Stock Code: 1240

Morn Sun Feed Mill Corp.

Individual Financial Report and Independent Auditors Report

2023 and 2022

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§Table of Contents§

Item			Page	No. of Notes to Financial Statements
Chapter 1.	Cover Page		1	
Chapter 2.	Table of Contents		2	
Chapter 3.	Independent Auditor ’s Report		3	
Chapter 4.	Individual Balance Sheet		7	
Chapter 5.	Individual Statements of Comprehensive Income		8	
Chapter 6.	Individual Statements of Changes in Equity		10	
Chapter 7.	Individual Statement of Cash Flows		11	
Chapter 8.	Notes to Individual Financial Reports			
	1.	Organization and Operations	13	1
	2.	Date and Procedures for Approval of the Financial Report	13	2
	3.	Application of Newly Issued and Amended Standards and Interpretations	13	3
	4.	Summary of Significant Accounting Policies	15	4
	5.	Critical Accounting Judgments and Key Sources of Estimation and Uncertainty	29	5
	6.	Summary of Significant Accounting Titles	29-58	6-31
	7.	Related Party Transactions	65	32
	8.	Pledged Assets	-	-
	9.	Significant Contingent Liabilities and Unrecognized Commitments	68	33
	10.	Major Disaster Loss	-	-
	11.	Material Events After the Balance Sheet Date	-	-
	12.	Others	68	34
	13.	Additional Disclosures		
		(1) Information on Significant Transactions	69, 71, 72	35
		(2) Information on Investees	70, 73	35
		(3) Information on Investments in Mainland China	70	35
		(4) Information on Major Shareholders	70, 74	35
	14.	Segments Information	-	-
Chapter 9.	Statements of Significant Accounting Titles		75	-

Independent Auditor ’s Report

To Morn Sun Feed Mill Corp.,

Audit Opinion

We have reviewed the accompanying individual balance sheet of Morn Sun Feed Mill Corp. (the “Company”) for the years ended Dec. 31, 2023 and 2022 and the relevant individual statements of comprehensive income, individual statement of changes in equity and individual statement of cash flows for the years then ended, Dec. 31, 2023 and 2022, and Notes to the individual financial statements, including a summary of significant accounting policies (collectively referred to as the individual financial statements).

In our opinion, the above individual financial statements present fairly, in all material respects, the individual financial position of Morn Sun Feed Mill Corp. as of Dec. 31, 2023 and 2022, and its individual financial performance and its individual cash flows for the years ended Dec. 31, 2023 and 2022, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the individual Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We are convinced that we have acquired enough and appropriate audit evidence to serve as the basis of audit opinion.

Key Audit Matters

Key audit matters refer to the most vital matters in our audit of the individual financial statements of the Company for the year ended Dec. 31, 2023 based on our professional judgment.

These matters were addressed in our audit of the individual financial statements as a whole, and in forming our audit opinion. We do not express a separate opinion on these matters.

Key audit matters of the individual financial statements of the Company for the year ended Dec. 31, 2023 are stated as follows:

Revenue recognition

Operating revenue of Morn Sun Feed Mill Corp. in 2023 was NT$ 2,242,895 thousand, with a decrease of about 11% compared with 2022, where, sales revenue from specific livestock feeds decreased slightly, and accounted for a relatively big proportion in the whole operating revenue, therefore, the risk for our evaluation of its revenue recognition lies in that whether the sales revenue from specific livestock feeds actually occurs and is included as key audit matter for the current year or not. Please refer to Notes 4 (14) to the individual financial statements for the accounting policies for recognition of relevant revenues.

The main audit procedures performed by us for recognition of the above revenues were as follows:

I. Understand the internal control procedures for the above sales revenue, and evaluate the effectiveness of the design and implementation of such relevant internal control.

II. Select appropriate samples from the above sales revenue statements to review relevant proof documents and test the payment-collection condition, so as to confirm the authenticity of the sales revenue.

Responsibilities of the Management and Governing Bodies for the Individual Financial Statements

The responsibilities of the management are to prepare the individual financial statements with fair presentation in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and to maintain necessary internal control associated with the preparation in order to ensure that the financial statements are free from material misstatement arising from fraud or error.

When the individual financial statements are prepared, the management is responsible for assessing the ability of the Company in continuing as a going concern, disclosing relevant matters, and adopting the going concern basis of accounting unless the management intends to liquidate the Company or cease the operations without other viable alternatives.

The governing bodies of the Company (including the Audit Committee) are responsible for supervising the financial reporting process.

Auditor's Responsibilities for the Audit of the Individual Financial Statements

Our objectives are to obtain reasonable assurance on whether the individual financial statements as a whole are free from material misstatement arising from fraud or error, and to issue an independent auditors' report. Reasonable assurance is a high-level assurance but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatement can arise from fraud or error. If the amounts of misstatements, either separately or in aggregate, could reasonably be expected to influence the economic decisions of the users of the individual financial statements, they are considered material.

We have utilized our professional judgment and professional doubt when performing the audit work in accordance with the auditing standards generally accepted in the Republic of China. We also perform the following tasks:

I. Identify and assess the risks of material misstatement arising from fraud or error within the individual financial statements; design and execute appropriate countermeasures in response to said risks, and obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Therefore, the risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error.

II. Understand the internal control related to the audit in order to design appropriate audit procedures under the circumstances, while not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

III. Evaluate the appropriateness of accounting policies adopted and the reasonableness of accounting estimates and relevant disclosures made by the management.

IV. Conclude on the appropriateness of the management's adoption of the going concern basis of accounting based on the audit evidence obtained and whether a material uncertainty exists for events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we are of the opinion that a material uncertainty exists for said events or conditions, we shall remind users of the individual financial statements to pay attention to relevant disclosures in said statements within our audit report. If such disclosures are inadequate, we need to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

V. Evaluate the overall presentation, structure, and content of the individual financial statements (including relevant notes), and whether the individual financial statements adequately present the relevant transactions and events.

VI. Obtain sufficient and appropriate audit evidence concerning the financial information of entities within the Company, to express an opinion on the individual financial statements.

We are responsible for guiding, supervising, and performing the audit and forming an audit opinion on the Company.

The matters communicated between us and the governing bodies include the planned scope and times of the audit and significant audit findings (including any significant deficiencies in internal control identified during the audit).

We also provided governing bodies with a declaration that we have complied with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China regarding independence, and communicated with them all relationships and other matters that may possibly be regarded as detrimental to our independence (including relevant protective measures).

From the matters communicated with the governance bodies, we determined the key audit matters for the audit of the Company's individual financial statements for the year ended Dec. 31, 2023. We have clearly indicated such matters in the auditors' report unless legal regulations prohibit the public disclosure of specific matters, or in extremely rare cases, we decided not to communicate over specific items in the auditors' report for it could be reasonably anticipated that the negative effects of such disclosure would be greater than the public interest it brings forth.

Deloitte & Touche

CPA Chao-Mei, Chen	CPA Cheng-Chuan, Yu
Securities and Futures Commission Approval Document No. Tai-Cai-Zheng-Liu-Zi No. 0920123784	Securities and Futures Commission Approval Document No. Tai-Cai-Zheng-Liu-Zi No. 0930128050

Mar. 26, 2024

Notice to Readers

The accompanying parent company only financial statements are intended only to present the parent company only 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 parent company only financial statements are those generally applied in the Republic of China. For the convenience of readers, the independent auditors' report and the accompanying parent company only 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 parent company only financial statements shall prevail.

Morn Sun Feed Mill Corp.

Individual Balance Sheet

Dec. 31, 2023 and 2022

Unit: NTD thousand

Code	Assets	Dec. 31, 2023 Amount	%	Dec. 31, 2022 Amount	%
	Current assets				
1100	Cash (Notes 4 & 6)	$ 44,969	2	$ 33,703	2
1110	Financial assets at fair value through profit or loss (Notes 4 & 7)	41,447	2	20,255	1
1120	Financial assets at fair value through other comprehensive income (Notes 4 & 8)	296,932	16	298,302	15
1150	Notes receivable (Notes 4, 11 & 25)	207,716	11	220,430	11
1170	Accounts receivable (Notes 4, 11 & 25)	212,303	11	240,209	12
1200	Other receivables (Note 4)	550	-	349	-
1220	Current income tax assets (Notes 4 & 27)	1,032	-	1,032	-
130X	Inventories (Notes 4 & 12)	201,482	11	282,707	14
1400	Biological assets - current (Notes 4 & 13)	76,613	4	105,994	5
1470	Other current assets (Notes 4 & 19)	2,057	-	3,466	-
11XX	Total current assets	1,085,101	57	1,206,447	60
	Non-current assets				
1535	Financial assets at amortized cost (Notes 4, 9 & 10)	10,418	1	-	-
1550	Investments accounted for using equity method (Notes 4 & 14)	483,694	25	482,130	24
1600	Property, plant and equipment (Notes 4, 15, 32 & 33)	229,988	12	227,425	11
1755	Right-of-use assets (Notes 4, 16 & 32)	11,686	1	12,814	1
1760	Investment property (Notes 4 & 17)	24,567	1	24,798	1
1780	Other intangible assets (Notes 4 & 18)	143	-	63	-
1830	Biological assets - Non-current (Notes 4 & 13)	11,835	1	11,044	1
1840	Deferred tax assets (Notes 4 & 27)	15,619	1	16,774	1
1975	Net defined benefit assets (Notes 4 and 23)	19,565	1	13,409	1
1990	Other non-current assets (Notes 4, 19 & 23)	7,813	-	5,105	-
15XX	Total non-current assets	815,328	43	793,562	40
1XXX	Total assets	$ 1,900,429	100	$ 2,000,009	100
Code	**Liabilities and equity**				
	Current liabilities				
2100	Short-term debts (Note 20)	$ 259,829	14	$ 436,879	22
2110	Short-term bills payable (Note 20)	20,000	1	20,000	1
2130	Contract liabilities (Notes 4 & 25)	217	-	2,695	-
2150	Notes payable	6	-	6	-
2170	Accounts payable (Note 21)	128,725	7	224,006	11
2180	Accounts payable - related parties (Note 32)	14,974	1	14,817	1
2200	Other payables (Note 22)	58,414	3	35,405	2
2220	Other payables (Notes 32)	2,656	-	2,159	-
2230	Current income tax liabilities (Notes 4 & 27)	29,075	1	-	-
2280	Lease liabilities - current (Notes 4, 16 & 32)	2,379	-	2,722	-
2399	Other current liabilities	554	-	1,095	-
21XX	Total current liabilities	516,829	27	739,784	37
	Non-current liabilities				
2570	Deferred tax liabilities (Notes 4 & 27)	20,022	1	19,335	1
2580	Lease liabilities - non-current (Notes 4, 16 & 32)	9,455	1	10,244	-
2645	Guarantee deposits received	203	-	203	-
25XX	Total non-current liabilities	29,680	2	29,782	1
2XXX	Total liabilities	546,509	29	769,566	38
	Equity (Note 24)				
	Share capital				
3110	Common stock	393,702	21	385,982	19
3200	Capital surplus	145,207	7	145,207	7
	Retained earnings				
3310	Legal reserve	117,594	6	116,638	6
3320	Special reserves	8,856	1	8,856	1
3350	Undistributed earnings	442,532	23	326,361	16
3300	Total retained earnings	568,982	30	451,855	23
3490	Other equity	246,029	13	247,399	13
3XXX	Total equity	1,353,920	71	1,230,443	62
	Total liabilities and equity	$ 1,900,429	100	$ 2,000,009	100

The accompanying notes are an integral part of the individual financial reports.

Chairman: Wu, Qing-De Manager: Wu, Qing-De Head-finance & accounting: Qiu, Shao-Qi

Morn Sun Feed Mill Corp.

