

**CHAROEN POKPHAND ENTERPRISE
(TAIWAN) CO., LTD. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
JUNE 30, 2023 AND 2022**

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

INDEPENDENT AUDITORS' REVIEW REPORT

To the Board of Directors and Shareholders of Charoen Pokphand Enterprise (Taiwan) Co., Ltd.

Introduction

We have reviewed the accompanying consolidated balance sheets of Charoen Pokphand Enterprise (Taiwan) Co., Ltd. and subsidiaries (the “Group”) as at June 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three-month and six-month periods then ended, as well as the consolidated statements of changes in equity and of cash flows for the six-month periods then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard 34, “Interim Financial Reporting” that came into effect as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Standard on Review Engagements 2410, “Review of Financial Information Performed by the Independent Auditor of the Entity” of the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

~2~

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at June 30, 2023 and 2022, and of its consolidated financial performance for the three-month and six-month periods then ended and its consolidated cash flows for the six-month periods then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” that came into effect as endorsed by the Financial Supervisory Commission.



Lin, Yi-Fan



Liao, Fu-Ming

For and on Behalf of PricewaterhouseCoopers, Taiwan
August 7, 2023

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

CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2023, DECEMBER 31, 2022 AND JUNE 30, 2022
(Expressed in thousands of New Taiwan dollars)

ASSETS	Notes	June 30, 2023		December 31, 2022		June 30, 2022		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 266,671	1	\$ 311,085	1	\$ 159,473	1
1110	Current financial assets at fair value through profit or loss	6(2)	2,638	-	-	-	936	-
1150	Notes receivable, net	6(4)	365,537	1	411,234	2	415,616	2
1160	Notes receivable due from related parties, net	7	32,881	-	2,756	-	-	-
1170	Accounts receivable, net	6(4)	2,345,550	9	2,730,874	10	2,374,682	10
1180	Accounts receivable - related parties	7	50,340	-	66,171	-	65,924	-
1200	Other receivables		6,770	-	54,377	-	27,291	-
1210	Other receivables - related parties	7	84	-	228	-	-	-
1220	Current income tax assets		-	-	6,284	-	-	-
130X	Inventories, net	6(5)	2,162,198	9	2,648,075	10	2,339,894	9
1400	Biological assets - current	6(6)	1,900,696	8	2,057,573	8	1,859,833	8
1410	Prepayments	7	215,241	1	412,472	2	363,002	1
1470	Other current assets	6(1) and 8	9,650	-	9,650	-	9,650	-
11XX	Total current assets		<u>7,358,256</u>	<u>29</u>	<u>8,710,779</u>	<u>33</u>	<u>7,616,301</u>	<u>31</u>
Non-current assets								
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	2,100,215	8	2,659,785	10	2,649,926	11
1550	Investments accounted for using equity method	6(7)	93,808	-	94,713	-	99,684	-
1600	Property, plant and equipment, net	6(8) and 8	14,234,060	57	13,789,365	52	13,057,653	53
1755	Right-of-use assets	6(9)	358,174	2	366,762	1	385,070	2
1780	Intangible assets	6(10)	36,440	-	3,155	-	2,835	-
1830	Biological assets - non-current	6(6)	528,938	2	502,089	2	483,686	2
1840	Deferred income tax assets		178,791	1	130,607	1	126,293	1
1900	Other non-current assets		150,786	1	136,490	1	126,219	-
15XX	Total non-current assets		<u>17,681,212</u>	<u>71</u>	<u>17,682,966</u>	<u>67</u>	<u>16,931,366</u>	<u>69</u>
1XXX	Total assets		<u>\$ 25,039,468</u>	<u>100</u>	<u>\$ 26,393,745</u>	<u>100</u>	<u>\$ 24,547,667</u>	<u>100</u>

(Continued)

CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2023, DECEMBER 31, 2022 AND JUNE 30, 2022
(Expressed in thousands of New Taiwan dollars)

LIABILITIES AND EQUITY	Notes	June 30, 2023		December 31, 2022		June 30, 2022		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current liabilities								
2100	Short-term borrowings	6(11)	\$ 3,356,544	14	\$ 4,265,097	16	\$ 3,519,667	15
2110	Short-term notes and bills payable	6(12)	1,071,311	4	987,963	4	1,029,167	4
2120	Current financial liabilities at fair value through profit or loss	6(2)	-	-	11,791	-	-	-
2150	Notes payable		473,163	2	681,467	3	448,664	2
2160	Notes payable - related parties	7	32,578	-	13,389	-	32,573	-
2170	Accounts payable		804,438	3	1,002,088	4	755,071	3
2180	Accounts payable - related parties	7	39,301	-	19,185	-	32,580	-
2200	Other payables	6(13)	1,819,395	7	895,378	3	1,485,525	6
2220	Other payables - related parties	7	30,538	-	30,574	-	28,311	-
2230	Current income tax liabilities		286,916	1	228,618	1	211,447	1
2280	Current lease liabilities		33,035	-	35,888	-	33,966	-
2320	Long-term liabilities, current portion	6(14) and 8	324,484	2	703,597	3	675,625	3
21XX	Total current liabilities		<u>8,271,703</u>	<u>33</u>	<u>8,875,035</u>	<u>34</u>	<u>8,252,596</u>	<u>34</u>
Non-current liabilities								
2540	Long-term borrowings	6(14) and 8	7,471,276	30	7,639,663	29	7,199,441	29
2570	Deferred income tax liabilities		39,522	-	43,046	-	34,953	-
2580	Non-current lease liabilities		301,378	1	308,529	1	325,409	1
2600	Other non-current liabilities	6(15)	29,665	-	39,708	-	93,334	1
25XX	Total non-current liabilities		<u>7,841,841</u>	<u>31</u>	<u>8,030,946</u>	<u>30</u>	<u>7,653,137</u>	<u>31</u>
2XXX	Total liabilities		<u>16,113,544</u>	<u>64</u>	<u>16,905,981</u>	<u>64</u>	<u>15,905,733</u>	<u>65</u>
Equity attributable to owners of parent								
Share capital								
3110	Common stock	6(16)	2,947,901	12	2,947,901	11	2,679,910	11
3150	Stock dividends to be distributed		-	-	-	-	267,991	1
Capital surplus								
3200	Capital surplus	6(17)	6,582	-	6,640	-	4,662	-
Retained earnings								
3310	Legal reserve	6(18)	1,340,668	5	1,181,684	5	1,181,684	5
3350	Unappropriated retained earnings		3,544,207	14	3,713,594	14	2,939,720	12
Other equity interest								
3400	Other equity interest		628,842	3	1,147,149	4	1,136,979	4
31XX	Equity attributable to owners of the parent		<u>8,468,200</u>	<u>34</u>	<u>8,996,968</u>	<u>34</u>	<u>8,210,946</u>	<u>33</u>
36XX	Non-controlling interest		457,724	2	490,796	2	430,988	2
3XXX	Total equity		<u>8,925,924</u>	<u>36</u>	<u>9,487,764</u>	<u>36</u>	<u>8,641,934</u>	<u>35</u>
Significant contingent liabilities and unrecognised contract commitments								
Significant events after the balance sheet date								
3X2X	Total liabilities and equity		<u>\$ 25,039,468</u>	<u>100</u>	<u>\$ 26,393,745</u>	<u>100</u>	<u>\$ 24,547,667</u>	<u>100</u>

