources and measure departmental performance, focusing on the types of goods or services delivered or provided. Reportable segments of the Group are the Feed Segment, Egg Product Segment, Breeding Segment and other segments.

Segment revenue and operating results

	<u>Feed segment</u>	<u>Egg product segment</u>	<u>Breeding segment</u>	<u>Other segments</u>	<u>Total</u>
<u>Jan. 1 to Mar. 31, 2024</u>					
Revenue from external customers	\$ 413,536	\$ 224,751	\$ 75,305	\$ 1,238	\$ 714,830
Inter-segment revenue	<u>29,942</u>	<u>4</u>	<u>-</u>	<u>-</u>	<u>29,946</u>
Segment revenue	<u>\$ 443,478</u>	<u>\$ 224,755</u>	<u>\$ 75,305</u>	<u>\$ 1,238</u>	744,776
Internal write-off					(29,946)
Consolidated revenue					714,830
Segment gains and losses	<u>\$ 56,407</u>	(<u>\$ 11,892</u>)	(<u>\$ 726</u>)	<u>\$ 610</u>	44,399
Remuneration of key management personnel					(6,236)
Share of profit or loss on associates accounted for using equity method					9,235
Interest income					672
Other income					576
Other gains or losses					(3,103)
Financial costs					(2,583)
Net income before tax					<u>\$ 42,960</u>
<u>Jan. 1 to Mar. 31, 2023</u>					
Revenue from external customers	\$ 499,582	\$ 154,478	\$ 95,124	\$ 2,620	\$ 751,804
Inter-segment revenue	<u>35,588</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,588</u>
Segment revenue	<u>\$ 535,170</u>	<u>\$ 154,478</u>	<u>\$ 95,124</u>	<u>\$ 2,620</u>	787,392
Internal write-off					(35,588)
Consolidated revenue					751,804
Segment gains and losses	<u>\$ 30,605</u>	(<u>\$ 13,080</u>)	<u>\$ 149</u>	<u>\$ 1,026</u>	18,700
Remuneration of key management personnel					(3,477)
Share of profit or loss on associates accounted for using equity method					(2,182)
Interest income					67

Other income	834
Other gains or losses	3,453
Financial costs	(<u>2,889</u>)
Net income before tax	<u>\$ 14,506</u>

Sales between segments are priced based on market price.

Segment gains refer to the profits earned by each segment and do not include the apportionable remuneration of key management, the share of associates' gains and losses recognized by the equity method, interest income, other income, other gains and losses, and financial costs.

Morn Sun Feed Mill Corp. and its Subsidiaries
 Marketable securities held at the end of period (excluding investment in subsidiaries and associates)
 Mar. 31, 2024

Table 1

Unit: NTD thousand, unless otherwise specified

Company	Type and Name of Marketable Securities	Marketable Securities Relationship with Securities Issuer	Account Subject	End of Period				Remarks
				Number of Shares (shares/unit)	Carrying Amount	Shareholding Ratio (%)	Fair Value	
Morn Sun Feed Mill Corp.	Stocks							
	Formosa Oilseed Processing Co., Ltd.	The Company is its corporate director	Financial assets at FVTOCI - current	5,428,383	\$ 306,703	2.36	\$ 306,703	Note 1
	E.SUN Financial Holding Co., Ltd.	—	Financial assets at FVTPL - current	348,366	9,493	-	9,493	Note 1
	Yulon Finance Corporation	—	Financial assets at FVTPL - current	39,564	5,796	-	5,796	Note 1
	Great Wall Enterprise Co., Ltd.	—	Financial assets at FVTPL - current	60,000	3,462	-	3,462	Note 1
	FineTek Co., Ltd.	The chairman of which is the same with the chairman of the Company	Financial assets at FVTPL - current	20,000	1,902	-	1,902	Note 1
	Bonds							
	Mercedes-Benz Finance North America LLC	—	Financial assets at amortized cost - non-current	-	10,418	-	10,546	Note 2
	Altria Group, Inc.	—	Financial assets at FVTPL - current	-	3,217	-	3,217	Note 1
	Natixis S.A.	—	Financial assets at FVTPL - current	-	9,472	-	9,472	Note 1
Philip Morris International Inc.	—	Financial assets at FVTPL - current	-	26,483	-	26,483	Note 1	

Note 1: Fair value is calculated based on the closing price and reference market value as of Mar. 31, 2024.

Note 2: Please refer to Note 32(1) for measurement of fair value.

Note 3: For information on investments in subsidiaries and associates, please refer to Table 2.

Morn Sun Feed Mill Corp. and its Subsidiaries
Information on the investees, location and so on
Jan. 1 to Mar. 31, 2024

Table 2

Unit: NTD thousand, unless otherwise specified

Name of Investor	Name of Investee	Location	Main Business Activities	Initial Investment Amount		Held at the End of Period			Gains (Losses) on Investee in this Period	Investment Gains (Losses) Recognized for this Period	Remarks
				End of Current Period	End of Previous Year	Number of Shares (Shares)	Percentage (%)	Carrying Amount			
Morn Sun Feed Mill Corp.	Top Food Industry Corporation	Taichung City	Production and sales business of flour and agricultural products	\$ 306,720	\$ 306,720	30,311,819	36.84%	\$ 408,705	\$ 25,066	\$ 9,235	Note 1
	Morn Sun Foods Corp.	Changhua County	Selection, washing, packaging and sales of eggs for feeding of domestic livestock and poultry, and services of agricultural products and animal husbandry	191,450	191,450	15,670,000	58.04%	76,919	(12,587)	(7,305)	Notes 1 & 2

Note 1: It is calculated based on the financial statements having been audited by CPAs.

Note 2: It has been consolidated and written off at the time of preparing this consolidated financial statements.

Morn Sun Feed Mill Corp.
Information on major shareholders
Mar. 31, 2024

Table 3

Name of Major Shareholders	Shares	
	Number of Shares Held (Shares)	Shareholding Ratio
Pei-Ling, Huang	2,810,246	7.13%
Qi-Ye, Huang	2,625,556	6.66%
Longde International Co., Ltd.	2,314,115	5.87%

Note: In this chart, major shareholders are defined as shareholders with more than 5% collective holding interest in common shares that have been delivered via book entry, as shown in the records of TDCC on the final business day of each quarter. Share capital, as shown in the financial statements, may differ from the number of shares that have been delivered via book entry due to differences in the preparation basis.