Individual Statements of Comprehensive Income

For the Years Ended Dec. 31, 2023 and 2022

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

Code		2023 Amount	2023 %	2022 Amount	2022 %
4110	Operating revenue (Notes 4, 25 & 32)	$ 2,242,895	100	$ 2,514,177	100
5110	Operating costs (Notes 12, 26 & 32)	(1,962,352)	(88)	(2,298,885)	(92)
5850	Losses on initially recognized biological assets (Notes 4 & 13)	(6,213)	-	(2,846)	-
5860	Gains from changes in the current fair value of biological assets less sales cost (Notes 4 & 13)	44,131	2	28,509	1
5900	Gross profit	318,461	14	240,955	9
	Operating expenses (Notes 4, 26 & 32)				
6100	Selling and Marketing Expenses	(60,882)	(3)	(99,875)	(4)
6200	Administrative expenses (Note 18)	(66,863)	(3)	(49,867)	(2)
6300	Research and development expenses	(4,065)	-	(4,848)	-
6450	Reversal gains (loss) from expected credit impairment (Notes 4 & 11)	1,165	-	(2,873)	-
6000	Total operating expenses	(130,645)	(6)	(157,463)	(6)
6900	Net operating income	187,816	8	83,492	3
	Non-operating income and expenses (Notes 4, 26 & 32)				
7100	Interest income	984	-	61	-
7010	Other income	11,129	1	12,531	1
7020	Other gains or losses	5,708	-	(26,855)	(1)

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Code		2023 Amount	2023 %	2022 Amount	2022 %
7050	Financial costs	($ 7,988)	-	($ 6,739)	-
7070	Share of profit or loss on subsidiaries and associates accounted for using equity method	1,564	-	(44,657)	(2)
7000	Total non-operating income and expenses	11,397	1	(65,659)	(2)
7900	Net income before tax	199,213	9	17,833	1
7950	Income tax expense (Notes 4 & 27)	(36,903)	(2)	(12,242)	(1)
8000	Current net income	162,310	7	5,591	-
	Other comprehensive income				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Re-measurement of the defined benefit plan (Notes 4 & 23)	1,418	-	4,954	-
8316	Unrealized appraisal gains or losses on investments in equity instruments measured at fair value through other comprehensive income (Notes 4 & 24)	(1,370)	-	25,849	1
8349	Income tax related to items that are not reclassified (Notes 4 & 27)	(283)	-	(991)	-
8300	Other comprehensive income for the current year (net of tax)	(235)	-	29,812	1
8500	Total comprehensive income for the current year	$ 162,075	7	$ 35,403	1
	Earnings per share (Note 28)				
9710	Basic	$ 4.12		$ 0.14	
9810	Diluted	$ 4.11		$ 0.14	

The accompanying notes are an integral part of the individual financial reports.

Chairman: Wu, Qing-De Manager: Wu, Qing-De Head-finance & accounting: Qiu, Shao-Qi

Morn Sun Feed Mill Corp.

Individual Statements of Changes in Equity

For the Years Ended Dec. 31, 2023 and 2022

Unit: NTD thousand

		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 equity
A1	Balance at Jan. 1, 2022	36,760	$ 367,602	$ 145,207	$ 103,408	$ 8,856	$ 421,937	$ 221,550	$ 1,268,560
	Earnings appropriation and allocation for 2021 (Note 24)								
B1	Legal reserve	-	-	-	13,230	-	(13,230)	-	-
B5	Cash dividends	-	-	-	-	-	(73,520)	-	(73,520)
B9	Stock Dividends	1,838	18,380	-	-	-	(18,380)	-	-
D1	Net income for 2022	-	-	-	-	-	5,591	-	5,591
D3	Other comprehensive income for 2022 (Note 24)	-	-	-	-	-	3,963	25,849	29,812
D5	Total comprehensive income for 2022	-	-	-	-	-	9,554	25,849	35,403
Z1	Balance at Dec. 31, 2022	38,598	385,982	145,207	116,638	8,856	326,361	247,399	1,230,443
	Earnings appropriation and allocation for 2022 (Note 24)								
B1	Legal reserve	-	-	-	956	-	(956)	-	-
B5	Cash dividends	-	-	-	-	-	(38,598)	-	(38,598)
B9	Stock Dividends	772	7,720	-	-	-	(7,720)	-	-
D1	Net income for 2023	-	-	-	-	-	162,310	-	162,310
D3	Other comprehensive income for 2023 (Note 24)	-	-	-	-	-	1,135	(1,370)	(235)
D5	Total comprehensive income for 2023	-	-	-	-	-	163,445	(1,370)	162,075
Z1	Balance at Dec. 31, 2023	39,370	$ 393,702	$ 145,207	$ 117,594	$ 8,856	$ 442,532	$ 246,029	$ 1,353,920

The accompanying notes are an integral part of the individual financial reports.

Chairman: Wu, Qing-De Manager: Wu, Qing-De Head-finance & accounting: Qiu, Shao-Qi

Morn Sun Feed Mill Corp.

Individual Statement of Cash Flows

For the Years Ended Dec. 31, 2023 and 2022

Unit: NTD thousand

Code		2023	2022
	Cash flows from operating activities		
A10000	Current net income before tax	$ 199,213	$ 17,833
A20010	Adjustments for		
A20100	Depreciation expenses	23,279	22,740
A20200	Amortization expenses	75	58
A20300	Expected credit impairment (gains on reversal) losses	(1,165)	2,873
A20400	(Gains) losses on financial assets at fair value through profit or loss	(5,292)	3,973
A20900	Financial costs	7,988	6,739
A21200	Interest income	(984)	(61)
A21300	Dividend income	(8,162)	(8,653)
A22400	Share of (gains) losses on subsidiaries and associates accounted for using equity method	(1,564)	44,657
A22500	Losses on disposal of property, plant and equipment	-	35
A23700	Losses on market price decline and obsolete and slow-moving of inventories	-	3,408
A29900	Gains from lease modification	(11)	-
A29900	(Gains) losses from disposal of productive biological assets	(1,738)	141
A29900	Losses on originally recognized biological assets	6,213	2,846
A29900	Gains from changes in fair value of biological assets less sales cost	(44,131)	(28,509)
A30000	Net changes in operating assets and liabilities		
A31115	Financial assets measured at fair value through profit or loss	(3,466)	(19,763)
A31130	Notes receivable	12,714	(19,016)
A31150	Accounts receivable	29,071	(21,858)
A31160	Accounts receivable - related parties	-	3,960
A31180	Other receivables	(201)	4
A31200	Inventories	81,225	(77,794)
A31210	Biological assets	63,071	3,337
A31240	Other current assets	1,409	4,666
A31990	Net defined benefit assets	(4,738)	(304)
A32125	Contract liabilities	(2,478)	(3,710)

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Code		2023	2022
A32130	Notes payable	$ -	($ 16)
A32150	Accounts payable	(95,281)	19,682
A32160	Accounts payable - related parties	157	4,090
A32180	Other payables	20,942	(23,203)
A32190	Other payables - related parties	497	(923)
A32230	Other current liabilities	(541)	(794)
A33000	Cash generated from operations	276,102	(63,562)
A33100	Interest received	984	61
A33200	Dividends received	8,162	8,653
A33200	Dividends received from associates	-	30,312
A33300	Interest paid	(8,256)	(6,346)
A33500	Income tax paid	(6,269)	(32,801)
AAAA	Net cash inflow (outflow) from operating activities	270,723	(63,683)
	Cash flows from investing activities		
B00100	Acquisition of financial assets at fair value through profit or loss	(12,434)	-
B00040	Acquisition of financial assets at amortized cost	(10,418)	-
B02700	Purchase of property, plant and equipment	(11,662)	(9,194)
B02800	Disposal of property, plant and equipment	-	1,305
B03700	Increase in refundable deposits	-	(35)
B03800	Decrease in refundable deposits	138	-
B04500	Acquisition of intangible assets	(155)	-
B07100	Increase in prepayment for equipment	(6,743)	(4,552)
BBBB	Net cash outflow from investing activities	(41,274)	(12,476)
	Cash flows from financing activities		
C00100	Increase in short-term debts	-	144,828
C00200	Decrease in short-term debts	(177,050)	-
C04020	Repayment of lease principal	(2,535)	(2,903)
C04500	Issue of cash dividends	(38,598)	(73,520)
CCCC	Net cash inflow (outflow) from financing activities	(218,183)	68,405
EEEE	Net increase (decrease) in cash	11,266	(7,754)
E00100	Balance of cash at beginning of the year	33,703	41,457
E00200	Balance of cash at end of the year	$ 44,969	$ 33,703

The accompanying notes are an integral part of the individual financial reports.

Chairman: Wu, Qing-De   Manager: Wu, Qing-De   Head-finance & accounting: Qiu, Shao-Qi

Morn Sun Feed Mill Corp.

Notes to Individual Financial Reports

For the Years Ended Dec. 31, 2023 and 2022

(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 individual financial reports are presented in New Taiwan dollars, the Company's functional currency.

2. Date and Procedures for Approval of the Financial Report

The individual financial reports were approved by the board of directors on Mar. 11, 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.

(2) IFRS Accounting Standards endorsed by FSC that are applicable from 2024 onwards

New/ Revised/ Amended Standards and Interpretations	Effective Date Issued by IASB (Note 1)
Amendments to IFRS 16 - Lease liability in a Sale and Leaseback	Jan. 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	Jan. 1, 2024
Amendments to IAS 1 - Non-current Liabilities with Covenants	Jan. 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Financing Arrangements”	Jan. 1, 2024 (Note 3)

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: A seller-lessee applies the amendments retrospectively to IFRS 16 to sale and leaseback transactions entered into after the date of initial application.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the individual financial statements were approved for release, the amendments to the above-mentioned standards and interpretations will not have a significant impact on the Company’s financial position and financial performance based on the assessment.

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

New/ Revised/ Amended Standards and Interpretations	Effective Date Issued by IASB (Note 1)
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
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. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the Company uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date the individual financial reports were approved for release, the Company continued to assess the possible impact of the application of the above 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

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

(2) Basis of preparation

The individual 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.

When the Company prepared the individual financial reports, it adopted equity method to account for its investments in subsidiaries and associates.

In order to enable the amounts of the profit or loss, other comprehensive income and equity for the current period in this individual financial statements to be the same as the ones attributable to the owners of the

Company in its consolidated financial statements, regarding the differences arising from accounting treatments between the parent company only basis and the consolidation basis, adjustments were made to the "investments accounted for using the equity method", the "share of profit or loss on subsidiaries and associates using the equity method" as well as relevant equity items, as appropriate, in the individual financial statements.

(3) 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 with a repayment deadline that cannot be unconditionally deferred for at least 12 months after the balance sheet date.

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

(4) Foreign currency

When the financial statements of the Company are prepared, transactions in currencies other than the Company's functional currency (i.e. foreign currencies) are recognized at the rates of exchange prevailing on the transaction dates.

At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. The resulting exchange difference is recognized in profit or loss. For items whose changes in fair value are recognized in other comprehensive income, the resulting exchange difference is recognized in other comprehensive income.

Non-monetary items measured at historical cost that are denominated in foreign currencies are translated at the rates of exchange prevailing on the transaction dates and are not retranslated.

(5) Inventories

Inventories include raw materials, materials, work in progress, finished goods and inventories in transit. The value of inventories is determined based on the cost or net realizable value, whichever is lower. The comparison of the cost and the net realizable value is based on individual items except for inventories of the same category. The net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale. The cost of inventories is calculated using the weighted average method.

(6) Biological assets

Biological assets are measured at fair value less cost to sell at the original recognition and at each balance sheet date, except where fair value cannot be reliably measured, and related subsequent expenses are capitalized as part of the biological asset when incurred. Gains or losses from changes measured at fair value less sales cost are recognized in profit or loss in the period in which they occur. Biological assets whose fair value cannot be reliably measured shall be measured at their cost less all accumulated depreciations and all accumulated impairment losses.

(7) Investment in subsidiaries

The Company adopts the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, investments in a subsidiary are initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. In addition, changes in the Company's other equity interest of its subsidiaries are recognized based on its ownership percentage.

Changes in the Company’s ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. Any difference between the carrying amount of an investment and the fair value of the consideration paid or received is recognized directly in equity.

Losses will continue to be recognized by shareholding ratio when the Company's share of losses to subsidiary equals or exceeds its equity in the subsidiary (including the carrying amount of the subsidiary under the equity method and other long-term interests that are substantially part of the Company's net investment in the subsidiary).

In assessing impairment, the Company takes the cash generating unit into account as a whole based on the financial statements, and compares its recoverable amount with the carrying amount. If the recoverable amount of an asset subsequently increases, the reversal of the impairment loss shall be recognized as gains, provided that the carrying amount of the asset after the reversal of the impairment loss shall not exceed the carrying amount of the asset after deducting the amortization ought to be set aside under the condition that the impairment loss hasn't been recognized.

(8) Investments in associates

An associate is an entity on which the Company has significant influence and is not a subsidiary or joint venture.

The Company adopts the equity method to account for its investments in associates.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Company’s share of the profit or loss and other comprehensive income of the associate. The Company also recognizes the changes in the Company’s share of the equity of associates based on the percentage of ownership.

Recognition of further losses is discontinued when the Company's share of losses to the associate equals or exceeds its equity in the associate (including the carrying amount of the investment in the associate under the equity method and other long-term interests that are substantially part of the Company's net investment in the associate). The Company recognizes additional losses and liabilities only to the extent that statutory obligations, constructive obligations or payments have been made on behalf of the associates.

When assessing impairment, the Company conducts an impairment test by taking the total carrying amount of the investment as a single asset to compare the recoverable amount and the carrying amount, and the recognized impairment loss is not applied to any asset that forms part of the carrying amount of the investment. Any reversal of the impairment loss is recognized to the extent of subsequent increases in the recoverable amount of the investment.

Profit or loss on upstream, downstream and lateral transactions between the Company and the associate is recognized in the individual financial statements only to the extent that it does not affect the Company's interests in the associate.

(9) Property, plant and equipment

Property, plant and equipment are recognized at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment under construction are recognized at cost less accumulated impairment loss. The cost shall include professional service expenses and the borrowing costs eligible for capitalization. Such assets are classified into appropriate property, plant and equipment categories upon completion and reaching the status of intended use, and the depreciation will begin.

Except for self-owned land, which is not depreciated, each significant component of the remaining property, plant and equipment is depreciated separately on a straight-line basis within their useful lives. The Company conducts at least one annual review at the end of each year to assess the estimated useful life, residual value, and depreciation methods, and applies the effect of changes in applicable accounting estimates prospectively.

When derecognizing property, plant and equipment, the difference between the net disposal proceeds and the carrying amount of the asset shall be recognized in loss or profit.

(10) Investment property

Investment property refers to property held for the purpose of earning rents or capital appreciation or both. Investment property also includes land held for which the future use has not yet been determined.

Self-owned investment property is initially measured at cost (including transaction cost), and subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

Investment property of the Company is depreciated on a straight-line basis.

When investment property is derecognized, the difference between the net disposal price and the carrying amount of the asset is recognized in profit or loss.

(11) Intangible assets

A. Acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment losses. Intangible assets are amortized on a straight-line basis over their useful life, and the Company conducts at least one annual review at the end of each year to assess the estimated useful life, residual value, and amortization methods, and applies the effect of changes in applicable accounting estimates prospectively.

B. Derecognition

When investment property is derecognized, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

(12) Impairment of property, plant and equipment, right-of-use assets, investment property and intangible assets

The Company assesses if there are any signs of possible impairment in property, plant, and equipment as well as right-of-use, investment property and intangible assets at each balance sheet date. If there is any sign of impairment, an estimate is made of its recoverable amount. If it is not possible to determine the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Shared assets are allocated to the smallest group of cash generating units on a reasonably consistent basis.

The recoverable amount is the fair value less cost of sales or its value in use, whichever is higher. If the recoverable amount of an individual asset or a CGU is lower than its carrying amount, the carrying amount is reduced to the recoverable amount, and the impairment loss is recognized in profit or loss.

When the impairment loss is subsequently reversed, the carrying amount of the asset or the CGU is increased to the revised recoverable amount, provided that the increased carrying amount shall not exceed the carrying amount (less amortization or depreciation) of the asset or the CGU, which was not recognized in impairment loss in prior years. The reversal of the impairment loss is recognized in profit or loss.

(13) Financial Instruments

Financial assets and financial liabilities shall be recognized in the individual balance sheet when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and liabilities are initially recognized at fair values. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss or loss are also included in the initially recognized amount of the financial assets or financial liabilities.

A. Financial assets

Regular trading of financial assets shall be recognized and derecognized in accordance with trade date accounting.

(A) Measurement types

Financial assets held by the Company are those measured at fair value through profit or loss (FVTPL) and at amortized cost, as well as investments in equity instruments measured at fair value through other comprehensive income (FVTOCI).

a. Financial assets at FVTPL

Financial assets measured at FVTPL include the financial assets mandatorily measured at FVTPL. Financial assets mandatorily measured at FVTPL include investments in equity instrument that the Company has not designated to measure at FVTOCI, and debt instruments that are not eligible to be classified as measured at amortized cost or at FVTOCI.

Financial assets measured at FVTPL are measured at fair value; the dividends and interest generated from which are respectively recognized in other, interest income, and the gains or losses arising from re-measurement are recognized in profit or loss. Please refer to Note 31 for the method of determining the fair value.

b. Financial assets at amortized cost

When the Company’s investments in financial assets meet the following two conditions simultaneously, they are classified as financial assets measured at amortized cost:

(a) Held under a certain business model, of which the objective is to collect contractual cash flows by holding the financial assets; and

(b) The cash flows on specific dates specified in the contractual terms are solely payments of the principal and interest on the principal amount outstanding.

After initial recognition, the financial assets measured at amortized cost (including cash, financial assets receivable at amortized cost, notes receivable, accounts receivable, other receivables, and refundable deposits (other non-current assets in the statements)), are measured at the amortized cost of the total carrying amount determined by the effective interest method less any impairment loss, and any foreign currency exchange gains or losses are recognized in profit or loss.

Except for the following two cases, interest revenue is calculated by multiplying the effective interest rate by the total carrying amount of financial assets:

(a) For purchased or originated credit-impaired financial asset, interest revenue is calculated by multiplying the credit-adjusted effective interest rate by the amortized cost of the financial asset.

(b) For a financial asset that is not purchased or originated credit-impaired but subsequently becomes credit impaired, interest income is calculated by multiplying the effective interest rate from the next reporting period after the credit impairment by the amortized cost of the financial asset.

Credit-impaired financial assets refer to a situation in which the issuer or debtor has experienced significant financial difficulties or defaulted, the debtor is likely to apply for bankruptcy or other financial restructuring, or the active market for such financial assets disappears due to financial difficulties.

c. Investments in equity instruments at FVTOCI

The Company may, upon initial recognition, make an irrevocable election to designate as at FVTOCI the investments in equity instruments that are not held for trading and the ones that are not recognized by an acquirer in a business combination or with the contingent consideration.

Investments in an equity instrument measured at FVTOCI are measured at fair value, and any subsequent fair value changes are recognized in other comprehensive income and accumulated in other equity. At the time of disposal of such investments, the accumulated gains and losses are directly reclassified to retained earnings and will not be reclassified to profit or loss.

Dividends of investments in equity instruments measured at FVTOCI are recognized in profit or loss when the Company’s right to receive dividends is established unless such dividends clearly represent the recovery of a part of the investment cost.

(B) Impairment of financial assets

The Company assesses the impairment loss of financial assets measured at amortized cost (including notes receivable and accounts receivable) based on the expected credit loss at each balance sheet date.

Both notes receivable and accounts receivable are recognized in loss allowance based on the lifetime expected credit losses (ECLs). Other financial assets are first assessed based on whether the credit risk has increased significantly since the initial recognition. If there is no significant increase in the risk, a loss allowance is recognized at an amount equal to 12-month ECLs. If the risks have increased significantly, a loss allowance is recognized at an amount equal to lifetime ECLs.

The ECLs refer to the weighted average credit loss with the risk of default as the weight. The 12-month ECLs represent the ECLs from possible defaults of a financial instrument within 12 months after the reporting date. The lifetime ECLs represent the ECLs from all possible defaults in a financial instrument over the expected life of a financial instrument.

For the purpose of internal credit risk management, the Company, without considering the collateral held, determines that the following situations represent defaults in the financial assets:

a. Internal or external information indicates that it is impossible for the debtor to settle the debt.

b. It is overdue for more than 365 days, unless there is reasonable and corroborative information showing that a default date postponed is more appropriate.

The Company recognizes an impairment loss for all financial assets with a corresponding downward adjustment to their carrying amount through a loss allowance account. However, the loss allowance for investment in debt instruments measured at FVTOCI is recognized in other comprehensive income without a downward adjustment to the carrying amount.

(C) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash inflow from the financial asset expire or when it transfers the financial assets and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset’s carrying amount and the consideration received is recognized in profit or loss. When derecognizing an investment in equity instrument at FVTOCI in its entirety, the cumulative profit or loss is transferred directly to retained earnings and is not reclassified to profit or loss.

B. Equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of financial liabilities and equity instruments.

Equity instruments issued by the Company are recognized at the proceeds received, net of the cost of direct issue.

C. Financial liability

(A) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

(B) Derecognition of financial liabilities

When financial liabilities are derecognized, the difference between the carrying amount and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(14) Revenue recognition

After the performance obligations are identified in a customer contract, the Company allocates the transaction price to each performance obligation, and recognizes it in revenue when each performance obligation is satisfied.

<u>Sales revenue</u>

Sales revenue mainly comes from sales of all kinds of feeds, bulk raw materials, pigs and meat poultry. When the feeds are delivered to the customers’ designated places, when the bulk raw materials are delivered to the port, when the pigs are sent the farmers' association for successful auction or are shipped as agreed by both parties, or when the meat poultry are notified by the business department to the retail sellers to pick up the goods or are arranged to the meat refrigeration factories and other customers according to the contract arrangement, the customers have the right to set the price and use the goods and have the primary responsibility for resale, and bear the risk of obsolescence of the goods. The Company recognizes the revenues and accounts receivable at the above time points. Advanced receipts from sales revenue is recognized as contract liabilities before arrival of the feeds, before arrival of the bulk raw materials at the port for delivery, before the pigs are sold to the farmers' association for successful auction or are shipped as agreed by both parties, and before the meat poultry are delivered to the retail sellers or are arranged to the meat refrigeration factories, respectively.

(15) Leasing

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

(A) The Company as lessor

Where almost all the risks and rewards attached to the ownership of an asset are transferred to the lessee in lease terms, such leases are classified as finance leases. All other leases are classified as operating leases.

Under operating leases, lease payments less lease incentives are recognized in income on a straight-line basis over the relevant lease terms. The original direct cost incurred in obtaining an operating lease is added to the carrying amount of the underlying asset and recognized in expenses on a straight-line basis over the lease term.

(B) The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of each lease, except for leases of low-value assets and short-term leases accounted for by applying a recognition exemption where lease payments are recognized in expenses on a straight-line basis over the lease terms.

A right-of-use asset is initially measured at cost (including the initial measured amount of lease liabilities, the amount of lease payments made to the lessor less lease incentives received prior to the inception of a lease, initial direct costs, and the estimated costs of restoring underlying assets), and subsequently measured at cost less accumulated depreciation and accumulated impairment and adjusted for any re-measurement of the lease liabilities. Right-of-use assets are presented on a separate line in the individual balance sheets.

A right-of-use asset is depreciated on a straight-line basis over the period from the lease commencement date to the end of its useful life, or to the end of the lease term, whichever is earlier.

The lease liability is initially measured at the present value of the lease payment (including fixed payment). If the interest rate implicit in a lease can be easily determined, the lease payment is discounted at such an interest rate. If the interest rate cannot be easily determined, the lessee's incremental borrowing rate applies.

Subsequently, lease liabilities are measured at the amortized cost using the effective interest rate method, and interest expense is amortized over the lease term. If the lease term leads to changes in future lease payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets has been reduced to zero, the remaining re-measurement amount is recognized in profit or loss. Lease liabilities are presented on a separate line in the individual balance sheets.

(16) Employee benefits

A. Short-term employee benefits

Relevant liabilities for short-term employee benefits are measured by the non-discounted amount expected to be paid in exchange for employee services.

B. Post-employment benefits

For pension under the defined contribution plan, the amount of pension contributed is recognized in expenses during employees' service period.

The defined benefit cost under the defined benefit pension plan (including service cost, net interest, and re-measurement) is calculated based on the projected unit credit method. The service cost (including the service costs for the current period) and the net interest on the net defined benefit liabilities (assets) are recognized in employee benefit expenses as they occur. The re-measurement (including actuarial gains and losses, and the return on plan assets, net of interest) is recognized in other comprehensive income and listed in retained earnings when it occurs, and will not be reclassified to profit or loss subsequently.

The net defined benefit liabilities (assets) are the deficit (surplus) of the defined benefit pension plan. The net defined benefit assets may not exceed the present value of any refunds from the plan or reductions in future contributions to the plan.

(17) Income Tax

The income tax expense represents the sum of the current income tax and deferred tax.

A. Current income tax

A surtax imposed on the undistributed earnings pursuant to the Income Tax Act of R.O.C. is recognized in the year in which it is resolved by the annual shareholders' meeting.

Adjustment to income tax payable from prior years are recognized in the current income tax.

B. Deferred tax

Deferred income tax is calculated based on the temporary differences between the carrying amount of assets and liabilities and the corresponding tax bases used in the computation of taxable income.

Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are recognized when there are likely to be taxable income to deduct temporary differences.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at each balance sheet date and recognized to the extent that it has become probable that future taxable income will allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates in the period in which the liabilities are expected to be settled or assets realized, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the balance sheet date, to recover or settle the carrying amount of its assets and liabilities.

C. Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, the current and deferred taxes are recognized in other comprehensive income or directly in equity, respectively.

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

When the Company adopts accounting policies, the management must make relevant judgments, estimates and assumptions based on historical experience and other relevant factors for those items whose relevant information is not readily available from other sources. The actual result may differ from the estimate.

Upon evaluation by the management, the accounting policies, estimates and underlying assumptions adopted by the Company were free of significant uncertainty in the accounting judgments, estimates and assumptions.

6. Cash

	Dec. 31, 2023	Dec. 31, 2022
Cash on hand and petty cash	$ 400	$ 400
Checking accounts and demand deposits	44,569	33,303
	$ 44,969	$ 33,703

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

	Dec. 31, 2023	Dec. 31, 2022
Cash in banks	0.005%～1.450%	0.005%～1.050%

7. Financial Instruments at FVTPL

	Dec. 31, 2023	Dec. 31, 2022
Financial assets - current		
Mandatorily at FVTPL		
Non-derivative financial assets		
- Domestic TWSE/TPEx listed stocks	$ 29,136	$ 20,255
- Foreign bonds	12,311	-
	$ 41,447	$ 20,255

8. Financial assets at fair value through other comprehensive income

Investment in equity instruments

	Dec. 31, 2023	Dec. 31, 2022
Current		
Domestic investment		
Listed stocks		
Common shares of	$ 296,932	$ 298,302

Formosa Oilseed Processing Co., Ltd. (FOPCO)

The Company 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

	Dec. 31, 2023
Non-current	
Foreign investment	
Bonds	$ 10,418
Less: Allowance for losses	-
	$ 10,418

The Company 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 Company are financial assets measured at amortized cost:

	Dec. 31, 2023
At amortized cost	
Total carrying amount	$ 10,418
Less: Allowance for losses	-
Amortized cost	$ 10,418

The Company 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 Company 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 Company measures 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 total carrying amount and applicable expected credit loss rate of the Company's current credit risk rating classification and investments in debt instruments of each credit rating are as follows:

Credit rating	Definition	Recognition basis for ECLs	ECLs	Total carrying amount At amortized cost
Normal	The debtor is of low credit risk, and has sufficient capacity to repay the contract cash flow	12-month ECLs	0.00%	$ 10,418
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 Company could not make reasonable expectation of recovery	Direct write-off	-	-

11. Notes Receivable and Accounts Receivable

	Dec. 31, 2023	Dec. 31, 2022
Notes receivable		
At amortized cost		
Total carrying amount	$ 207,716	$ 220,430
Less: Allowance for losses	-	-
	$ 207,716	$ 220,430
Accounts receivable		
At amortized cost		
Total carrying amount	$ 216,132	$ 245,073
Less: Allowance for losses	(3,829)	(4,864)
	$ 212,303	$ 240,209

(1) Notes receivable

The Company 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 Dec. 31, 2023 and 2022, the Company does not hold any collateral for the notes receivable.

Aging analysis of notes receivable is as follows:

	Dec. 31, 2023	Dec. 31, 2022
1-60 days	$ 171,611	$ 193,295
61-120 days	24,368	23,913
Over 121 days	11,737	3,222
Total	$ 207,716	$ 220,430

The above aging analysis is based on the accounting date.

(2) Accounts receivable

The average credit period of the Company for accounts receivable ranges from 15 days (monthly settlement) to 70 days (batch settlement), and in determining the collectibility of the accounts receivable, the Company 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 Company 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 Company 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 Company's management believes that its credit risk has been significantly reduced.

The Company 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 Company'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 Company cannot reasonably expect to recover the amount, the Company 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 Company based on the provision matrix as follows:

Dec. 31, 2023

	Not past due	1-60 days past due	61-120 days past due	121-180 days past due	181-365 days past due	More than 366 days past due	Individual identification	Total
ECLs	0.03%	1.29%	22.96%	-	69.04%	100%	100%	
Total carrying amount	$ 206,133	$ 5,723	$ 575	$ -	$ 478	$ 2,175	$ 1,048	$ 216,132
Allowance for losses (lifetime ECLs)	(70)	(74)	(132)	-	(330)	(2,175)	(1,048)	(3,829)
Amortized cost	$ 206,063	$ 5,649	$ 443	$ -	$ 148	$ -	$ -	$ 212,303

Dec. 31, 2022

	Not past due	1-60 days past due	61-120 days past due	121-180 days past due	181-365 days past due	More than 366 days past due	Individual identification	Total
ECLs	0.10%	6.07 %	28.57%	37.05%	54.00%	100%	-	
Total carrying amount	$ 218,412	$ 20,643	$ 1,743	$ 1,741	$ 600	$ 1,934	$ -	$ 245,073
Allowance for losses (lifetime ECLs)	(209)	(1,254)	(498)	(645)	(324)	(1,934)	-	(4,864)
Amortized cost	$ 218,203	$ 19,389	$ 1,245	$ 1,096	$ 276	$ -	$ -	$ 240,209

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

	2023	2022
Balance at beginning of the year	$ 4,864	$ 1,114
Add: Impairment loss recognized	-	2,873
Add: Recovery of impairment losses written off	130	884
Less: Reversal of impairment loss	(1,165)	-
Less: Actual write-off	-	(7)
Balance at end of the year	$ 3,829	$ 4,864

12. Inventories

	Dec. 31, 2023	Dec. 31, 2022
Raw materials	$ 86,783	$ 112,329
Material	194	202
Work in progress	2,031	2,264
Finished goods	6,656	12,693
Inventories in transit	105,818	155,219
	$ 201,482	$ 282,707

Nature of sales cost is as follows:

	2023	2022
Sold inventory cost	$ 1,558,179	$ 1,905,224
Losses on market price decline and obsolete and slow-moving of inventories	-	3,408
Sold biological assets	397,244	385,804
Others	6,929	4,449
	$ 1,962,352	$ 2,298,885

13. Biological Assets

	Dec. 31, 2023	Dec. 31, 2022
Biological assets - current (pork pigs and meat poultry)	$ 76,613	$ 105,994
Biological assets - Non-current (breeding pigs)	11,835	11,044
	$ 88,448	$ 117,038

	Pork pigs	Meat poultry	Breeding pigs	Total
Balance at Jan. 1, 2023	$ 56,206	$ 49,788	$ 11,044	$117,038
Additions	-	31,640	636	32,276
Investment cost and expenses	169,649	143,526	-	313,175
Sales	(192,655)	(204,589)	(3,330)	(400,574)
Losses on originally recognized biological assets	(6,213)	-	-	(6,213)
Gains from changes in fair value of less sales cost	35,824	8,307	-	44,131
Depreciation for the current period	-	-	(5,175)	(5,175)
Transfer	(8,660)	-	8,660	-
Scrapping	-	(6,210)	-	(6,210)
Balance at Dec. 31, 2023	$ 54,151	$ 22,462	$ 11,835	$ 88,448
Balance at Jan. 1, 2022	$ 48,679	$ 40,434	$ 10,511	$ 99,624
Additions	-	26,904	-	26,904
Investment cost and expenses	185,928	176,202	-	362,130
Sales	(192,343)	(193,461)	(2,936)	(388,740)
Losses on originally recognized biological assets	(2,846)	-	-	(2,846)
Gains from changes in fair value of less sales cost	25,028	3,481	-	28,509

	Pork pigs	Meat poultry	Breeding pigs	Total
Depreciation for the current period	-	-	(4,771)	(4,771)
Transfer	(8,240)	-	8,240	-
Scrapping	-	(3,772)	-	(3,772)
Balance at Dec. 31, 2022	$ 56,206	$ 49,788	$ 11,044	$117,038

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

	Dec. 31, 2023	Dec. 31, 2022
Pork pigs	11,890 pigs	12,535 pigs
Breeding pigs	1,211 pigs	1,239 pigs
Meat poultry	263,884 meat poultry	414,481 meat poultry

The sales volume of pork pigs, breeding pigs and meat poultry for 2023 and 2022 are as follows:

	2023	2022
Sales volume of pork pigs	17,641 pigs	19,269 pigs
Sales volume of breeding pigs	384 pigs	372 pigs
Sales volume of meat poultry	983,830 meat poultry	1,000,235 meat poultry

The fair value of the pigs evaluated by the Company 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 cost of productive biological assets is depreciated by the straight-line method according to the productive period, and the durability of breeding pigs is about 36-43 months. The production cycle of meat poultry 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 financial risks associated with the biological assets of the Company are primarily due to changes in the prices of pigs and poultry, and the Company does not expect a material decline in the prices of pigs and poultry in the foreseeable future, and has therefore not signed derivative contracts. The Company regularly reviews the price expectations for pork pigs and meat poultry, to consider the necessity for taking proactive financial risk management measures.

The total benefit from changes in the fair value of the originally recognized biological assets and biological assets less sales cost for 2023 and 2022 was NT$37,918 thousand and NT$25,663 thousand, respectively.

14. Investments Accounted for Using Equity Method

	Dec. 31, 2023	Dec. 31, 2022
Investment in subsidiaries	$ 84,224	$ 120,765
Investments in associates	399,470	361,365
	$ 483,694	$ 482,130

(1) Investment in subsidiaries

	Dec. 31, 2023	Dec. 31, 2022
Morn Sun Foods Corporation	$ 84,224	$ 120,765

Name of subsidiary	Percentage of ownership interests and voting rights	
	Dec. 31, 2023	Dec. 31, 2022
Morn Sun Foods Corporation	58.04%	58.04%

The invested and the Company’s share of its profit and loss and other comprehensive income by equity method was recognized based on the subsidiary's financial statements that have been audited by CPAs for the same period.

(2) Investments in associates

	Dec. 31, 2023	Dec. 31, 2022
Associates that are significant		
Non-TWSE/TPEx listed company		
Top Food Industry Corporation	$ 399,470	$ 361,365

Associates that are significant are as follows:

Company name	Percentage of equity and voting rights held Dec. 31, 2023	Dec. 31, 2022
Top Food Industry Corporation	36.84%	36.84%

Please refer to Table 3 “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 the Company’s share of its profit and loss and other comprehensive income by equity method was recognized based on the associates’ financial statements that have been audited by CPAs for the same period.

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

Top Food Industry Corporation

	Dec. 31, 2023	Dec. 31, 2022
Current assets	$ 1,585,546	$ 1,742,305
Non-current assets	1,185,801	1,264,702
Current liabilities	(1,113,383)	(1,426,473)
Non-current liabilities	(573,690)	(599,687)
Equity	$ 1,084,274	$ 980,847
Shareholding ratio of the Company	36.84%	36.84%
Equity enjoyed by the Company	$ 399,470	$ 361,365

	2023	2022
Operating revenue	$ 3,862,696	$ 3,660,735
Current net income (loss)	$ 103,427	($ 29,051)
Other comprehensive income	-	-
Total comprehensive income	$ 103,427	($ 29,051)
Dividends received	$ -	$ 30,312

15. Property, Plant and Equipment

	Land	Buildings and structures	Leasehold improvements	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Property under construction	Total
Costs									
Balance at Jan. 1, 2023	$ 79,987	$ 209,197	$ 907	$ 67,718	$ 14,200	$ 2,360	$ 22,941	$ 13,756	$ 411,066
Additions	-	8,400	483	206	-	-	4,908	-	13,997
Reclassification (Note)	-	3,066	-	13,101	-	-	1,486	(13,756)	3,897
Balance at Dec. 31, 2023	$ 79,987	$ 220,663	$ 1,390	$ 81,025	$ 14,200	$ 2,360	$ 29,335	$ -	$ 428,960
Accumulated Depreciation									
Balance at Jan. 1, 2023	$ -	$ 129,985	$ 403	$ 27,953	$ 12,844	$ 1,317	$ 11,139	$ -	$ 183,641
Depreciation expenses	-	5,162	179	6,286	822	371	2,511	-	15,331

Balance at Dec. 31, 2023	$ -	$ 135,147	$ 582	$ 34,239	$ 13,666	$ 1,688	$ 13,650	$ -	$ 198,972
Net amount at Dec. 31, 2023	$ 79,987	$ 85,516	$ 808	$ 46,786	$ 534	$ 672	$ 15,685	$ -	$ 229,988
Costs									
Balance at Jan. 1, 2022	$ 79,987	$ 199,375	$ 907	$ 63,272	$ 14,730	$ 2,262	$ 19,556	$ 23,225	$ 403,314
Additions	-	3,689	-	1,110	-	98	3,687	-	8,584
Disposal	-	-	-	-	(530)	-	(1,457)	-	(1,987)
Reclassification (Note)	-	6,133	-	3,336	-	-	1,155	(9,469)	1,155
Balance at Dec. 31, 2022	$ 79,987	$ 209,197	$ 907	$ 67,718	$ 14,200	$ 2,360	$ 22,941	$ 13,756	$ 411,066
Accumulated Depreciation									
Balance at Jan. 1, 2022	$ -	$ 124,974	$ 252	$ 22,092	$ 12,342	$ 924	$ 8,907	$ -	$ 169,491
Depreciation expenses	-	5,011	151	5,861	1,032	393	2,349	-	14,797
Disposal	-	-	-	-	(530)	-	(117)	-	(647)
Balance at Dec. 31, 2022	$ -	$ 129,985	$ 403	$ 27,953	$ 12,844	$ 1,317	$ 11,139	$ -	$ 183,641
Net amount at Dec. 31, 2022	$ 79,987	$ 79,212	$ 504	$ 39,765	$ 1,356	$ 1,043	$ 11,802	$ 13,756	$ 227,425

Note: Transfer-in of prepayment for equipment.

The Company did not recognize or reverse any impairment loss for 2023 and 2022.

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	5-23 years
Leasehold improvements	6 years
Machinery and equipment	5-15 years
Transportation equipment	5-6 years
Office equipment	3-8 years
Other equipment	3-15 years

16. Lease Arrangements

(1) Right-of-use assets

	Dec. 31, 2023	Dec. 31, 2022
Carrying amount of right-of-use assets		
Buildings	$ 10,435	$ 11,397
Transportation equipment	1,251	1,417
	$ 11,686	$ 12,814

	2023	2022
Additions to right-of-use assets	$ 3,329	$ -
Depreciation expenses of right-of-use assets		
Buildings	$ 1,896	$ 2,284
Transportation equipment	646	657
	$ 2,542	$ 2,941

The Company did not recognize or reverse any impairment loss for 2023 and 2022.

(2) Lease liabilities

	Dec. 31, 2023	Dec. 31, 2022
Carrying amount of lease liabilities		
Current	$ 2,379	$ 2,722
Non-current	$ 9,455	$ 10,244

Range of discount rate for lease liabilities is as follows:

	Dec. 31, 2023	Dec. 31, 2022
Buildings	1.01%～2.00%	1.01%～1.67%
Transportation equipment	1.01%～2.20%	0.91%～1.67%

(3) Material lease-in activities and terms

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

(4) Other leasing information

	2023	2022
Short-term lease expenses	$ 264	$ 352
Total cash (outflow) from leases	($ 2,910)	($ 3,403)

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

17. Investment property

	Land	Buildings and structures	Total
Costs			
Balance at Jan. 1, 2023 and Dec. 31, 2023	$ 21,265	$ 8,964	$ 30,229
Accumulated depreciation			
Balance at Jan. 1, 2023	$ -	$ 5,431	$ 5,431
Depreciation expenses	-	231	231

Balance at Dec. 31, 2023	$ -	$ 5,662	$ 5,662
Net amount at Dec. 31, 2023	$ 21,265	$ 3,302	$ 24,567
Costs			
Balance at Jan. 1, 2022 and Dec. 31, 2022	$ 21,265	$ 8,964	$ 30,229
Accumulated depreciation			
Balance at Jan. 1, 2022	$ -	$ 5,200	$ 5,200
Depreciation expenses	-	231	231
Balance at Dec. 31, 2022	$ -	$ 5,431	$ 5,431
Net amount at Dec. 31, 2022	$ 21,265	$ 3,533	$ 24,798

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:

	Dec. 31, 2023	Dec. 31, 2022
1st year	$ 2,880	$ 2,641
2nd year	2,700	2,568
3rd year	766	2,388
4th year	312	454
5th year	13	-
	$ 6,671	$ 8,051

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

Buildings and structures	45 years

Fair value of investment property is as follows:

	Dec. 31, 2023	Dec. 31, 2022
Fair value	$ 229,820	$ 217,390

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.

The fair value of the investment property as of Dec. 31, 2022 has not been evaluated by an independent evaluator, where, the management of the Company only reviewed the effectiveness of the valuation report on Nov. 24, 2021, and deemed that the fair value of the above investment property was still effective as of Dec. 31, 2022 by taking into account the existing lease contracts and adjacent rental rates.

18. Other Intangible Assets

	Computer software
Costs	
Balance at Jan. 1, 2023 and Dec. 31, 2023	$ 448
Acquired separately	155
Balance at Dec. 31, 2023	$ 603
Accumulated amortization	
Balance at Jan. 1, 2023	$ 385
Amortization expenses	75
Balance at Dec. 31, 2023	$ 460
Net amount at Dec. 31, 2023	$ 143
Costs	
Balance at Jan. 1, 2022 and Dec. 31, 2022	$ 448
Accumulated amortization	
Balance at Jan. 1, 2022	$ 327
Amortization expenses	58
Balance at Dec. 31, 2022	$ 385
Net amount at Dec. 31, 2022	$ 63

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:

	2023	2022
Administrative expenses	$ 75	$ 58

19. Other assets

	Dec. 31, 2023	Dec. 31, 2022
Current		
Prepayments	$ 2,006	$ 2,134
Others	51	1,332
	$ 2,057	$ 3,466
Non-current		
Prepayment for equipment	$ 7,398	$ 4,552
Refundable deposits	415	553
	$ 7,813	$ 5,105

20. Borrowings

(1) Short-term debts

	Dec. 31, 2023	Dec. 31, 2022
Unsecured borrowings		
Credit borrowings	$ 200,000	$ 380,000
Letter of credit borrowings	59,829	56,879
	$ 259,829	$ 436,879

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

	Dec. 31, 2023	Dec. 31, 2022
Unsecured borrowings from bank	1.650%～6.343%	1.395%～5.140%

(2) Short-term bills payable

	Dec. 31, 2023	Dec. 31, 2022
Commercial paper payable	$ 20,000	$ 20,000

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

Dec. 31, 2023

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

Dec. 31, 2022

Guarantee/ acceptance agency	Face value	Discount amount	Carrying amount	Interest rate range	Name of collateral
Commercial paper payable					
Taiwan Finance Corporation	$ 20,000	$ -	$ 20,000	1.300%	None

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.

21. Accounts payable

	Dec. 31, 2023	Dec. 31, 2022
Accounts payable		

	Dec. 31, 2023	Dec. 31, 2022
From operations	$ 128,725	$ 224,006

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

22. Other Payables

	Dec. 31, 2023	Dec. 31, 2022
Salaries and bonuses payable	$ 25,599	$ 11,328
Remuneration to employees and directors payable	13,000	6,800
Freight payable	5,445	6,043
Repair charge payable	3,676	1,296
Equipment payment payable	2,335	-
Insurance expense payable	1,325	1,427
Service expense payable	959	775
Pension payable	718	713
Interest payable	232	500
Investment payment payable	-	2,177
Others	5,125	4,346
	$ 58,414	$ 35,405

23. Post-Employment Benefit Plans

(1) Defined contribution plans

The Company has adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the companies make monthly contributions to employees' individual pension accounts of the Bureau of Labor Insurance at 6% of monthly salaries and wages.

(2) Defined benefit plans

The pension system adopted by the Company in accordance with the Labor Standards Act of R.O.C. is a state-managed defined benefit pension plan. The payment for employee pensions is calculated based on the length of service and the average salary in the 6 months prior to the approved retirement date. The Company contributes pensions at 2% of the total monthly employee salaries, which are deposited by the Pension Fund Monitoring Committee in the pension account with the Bank of Taiwan in the name of the committee. Before the end of each year, if the balance in the pension account assessed is inadequate to pay for the retirement benefits for employees who meet the retirement requirements in the following year, the Company will contribute an amount to make up for the difference in a lump sum by the end of March of the following year. The pension account is managed by the Bureau of Labor Funds, Ministry of Labor; the Company has no right to influence the investment management strategy.

The amounts included in the consolidated balance sheets in respect of the Company's defined benefit plans are as follows:

	Dec. 31, 2023	Dec. 31, 2022
Present value of defined benefit obligations	$ 59,532	$ 69,497
Fair value of plan asset	(79,097)	(82,906)
Net defined benefit assets	($ 19,565)	($ 13,409)

Changes in net defined benefit assets are as follows:

	Present value of defined benefit obligations	Fair value of plan asset	Net defined benefit assets
Jan. 1, 2023	$ 69,497	($ 82,906)	($ 13,409)
Current service cost	206	-	206
Interest expense (income)	869	(1,037)	(168)
Recognized in profit or loss	1,075	(1,037)	38
Re-measurement			
Return on plan asset (except for the amount included in the net interest)	-	(747)	(747)
Actuarial (gains)			
- Experience adjustments	(671)	-	(671)
Recognized in other comprehensive income	(671)	(747)	(1,418)
Contributions from the employer	-	(432)	(432)
Benefits payment	(10,369)	6,025	(4,344)
Dec. 31, 2023	$ 59,532	($ 79,097)	($ 19,565)
Jan. 1, 2022	$ 72,071	($ 80,222)	($ 8,151)
Current service cost	202	-	202
Interest expense (income)	360	(401)	(41)
Recognized in profit or loss	562	(401)	161
Re-measurement			
Return on plan asset (except for the amount included in the net interest)	-	(6,714)	(6,714)
Actuarial losses (gains)			
- Changes in	(929)	-	(929)

financial assumptions			
- Experience adjustments	2,689	-	2,689
Recognized in other comprehensive income	1,760	(6,714)	(4,954)
Contributions from the employer	-	(465)	(465)
Benefits payment	(4,896)	4,896	-
Dec. 31, 2022	$ 69,497	($ 82,906)	($ 13,409)

Due to the pension plans under the Labor Standards Act, the Company is exposed to the following risks:

A. Investment risk: The Bureau invests labor pension funds in domestic (foreign) equity securities, debt securities, and bank deposits on its own use and through agencies entrusted. However, the income from the Company's amount allocated to plan assets is calculated based on the interest rate not lower than the local bank's interest rate for 2-year time deposits.

B. Interest risk: A decrease in the interest rate in the government bonds and corporate bonds will increase the present value of the defined benefit obligation; however, the return on the debt investment through the plan assets will also increase, and the increases will partially offset the effect of the net defined benefit liability.

C. Salary risk: The present value of the defined benefit obligation is calculated with reference to the future salaries of the participants in the plan. As such, an increase in the salary of the participants in the plan will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The critical assumptions made on the measurement date are as follows:

	Dec. 31, 2023	Dec. 31, 2022
Discount rate	1.25%	1.25%
Expected salary increase rate	2.50%	2.50%

If each of the critical actuarial assumptions is subject to reasonably possible changes, when all other assumptions remain unchanged, the amounts by which the present value of the defined benefit obligation would increase (decrease) are as follows:

	Dec. 31, 2023	Dec. 31, 2022
Discount rate		
Increase by 0.25%	($ 253)	($ 298)
Decrease by 0.25%	$ 257	$ 303
Expected salary increase rate		
Increase by 1%	$ 1,085	$ 1,310
Decrease by 1%	($ 1,027)	($ 1,237)

As actuarial assumptions may be correlated, it is unlikely that only a single assumption would occur in isolation of one another, so the sensitivity analysis above may not reflect the actual changes in the present value of the defined benefit obligation.

	Dec. 31, 2023	Dec. 31, 2022
The expected contributions to the plan for the following year	$ 32	$ 39
The weighted average duration of the defined benefit obligation	3.9 years	4.0 years

24. Equity

(1) Common stock

	Dec. 31, 2023	Dec. 31, 2022
Authorized shares (in thousands)	50,000	50,000
Authorized capital	$ 500,000	$ 500,000
Issued and paid shares (in thousands)	39,370	38,598
Issued capital	$ 393,702	$ 385,982

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. 27, 2022, upon resolution of the annual general meeting, the Company passed capital increase of NT$18,380 thousand from surplus, with issuance of total 1,838 thousand new shares at the par value of NT$10 each, which has been approved and declared effective by the Financial Supervisory Commission on

Jul. 19, 2022. And on Aug. 5, 2022, the chairman set Aug. 29, 2022 as the base date for capital increase as authorized by the Board of Directors.

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

	Dec. 31, 2023	Dec. 31, 2022
May be used to compensate losses, distribute cash, or replenish capital (Note 1)		
Share premium	$ 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
Conversion premium of employee stock options	1,023	1,023
Expiration of employee stock options	372	372
May only be used to compensate losses		
Recognition of changes in ownership interests of subsidiaries (Note 2)	8,794	8,794
	$ 145,207	$ 145,207

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 26(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 annual general meeting on Jun. 26, 2023 and Jun. 27, 2022, respectively, which resolved and passed the earning distribution plans for 2022 and 2021 as follows:

	2022	2021
Legal reserve	$ 956	$ 13,230

Cash dividends	$ 38,598	$ 73,520
Stock Dividends	$ 7,720	$ 18,380
Cash dividend per share (NTD)	$ 1	$ 2
Dividend per share (NTD)	$ 0.2	$ 0.5

On Mar. 11, 2024, the Company's Board of Directors proposed the 2023 earnings distribution as follows:

	2023
Legal reserve	$ 16,345
Cash dividends	$ 86,614
Stock Dividends	$ 19,685
Cash dividend per share (NTD)	$ 2.2
Dividend per share (NTD)	$ 0.5

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

	2023	2022
Balance at beginning of the year	$ 247,399	$ 221,550
Generated in the current year		
Unrealized Gain/(Loss)		
Equity instruments	(1,370)	25,849
Other comprehensive income for the current year	(1,370)	25,849
Balance at end of the year	$ 246,029	$ 247,399

25. Revenue

	2023	2022
Revenue from customer contracts		
Revenue from livestock feed	$ 1,632,029	$ 1,914,569
Revenue from breeding	397,244	385,804
Revenue from trading of bulk raw materials	206,865	171,553
Other income	6,757	42,251
	$ 2,242,895	$ 2,514,177

(1) Description of customer contracts

Sales revenue

Sales revenue of the Company mainly comes main from sales of all kinds of feeds, bulk raw materials, pigs and meat poultry, 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

	Dec. 31, 2023	Dec. 31, 2022	Jan. 1, 2022
Notes receivable (Note 11)	$ 207,716	$ 220,430	$ 201,414
Accounts receivable (Note 11)	$ 212,303	$ 240,209	$ 221,224
Accounts receivable - related parties	$ -	$ -	$ 3,960
Contract liabilities - current			
Sales	$ 217	$ 2,695	$ 6,405

The amount of performance obligation fulfilled for contract liabilities from the beginning of the year recognized in revenue in the current year is as follows:

	2023	2022
Contract liabilities from the beginning of the year		
Sales	$ 2,695	$ 6,405

26. Net income

(1) Interest income

	2023	2022
Cash in banks	$ 212	$ 61
Financial assets at amortized cost	476	-
Financial assets at FVTPL	286	-
Others	10	-
	$ 984	$ 61

(2) Other income

	2023	2022
Dividend income	$ 8,162	$ 8,653
Directors' remuneration income	1,571	2,679
Rental income	1,120	1,120
Others	276	79
	$ 11,129	$ 12,531

(3) Other gains or losses

	2023	2022
Net foreign currency exchange losses	($ 1,309)	($ 22,050)
Losses on disposal of	-	(35)

property, plant and equipment		
Gains (losses) from disposal of productive biological assets	1,738	(141)
Gains (losses) from financial assets mandatorily at fair value through profit or loss	5,292	(3,973)
Gains from lease modification	11	-
Others	(24)	(656)
	$ 5,708	($ 26,855)

(4) Financial costs

	2023	2022
Interest on bank borrowings	($ 7,877)	($ 6,591)
Interest on lease liabilities	(111)	(148)
	($ 7,988)	($ 6,739)

(5) Depreciation and amortization

	2023	2022
Property, Plant and Equipment	$ 15,331	$ 14,797
Biological assets	5,175	4,771
Right-of-use assets	2,542	2,941
Investment property	231	231
Intangible assets	75	58
	$ 23,354	$ 22,798
An analysis of depreciation expenses by function		
Operating costs	$ 20,190	$ 18,938
Operating expenses	3,089	3,802
	$ 23,279	$ 22,740
An analysis of amortization expenses by function		
Operating expenses	$ 75	$ 58

Please refer to Note 18 for information on allocation of intangible assets' amortization expenses to individual line items.

(6) Direct operating expenses of investment property

	2023	2022
Rental income generated		
Salaries and wages	$ 224	$ 207
Depreciation	231	231
Others	147	123
	$ 602	$ 561

(7) Employee benefits expenses

	2023	2022
Short-term employee benefits	$ 96,687	$ 79,443
Post-employment benefits		
Defined contribution plans	3,191	3,611
Defined benefit plans (Note 23)	38	161
	3,229	3,772
Labor and health insurance expenses	6,934	7,884
Other employee benefits	4,007	4,396
Total employee benefits expenses	$ 110,857	$ 95,495
An analysis by function		
Operating costs	$ 41,591	$ 36,854
Operating expenses	69,266	58,641
	$ 110,857	$ 95,495

(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. The estimated 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:

Estimated percentage

	2023	2022
Employee compensation	2.84%	2.65%
Directors' remuneration	2.84%	2.65%

Amount

	2023	2022
	Cash	Cash
Employee compensation	$ 6,000	$ 500
Directors' remuneration	6,000	500

If there is a change in the amount after the annual individual 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.

There was no difference between the actual amount of employee compensation and directors' remuneration distributed for 2022 and the amount recognized in the 2022 individual financial statements.

Due to the continuous international epidemic situation, the rising cost of bulk raw materials (soybeans, wheat and corns) and transportation, and the increase in operating costs of the Company, the Company held a Board of Directors' Meeting on Nov. 11, 2022.The actual distribution amount of directors' compensation was different from the amount recognized in the 2021 individual financial statements, and the difference was adjusted to the profit and loss of 2022.

	2021
	Directors' remuneration
Distribution amount resolved by the Board of Directors' Meeting	$ 5,200
Amount recognized in annual financial statements	$ 5,800

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

	2023	2022
Total foreign currency exchange gains	$ 3,571	$ 3,000
Total (losses) from foreign currency exchange	(4,880)	(25,050)
Net losses	($ 1,309)	($ 22,050)

27. Income Tax

(1) Income tax recognized in profit or loss

Major components of tax expenses are as follows:

	2023	2022
Current income tax		
Incurred in the current year	$ 35,344	$ 12,852
Surtax on undistributed earnings	-	1,358
Adjustments to prior years	-	(901)
	35,344	13,309
Deferred tax		
Incurred in the current year	1,559	(1,067)
Income tax expense recognized in profit or loss	$ 36,903	$ 12,242

The reconciliation between the accounting income and the current income tax expense is as follows:

	2023	2022
Net income before tax	$ 199,213	$ 17,833
Income tax calculated based on statutory tax rate for pre-tax income	$ 39,843	$ 3,567
Non-deductible expenses	88	223
Tax-free income	(3,028)	7,995
Surtax on undistributed earnings	-	1,358
Adjustments to income tax expenses from prior years in the current year	-	(901)
Income tax expense recognized in profit or loss	$ 36,903	$ 12,242

(2) Income tax recognized in other comprehensive income

	2023	2022
Deferred tax		
Incurred in the current year		
Re-measurement of the defined benefit plan	$ 283	$ 991

(3) Current income tax assets and liabilities

	Dec. 31, 2023	Dec. 31, 2022
Current income tax assets		

Tax refund receivable	$ 1,032	$ 1,032
Current income tax liabilities		
Income tax payable	$ 29,075	$ -

(4) Deferred tax assets and liabilities

The changes in deferred tax assets and liabilities are as follows:

2023

	Balance at beginning of the year	Recognized in profit or loss	Recognized in other comprehensive income	Balance at end of the year
Deferred tax assets				
Temporary differences				
The allowance for losses exceeds the limit	$ 12,008	$ 46	$ -	$ 12,054
Unrealized exchange losses	47	(47)	-	-
Defined benefit pension plans	1,487	-	(283)	1,204
Annual bonus payable	1,781	(641)	-	1,140
Losses on market price decline and obsolete and slow-moving of inventories	1,451	(230)	-	1,221
	$ 16,774	($ 872)	($ 283)	$ 15,619
Deferred tax liabilities				
Temporary differences				
Land value increment tax	($ 18,283)	$ -	$ -	($ 18,283)
Unrealized exchange gains	-	(180)	-	(180)
Valuation of biological assets	(1,052)	(507)	-	(1,559)
	($ 19,335)	($ 687)	$ -	($ 20,022)

2022

	Balance at beginning of the year	Recognized in profit or loss	Recognized in other comprehensive income	Balance at end of the year
Deferred tax assets				
Temporary differences				
The allowance for losses exceeds the limit	$ 11,962	$ 46	$ -	$ 12,008
Unrealized exchange losses	-	47	-	47
Defined benefit	$ 2,478	$ -	($ 991)	$ 1,487

	Balance at beginning of the year	Recognized in profit or loss	Recognized in other comprehensive income	Balance at end of the year
pension plans				
Annual bonus payable	1,214	567	-	1,781
Losses on market price decline and obsolete and slow-moving of inventories	770	681	-	1,451
	$ 16,424	$ 1,341	($ 991)	$ 16,774
Deferred tax liabilities				
Temporary differences				
Land value increment tax	($ 18,283)	$ -	$ -	($ 18,283)
Valuation of biological assets	(778)	(274)	-	(1,052)
	($ 19,061)	($ 274)	$ -	($ 19,335)

(5) 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 of Dec. 31, 2023, the Company did not have any pending tax litigation cases.

28. Earnings Per Share

Unit: NTD per share

	2023	2022
Earnings per basic share	$ 4.12	$ 0.14
Earnings per diluted share	$ 4.11	$ 0.14

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, there was no change in earnings per basic share and per diluted share in 2022.

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

Current net income

	2023	2022
Net income used in the computation of the basic and diluted earnings per share	$162,310	$ 5,591

Number of Shares Unit: thousand shares

	2023	2022
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	129	35
Weighted average number of ordinary shares used in the computation of diluted earnings per share	39,499	39,405

If the Company 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.

29. Information on Cash Flows

(1) Non-cash transactions

Unless disclosed in other notes, the Company conducted the following non-cash transaction/investment financing activities in 2023 and 2022:

As of Dec. 31, 2023 and 2022, the outstanding amounts for the acquisition of property, and plant & equipment by the Company are NT$2,335 thousand and NT$0 thousand, respectively (other payables included in the statements).

(2) Changes in liabilities from financing activities

2023

			Non-cash changes				
	Jan. 1, 2023	Cash flows	New leases	Decrease in leases	Amortized amount of interest expense	Others	Dec. 31, 2023
Short-term debts	$ 436,879	($ 177,050)	$ -	$ -	$ -	$ -	$ 259,829
Lease liabilities	12,966	(2,535)	3,329	(1,926)	111	(111)	11,834
	$ 449,845	($ 179,585)	$ 3,329	($ 1,926)	$ 111	($ 111)	$ 271,663

2022

			Non-cash changes				
	Jan. 1, 2022	Cash flows	New leases	Decrease in leases	Amortized amount of interest expense	Others	Dec. 31, 2022
Short-term debts	$ 292,051	$ 144,828	$ -	$ -	$ -	$ -	$ 436,879
Lease liabilities	15,869	(2,903)	-	-	148	(148)	12,966
	$ 307,920	$ 141,925	$ -	$ -	$ 148	($ 148)	$ 449,845

30. Capital Risk Management

The Company makes capital management to ensure that the Company 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 Company.

The capital structure of the Company consists of its net debt (i.e., borrowings less cash) and equity (i.e., equity, capital reserves, retained earnings and other equity items).

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

The Company'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 Company will balance the whole capital structure by payment of dividends, issuance of new shares or repayment of old debts, etc.

31. Financial Instruments

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

Dec. 31, 2023

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

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

Dec. 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic listed stocks	$ 29,136	$ -	$ -	$ 29,136
Foreign bonds	-	12,311	-	12,311
	$ 29,136	$ 12,311	$ -	$ 41,447
Financial assets at fair value through other comprehensive income				
Investment in equity				

	Level 1	Level 2	Level 3	Total
instruments				
- Domestic listed stocks	$296,932	$ -	$ -	$296,932

Dec. 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic TWSE/TPEx listed stocks	$ 20,255	$ -	$ -	$ 20,255
Financial assets at fair value through other comprehensive income				
Investment in equity instruments				
Domestic listed stocks	$298,302	$ -	$ -	$298,302

Transfer between Level 1 and Level 2 fair values in 2023 and 2022.

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

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

(3) Categories of financial instruments

	Dec. 31, 2023	Dec. 31, 2022
Financial assets		
At FVTPL		
Mandatorily at FVTPL	$ 41,447	$ 20,255
Financial assets at amortized cost (Note 1)	476,371	495,244
Financial assets at fair value through other comprehensive income		
Investment in equity instruments	296,932	298,302
Financial liability		
Financial liability at amortized cost (Note 2)	444,165	713,207

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 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, and guarantee deposits received.

(4) Financial risk management objective and policies

Main financial instruments of the Company include equity investment, accounts receivable, accounts payable, borrowings and lease liabilities, etc. The Company's financial management department supervises and manages the financial risks related to the Company'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 Company 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 Company's exposure to market risks in financial instruments and in the way it manages and measures such exposure.

(A) Exchange rate risk

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

Please refer to Note 34 for the carrying amount of the Company's monetary assets and monetary liabilities denominated in non-functional currencies at the balance sheet date.

<u>Sensitivity analysis</u>

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

The table below details the Company's sensitivity analysis when the exchange rate between the NTD (functional currency) and the related foreign currency increases and decreases by 1%. 1% is the sensitivity ratio used within the Company to report exchange rate risk to the key management, and also represents the management's assessment of the range of reasonable possible fluctuations in foreign exchange rate. 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	
	2023	2022
Gains and losses	$ 430	$ 1,355

The above mainly arose from the Company's bank deposits, 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 Company’ sensitivity to USD exchange rate this year was mainly due to the decrease in the short-term debts denominated in USD.

(B) Interest rate risk

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

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

	Dec. 31, 2023	Dec. 31, 2022
Interest rate risk with fair value		
Financial assets	$ 22,729	$ -
Financial liability	151,834	222,966
Cash flow interest rate risk		
Financial assets	43,496	30,826

Financial liability	139,829	246,879

<u>Sensitivity analysis</u>

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 within the Company to report exchange rate risk 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 Company's net income before tax for 2023 and 2022 would decrease/increase by NT$241 thousand and NT$540 thousand, respectively, mainly because of the Company's risk exposure of deposits and borrowings at floating interest rates.

The decrease in the Company' sensitivity to interest rate this year was mainly due to the decrease in the short-term debts adopting floating interest rate.

(C) Other price risks

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

<u>Sensitivity analysis</u>

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

If the equity price increases/decreases by 1%, the gains and losses before tax for 2023 and 2022 would increase/decrease NT$ 414 thousand and NT$ 203 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 for 2023 and 2022 would increase/decrease NT$ 2,969 thousand and NT$

2,983 thousand, respectively, due to increase/decrease in fair value of financial assets at fair value through other comprehensive income.

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

The Company' sensitivity to price risk of financial assets at fair value through other comprehensive income, is not much different from 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 Company. As of the balance sheet date, the maximum credit risk exposure that the Company 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 individual balance sheet.

The Company'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 Company manages and maintains sufficient cash positions to support the operations of the Company and mitigate the impact of cash flow fluctuations. The Company'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 Company. For financing facilities unspent by the Company, please refer to the following (2) 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 Company 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

Company 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 Company, the management thinks that it is unlikely that the bank would exercise its right to demand immediate settlement from the Company. 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.

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	$ 164,133	$ -	$ -	$ 203	$ -
Lease liabilities	484	339	1,689	8,028	1,696
Floating interest rate instruments	20,421	120,433	-	-	-
Fixed interest rate instruments	90,160	50,107	-	-	-
	$ 275,198	$ 170,879	$ 1,689	$ 8,231	$ 1,696

Further information on maturity analysis of lease liabilities is as follows:

	Less than 1 year	1-5 years	5-10 years	10-15 years	15-20 years	Over 20 years
Lease liabilities	$ 2,512	$ 8,028	$ 1,696	$ -	$ -	$ -

Dec. 31, 2022

	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	$ 256,125	$ -	$ -	$ 203	$ -
Lease liabilities	829	257	1,751	7,563	2,948
Floating interest	497	187,503	60,229	-	-

rate instruments					
Fixed interest rate instruments	130,163	80,081	-	-	-
	$ 387,614	$ 267,841	$ 61,980	$ 7,766	$ 2,948

Further information on maturity analysis of lease liabilities is as follows:

	Less than 1 year	1-5 years	5-10 years	10-15 years	15-20 years	Over 20 years
Lease liabilities	$ 2,837	$ 7,563	$ 2,948	$ -	$ -	$ -

(B) Financing Facilities

	Dec. 31, 2023	Dec. 31, 2022
Unsecured bank loan limit		
- Amount spent	$ 279,829	$ 456,879
- Amount unspent	1,417,221	1,523,121
	$ 1,697,050	$ 1,980,000

32. Related Party Transactions

Unless disclosed in other notes, the transactions between the Company and the related parties are as follows.

(1) Name of related parties and relationship

Name of related party	Relationship with the Company
Top Food Industry Corporation	Associate
Morn Sun Foods Corporation	Subsidiaries
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
Maoyuan International Inc.	Substantial related party
Hongxin Egg Products Co., Ltd. (Note 1)	Substantial related party
Chen Wen-Zhi Livestock Farm (Note 1)	Substantial related party
Xinhongying Livestock Farm (Note 1)	Substantial related party
Huang, Qi-Ye	Substantial related party (major shareholder of the Company)
Huang, Yun-Hui	Substantial related party
Chen, Jia-Qi (Note 1)	Substantial related party
Huang, Qiang (Note 2)	Substantial related party (president of the Company)

Note 1: It has no longer been a related party of the Company since Oct. 4, 2022.

Note 2: Mr. Huang, Qiang passed away on Oct. 4, 2022.

(2) Operating revenue

Related party category	2023	2022
Subsidiaries	$ 116	$ 297
Substantial related party	-	17,110
	$ 116	$ 17,407

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

(3) Purchases

Related party category	2023	2022
Substantial related party	$ 128,452	$ 142,585

The purchase price of the Company 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

Account title	Related party category	Dec. 31, 2023	Dec. 31, 2022
Accounts payable - related parties	Substantial related party	$ 14,974	$ 14,817

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

(5) Acquisition of purchase of property, plant and equipment

	Price of acquisition	
Related party category	2023	2022
Substantial related party	$ -	$ 31

(6) Rent Agreement

Related party category/name	2023	2022
Acquisition of right-of-use assets		
Substantial related party / Huang, Qi-Ye	$ 2,848	$ -

Account title	Related party category/name	Dec. 31, 2023	Dec. 31, 2022
Lease liabilities	Substantial related party / Huang, Qi-Ye	$ 2,848	$ 593
	Substantial related party / Huang, Qiang	$ -	$ 2,053

Related party category	2023	2022
Interest expense		
Substantial related party	$ 12	$ 38

The Company rented office venues 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.

(7) Transactions with other related parties

A.

Account title	Related party category/name	2023	2022
Other income - Directors' remuneration income	Associate / Top Food Industry Corporation	$ -	$ 808
Other income - Directors' remuneration income	Substantial related party / Formosa Oilseed Processing Co., Ltd. (FOPCO)	$ 1,571	$ 1,871
Other income - Dividend income	Substantial related party / Formosa Oilseed Processing Co., Ltd. (FOPCO)	$ 7,755	$ 8,272

B.

Account title	Related party category/name	Dec. 31, 2023	Dec. 31, 2022
Refundable deposits	Substantial related party / Huang, Qiang	$ -	$ 88

C. In addition, the Company and the substantial related party - Huang, Yun-Hui family 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 Company 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 ought to be paid by the Company to substantial related parties in 2023 and 2022 was NT$ 2,656 thousand and NT$ 1,462 thousand, respectively.

As of Dec. 31, 2023 and 2022, the accounted Other payables - related parties were NT$ 2,656 thousand and NT$ 2,159 thousand, respectively.

(8) Remuneration of key management personnel

	2023	2022
Short-term employee benefits	$ 20,386	$ 14,016
Post-employment benefits	476	617
	$ 20,862	$ 14,633

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

33. Significant Contingent Liabilities and Unrecognized Commitments

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

(1) As of Dec. 31, 2023 and 2022, the Company's opened but unspent letter of credit amount for purchase of raw materials was USD 2,912 thousand and USD 4,849 thousand, respectively.

(2) As of Dec. 31, 2023 and 2022, the Company’s commitment amount for replacement of plant equipment engineering was NT$ 16,301 thousand and NT$ 36,273 thousand, respectively.

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

The information below is aggregated and presented in foreign currencies other than the Company’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:

Dec. 31, 2023

	Foreign currency	Exchange rate		Carrying amount
Foreign currency assets				
Monetary item				
USD	$ 912	30.705	(USD: NTD)	$ 28,011
Foreign				

currency liabilities				
Monetary item				
USD	2,315	30.705	(USD: NTD)	71,053

Dec. 31, 2022

	Foreign currency	Exchange rate		Carrying amount
Foreign currency assets				
Monetary item				
USD	$ 100	30.710	(USD: NTD)	$ 3,068
Foreign currency liabilities				
Monetary item				
USD	4,513	30.710	(USD: NTD)	138,610

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

	2023		2022	
Foreign currency	Exchange rate	Net gains (losses) on foreign currency exchange	Exchange rate	Net gains (losses) on foreign currency exchange
USD	31.155 (USD: NTD)	($ 1,309)	29.805 (USD: NTD)	($ 22,050)

35. 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: Table 2.

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.

(2) Information on Investees: Table 3.

(3) Information on Investments in Mainland China: None.

(4) Information on major shareholders: List of all shareholders with ownership of 5 percent or greater showing the names and the number of shares and percentage of ownership held by each shareholder: Table 4.

Morn Sun Feed Mill Corp.

Marketable securities held at the end of period (excluding investment in subsidiaries and associates)

Dec. 31, 2023

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				Interim Maximum Number of Shares Held (Shares/Unit)	Remarks
				Number of Shares (Number of Shares/Pieces)	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	$ 296,932	2.36	$ 296,932	5,428,383	Notes 1 & 3
	E.SUN Financial Holding Co., Ltd.	—	Financial assets at FVTPL - current	248,366	6,407	-	6,407	248,366	Notes 1 & 3
	Taiwan Semiconductor Manufacturing Company Limited	—	Financial assets at FVTPL - current	20,000	11,860	-	11,860	20,000	Notes 1 & 3
	Yulon Finance Corporation	—	Financial assets at FVTPL - current	39,564	7,359	-	7,359	39,564	Notes 1 & 3
	Great Wall Enterprise Co., Ltd.	—	Financial assets at FVTPL - current	60,000	3,510	-	3,510	60,000	Notes 1 & 3
	Bonds								
	Mercedes-Benz Finance North America LLC	—	Financial assets at amortized cost - non-current	330	10,418	-	10,361	-	Notes 2 & 3
	Altria Group, Inc.	—	Financial assets at FVTPL - current	100	3,125	-	3,125	-	Notes 1 & 3
	Natixis S.A.	—	Financial assets at FVTPL - current	300	9,186	-	9,186	-	Notes 1 & 3

Note 1: Fair value is calculated based on the closing price and reference market value as of Dec. 31, 2023.

Note 2: Please refer to Note 31(1) for measurement of fair value.

Note 3: No pledge is established for current period.

Note 4: For information on investments in subsidiaries and associates, please refer to Table 3.

Morn Sun Feed Mill Corp.

Disposal of Individual Property at Costs of at Least NT$100 Million or 20% of the Paid-in Capital

2023

Table 2

Unit: NTD thousand

(Selling) Company	Counterparty	Relationship	Transaction				Situation and Reason that Transaction Terms Are Different from General Ones		Notes/Accounts Receivable (Payable)		Remarks
			Purchase/Sale	Amount	As a Percentage of Total Purchases (Sales) (%)	Credit Period	Unit Price	Credit Period	Balance	As a Percentage of Total Notes/Accounts Receivable (Payable) (%)	
Morn Sun Feed Mill Corp.	Formosa Oilseed Processing Co., Ltd.	Substantial related party	Purchases	$ 128,452	7%	30 days for monthly payment	No identical item	-	($ 14,974)	(10%)	-

Morn Sun Feed Mill Corp.

Information on the investees, location and so on

2023

Table 3

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			
The Company	Top Food Industry Corporation	Taichung City	Production and sales business of flour and agricultural products	$ 306,720	$ 306,720	30,311,819	36.84	$ 399,470	$ 103,427	$ 38,105	Note
The Company	Morn Sun Foods Corporation	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	84,224	(62,959)	(36,541)	Note

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

Morn Sun Feed Mill Corp.

Information on Major Shareholders

Dec. 31, 2023

Table 4

Name of Major Shareholders	Shares	
	Number of Shares Held (Shares)	Shareholding Ratio
Huang, Pei-Ling	2,810,246	7.13%
Huang, Qi-Ye	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 individual financial statements, may differ from the number of shares that have been delivered via book entry due to differences in the preparation basis.

§Table of Contents of Statements of Significant Accounting Titles§

ITEM	NO./INDEX
Statement of Assets, Liabilities and Equity Items	
Statement of Cash	Statement 1
Statement of Financial assets at FVTPL - Current	Statement 2
Statement of Financial assets at FVTOCI - Current	Statement 3
Statement of Notes Receivable	Statement 4
Statement of Accounts Receivable	Statement 5
Statement of Inventories	Statement 6
Statement of Biological Assets	Note 13
Statement of Financial Assets at Amortized Cost - Non-current	Statement 7
Statement of Changes in Investments Accounted for Using the Equity Method	Statement 8
Statement of Changes in Property, Plant and Equipment	Note 15
Statement of Changes in Accumulated Depreciation of Property, Plant and Equipment	Note 15
Statement of Changes in Right-of-use Assets	Statement 9
Statement of Accumulated Depreciation Changes in Right-of-use Assets	Statement 10
Statement of Changes in Investment Property	Note 17
Statement of Accumulated Depreciation Changes in Investment Property	Note 17
Statement of Accumulated Depreciation Changes in Other Intangible Assets	Note 18
Statement of Deferred Tax Assets	Note 27
Statement of Net Defined Benefit Assets	Note 23
Statement of Short-term Debts	Statement 11
Statement of Short-term Bills Payable	Note 20
Statement of Accounts Payable	Statement 12
Statement of Other Payables	Note 22
Statement of Lease liabilities	Statement 13
Statement of Deferred Tax liabilities	Note 27
Statement of Profit or Loss	
Statement of Operating Revenue	Statement 14
Statement of Operating Costs	Statement 15
Statement of Operating Expenses	Statement 16
Statement of Non-operating Income and Expenses	Note 26
Statement of Employee Benefits, Depreciation, and Amortization Expenses for this Period by Function	Statement 17

Morn Sun Feed Mill Corp.

Statement of Cash

Dec. 31, 2023

Statement 1 | Unit: NTD thousand, unless otherwise specified

Item	Summary	Amount
Cash on hand and petty cash		$ 400
Cash in banks		
Demand deposits	Including deposits in foreign currency of USD 912 thousand, with exchange rate of 30.705	43,496
Check deposit		1,073
		$ 44,969

Morn Sun Feed Mill Corp.

Statement of Financial assets at FVTPL - Current

Dec. 31, 2023

Statement 2 Unit: NTD thousand, unless otherwise specified

Name of financial instruments	Number of shares/pieces	Par value	Acquisition cost	Fair value: Unit Price (NTD)	Fair value: Total amount
Domestic listed stocks					
E.SUN Financial Holding Co., Ltd.	248,366	-	$ 5,711	25.80	$ 6,407
Taiwan Semiconductor Manufacturing Company Limited	20,000	-	11,917	593.00	11,860
Yulon Finance Corporation	39,564	-	6,833	186.00	7,359
Great Wall Enterprise Co., Ltd.	60,000	-	3,353	58.50	3,510
Foreign bonds					
Altria Group, Inc.	100	USD 1,000	3,142	USD 101.77	3,125
Natixis S.A.	300	USD 1,000	9,292	USD 99.72	9,186
			$ 40,248		$ 41,447

Morn Sun Feed Mill Corp.

Statement of Financial assets at FVTOCI - Current

Dec. 31, 2023

Statement 3

Unit: NTD thousand, unless otherwise specified

Name of financial instruments	Number of shares (shares)	Acquisition cost	Fair value	
			Unit price (NTD)	Total amount
Domestic listed stocks				
Formosa Oilseed Processing Co., Ltd.	5,428,383	$ 50,903	54.70	$ 296,932

Morn Sun Feed Mill Corp.

Statement of Notes Receivable

Dec. 31, 2023

Statement 4

Unit: NTD thousand

Customer name	Amount
Non-related party	
Customer D	$ 23,419
Customer J	18,234
Others (Note)	166,063
	$ 207,716

Note: The balance of each customer did not exceed 5% of the balance of this account.

Morn Sun Feed Mill Corp.

Statement of Accounts Receivable

Dec. 31, 2023

Statement 5 | Unit: NTD thousand

Customer name	Amount
Non-related party	
Company H	$ 11,888
Others (Note)	204,244
Less: Allowance for losses	(3,829)
	$ 212,303

Note: The balance of each customer did not exceed 5% of the balance of this account.

Morn Sun Feed Mill Corp.

Statement of Inventories

Dec. 31, 2023

Statement 6 Unit: NTD thousand

Item	Amount	
	Costs	Net realizable value
Raw materials	$ 88,452	$ 86,783
Material	222	194
Work in progress	2,041	2,031
Finished goods	6,702	6,656
Inventories in transit	110,175	105,818
	207,592	$ 201,482
Less: Allowance for losses on market price decline and obsolete and slow-moving of inventories	(6,110)	
	$ 201,482	

Morn Sun Feed Mill Corp.

Statement of Financial Assets at Amortized Cost - Non-current

2023

Statement 7

Unit: NTD thousand, unless otherwise specified

	Summary		Beginning of year		Increase in the current year		Decrease in the current year		End of year		
Name	Interest payment date	Principal repayment date	Number of pieces	Carrying amount	Number of pieces	Amount	Number of pieces	Amount	Number of pieces	Carrying amount	Collateral or Pledge
Mercedes-Benz Finance North America LLC	May 29 and Nov. 29 every year	Nov. 29, 2027	-	$ -	330	$ 10,418	-	$ -	330	$ 10,418	None

Note: The increase in the current year is due to purchase-in of bonds.

Morn Sun Feed Mill Corp.

Statement of Changes in Investments Accounted for Using the Equity Method

2023

Statement 8

Unit: NTD thousand

Investee	Balance at beginning of the year		Increase in the current year		Decrease in the current year		Share of profit or loss on subsidiaries and associates accounted for using equity method (Note)	Balance at end of the year			Net value of equity	Collateral or Pledge
	Number of shares (shares)	Amount	Number of shares (shares)	Amount	Number of shares (shares)	Amount		Number of shares (shares)	Shareholding (%)	Amount (Note)		
Morn Sun Foods Corporation	15,670,000	$ 120,765	-	$ -	-	$ -	($ 36,541)	15,670,000	58.04	$ 84,224	$ 84,224	None
Top Food Industry Corporation	30,311,819	361,365	-	-	-	-	38,105	30,311,819	36.84	399,470	399,470	None
		$ 482,130		$ -		$ -	$ 1,564			$ 483,694	$ 483,694	

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

Morn Sun Feed Mill Corp.

Statement of Changes in Right-of-use Assets

2023

Statement 9

Unit: NTD thousand

Item	Balance at beginning of the year	Increase in the current year	Decrease in the current year	Balance at end of the year	Remarks
Buildings	$ 17,388	$ 2,849	($ 2,582)	$ 17,655	-
Transportation equipment	2,780	480	(755)	2,505	-
	$ 20,168	$ 3,329	($ 3,337)	$ 20,160	

Morn Sun Feed Mill Corp.

Statement of Accumulated Depreciation Changes in Right-of-use Assets

2023

Statement 10

Unit: NTD thousand

Item	Balance at beginning of the year	Increase in the current year	Decrease in the current year	Balance at end of the year	Remarks
Buildings	$ 5,991	$ 1,896	($ 667)	$ 7,220	-
Transportation equipment	1,363	646	(755)	1,254	-
	$ 7,354	$ 2,542	($ 1,422)	$ 8,474	

Morn Sun Feed Mill Corp.

Statement of Short-term Debts

Dec. 31, 2023

Statement 11

Unit: NTD thousand

	Borrowing term	Annual interest rate (%)	Closing balance	Financing facilities		Collateral
Unsecured borrowings						
Bank credit borrowings						
Mega Bank	2023.11.17 - 2024.02.15	1.700	$ 10,000	$ 120,000	Note	None
Mega Bank	2023.12.21 - 2024.03.20	1.700	10,000	120,000	Note	None
Mega Bank	2023.12.29 - 2024.03.28	1.700	20,000	120,000	Note	None
E.SUN Bank	2023.12.08 - 2024.03.08	1.650	50,000	100,000	Note	None
Far Eastern Bank	2023.12.07 - 2024.01.05	1.770	20,000	80,000	Note	None
Shin Kong Bank	2023.10.20 - 2024.01.19	1.710	20,000	100,000	Note	None
Shin Kong Bank	2023.11.21 - 2024.02.21	1.710	10,000	100,000	Note	None
Yuanta Bank	2023.12.22 - 2024.03.20	1.770	10,000	80,000	Note	None
Yuanta Bank	2023.10.16 - 2024.01.11	1.770	20,000	80,000	Note	None
Yuanta Bank	2023.11.02 - 2024.01.30	1.770	30,000	80,000	Note	None
Letter of credit borrowings						
Fubon Bank	2023.12.15 - 2024.03.14	6.230	29,647	307,050	Note	None
Cooperative Bank	2023.12.28 - 2024.03.27	6.343	30,182	150,000	Note	None
			$ 259,829			

Note: This line is a common bank line.

Morn Sun Feed Mill Corp.

Statement of Accounts Payable

Dec. 31, 2023

Statement 12

Unit: NTD thousand

Name of supplier	Amount
Non-related party	
Company G	$ 24,769
Company K	17,081
Company N	12,524
Others (Note)	74,351
	$ 128,725
Related party	
Formosa Oilseed Processing Co., Ltd.	$ 14,974

Note: The balance of each customer did not exceed 5% of the balance of this account.

Morn Sun Feed Mill Corp.

Statement of Lease liabilities

Dec. 31, 2023

Statement 13 | Unit: NTD thousand, unless otherwise specified

Item	Summary	Leasing period	Discount rate	Closing balance	Remarks
Buildings	Office and pig house	2020.04.01 - 2030.05.31	1.01%～2.00%	$ 10,570	
Transportation equipment	Service car	2021.03.22 - 2026.08.05	1.01%～2.20%	1,264	
				$ 11,834	Note

Note: Including, the amount classified as lease liabilities - current and lease liabilities - non-current is NT$ 2,379 thousand and NT$ 9,455 thousand, respectively.

Morn Sun Feed Mill Corp.

Statement of Operating Revenue

2023

Statement 14 | Unit: NTD thousand, unless otherwise specified

Item	Weight (ton)/number of pigs/number of meat poultry	Amount
Revenue from livestock feed	98,378 tons	$ 1,632,029
Revenue from breeding	17,641 pigs 983,830 meat poultry	397,244
Revenue from trading of bulk raw materials	19,447 tons	206,865
Other income		6,757
Total		$ 2,242,895

Morn Sun Feed Mill Corp.

Statement of Operating Costs

2023

Statement 15 Unit: NTD thousand

Item	Amount
Sales cost	
Direct raw materials	
Raw materials at beginning of year (including inventories in transit)	$ 274,908
Net amount of incoming materials in this year	1,524,931
Inventory profit of raw materials	3,942
Sales of raw materials	(194,876)
Raw materials at end of year (including inventories in transit)	(198,849)
	1,410,056
Direct labor	24,110
Production overheads	123,823
Manufacturing cost	1,557,989
Work-in-progress, beginning of year (Note)	108,320
Purchase-in of work in progress	117,329
Sales of work in progress	(2,917)
Inventory profit of work in progress	(6,774)
Transferred expenses	(90)
Work-in-progress, end of year (Note)	(78,654)
	1,695,203
Finished goods, beginning of year	12,732
Purchased-in of finished goods	31,907
Inventory profit of finished goods	(7,122)
Finished goods, end of year	(6,702)
Transferred expenses	(124)
Transferred biological assets - Non-current	(8,660)
	1,717,234
Cost of raw materials sold	194,876
Sales cost of work in progress	2,917
Inventory gains and losses on inventories	9,954
Recovery gains from market price decline and obsolete and slow-moving inventories	(1,149)
Losses on originally recognized biological assets	(6,213)
Gains from changes in current fair value of biological assets less sales cost	44,131
Subtotal	1,961,750
Others	602
Operating costs	$ 1,962,352

Note: The work in progress includes biological assets - current.

Morn Sun Feed Mill Corp.

Statement of Operating Expenses

2023

Statement 16

Unit: NTD thousand

Name	Selling and marketing expenses	Administrative expenses	Research and development expenses	Reversal gains from expected credit impairment
Salaries and wages (including pension expenses and Directors' remuneration)	$ 19,636	$ 41,452	$ 2,191	$ -
Freight	34,031	46	-	-
Service expense	-	3,846	556	-
Insurance expense	1,502	2,403	210	-
Depreciation	328	2,612	149	-
Reversal gains from expected credit impairment	-	-	-	(1,165)
Others (Note)	5,385	16,504	959	-
Total	$ 60,882	$ 66,863	$ 4,065	($ 1,165)

Note: The balance of each item did not exceed 5% of the amount of this account.

Morn Sun Feed Mill Corp.

Statement of Employee Benefits, Depreciation, and Amortization Expenses for this Period by Function

2023 and 2022

Statement 17 Unit: NTD thousand

	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expenses						
Salaries and wages expenses	$ 35,330	$ 51,954	$ 87,284	$ 30,623	$ 45,169	$ 75,792
Labor and health insurance expenses	3,143	3,791	6,934	3,126	4,758	7,884
Pension expense	1,307	1,922	3,229	1,258	2,514	3,772
Directors' remuneration	-	9,403	9,403	-	3,651	3,651
Other employee benefits expenses	1,811	2,196	4,007	1,847	2,549	4,396
	$ 41,591	$ 69,266	$ 110,857	$ 36,854	$ 58,641	$ 95,495
Depreciation expenses	$ 20,190	$ 3,089	$ 23,279	$ 18,938	$ 3,802	$ 22,740
Amortization expenses	$ -	$ 75	$ 75	$ -	$ 58	$ 58

1. The average number of employees of the Company in 2022 and 2023 was 106 and 115, respectively, 4 and 5 directors did not serve as employees concurrently in both years.
2. The average employee benefits expense for 2023 and 2022 was NT$ 995 thousand and NT$ 835 thousand, respectively ("Total employee benefits expense for the year - Total Directors' remuneration" / "Number of employees for the year - Number of directors who did not serve as employees concurrently").
3. The average employee wages and salaries for the 2023 and 2022 was NT$ 856 thousand and NT$ 689 thousand, respectively (Total wages and salaries for the year / "Number of employees for the year - Number of directors who did not serve as employees concurrently").
4. The average adjustment to employee wages and salaries is 24% ("The average employee wages and salaries for the year - The average employee wages and salaries for the prior year"/ The average wages and salaries for the prior year).
5. The Company has set up an Audit Committee, thus having no supervisor.
6. The Company has set up a Remuneration Committee to assist with the Board of Directors in implementing and evaluating the Company's overall remuneration and benefits policy, as well as the remuneration to directors and managerial officers. The policies for salaries, wages and remunerations to directors, managerial officers and employees of the Company are determined according to their positions and responsibilities, taking into account their personal performance, business performance of the Company, as well as peer level. In addition, in accordance with the Articles of Incorporation, in case the Company has profits for the year, it shall set aside above 1.5% as employee compensation, which shall be resolved by the Board of Directors to be distributed in stocks or cash to the employees (including employees of subsidiaries meeting certain conditions); the Board of Directors shall set aside no more than 5% of the above opening profit as the Directors' remuneration in reference to the directors' participation degree in the operation of the Company and the value of their contributions.