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

CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

Items	Notes	Three months ended June 30				Six months ended June 30				
		2023		2022		2023		2022		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(19) and 7	\$ 7,412,017	100	\$ 6,839,204	100	\$ 14,644,087	100	\$ 14,038,618	100
5000	Operating costs	6(5)(25)(26) and 7	(6,086,635)	(82)	(5,789,177)	(85)	(12,293,757)	(84)	(12,064,557)	(86)
5950	Net operating margin		<u>1,325,382</u>	<u>18</u>	<u>1,050,027</u>	<u>15</u>	<u>2,350,330</u>	<u>16</u>	<u>1,974,061</u>	<u>14</u>
	Operating expenses	6(25)(26) and 7								
6100	Selling and marketing expenses		(317,384)	(4)	(278,812)	(4)	(629,380)	(4)	(557,859)	(4)
6200	General and administrative expenses		(202,167)	(3)	(179,388)	(2)	(377,006)	(3)	(374,923)	(3)
6450	Expected credit impairment gain (loss)	12(2)	(1,547)	-	915	-	(3,703)	-	1,466	-
6000	Total operating expenses		(521,098)	(7)	(457,285)	(6)	(1,010,089)	(7)	(931,316)	(7)
6500	Other income and expenses, net	6(6)(20)	(31,695)	(1)	22,462	-	(6,208)	-	10,978	-
6900	Operating profit		<u>772,589</u>	<u>10</u>	<u>615,204</u>	<u>9</u>	<u>1,334,033</u>	<u>9</u>	<u>1,053,723</u>	<u>7</u>
	Non-operating income and expenses									
7100	Interest income	6(21)	1,121	-	106	-	1,184	-	135	-
7010	Other income	6(22) and 7	40,844	1	27,377	-	44,286	1	29,314	-
7020	Other gains and losses	6(23) and 7	5,197	-	(2,161)	-	12,718	-	(28,956)	-
7050	Finance costs	6(24)	(54,006)	(1)	(32,744)	-	(110,550)	(1)	(58,840)	-
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method	6(7)	747	-	733	-	(905)	-	(476)	-
7000	Total non-operating income and expenses		(6,097)	-	(6,689)	-	(53,267)	-	(58,823)	-
7900	Profit before income tax		766,492	10	608,515	9	1,280,766	9	994,900	7
7950	Income tax expense	6(27)	(167,981)	(2)	(116,829)	(2)	(271,429)	(2)	(194,229)	(1)
8200	Profit for the period		<u>\$ 598,511</u>	<u>8</u>	<u>\$ 491,686</u>	<u>7</u>	<u>\$ 1,009,337</u>	<u>7</u>	<u>\$ 800,671</u>	<u>6</u>

(Continued)

CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

Items	Notes	Three months ended June 30				Six months ended June 30				
		2023		2022		2023		2022		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	
Other comprehensive income										
Components of other comprehensive income that will not be reclassified to profit or loss										
8316		Unrealised gain or loss on financial assets at fair value through other comprehensive income								
			(\$ 224,725)	(3)	\$ 81,753	1	(\$ 573,134)	(4)	(\$ 27,672)	-
8349	6(27)	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss								
			13,675	-	(10,194)	-	40,474	-	(5,531)	-
8310		Other comprehensive income (loss) that will not be reclassified to profit or loss								
			(211,050)	(3)	71,559	1	(532,660)	(4)	(33,203)	-
Components of other comprehensive income that will be reclassified to profit or loss										
8361		Currency translation differences of foreign operations								
			30,688	1	57,744	1	14,353	-	103,064	-
8360		Other comprehensive income that will be reclassified to profit or loss								
			30,688	1	57,744	1	14,353	-	103,064	-
8300		Total other comprehensive income (loss) for the period	(\$ 180,362)	(2)	\$ 129,303	2	(\$ 518,307)	(4)	\$ 69,861	-
8500		Total comprehensive income for the period	\$ 418,149	6	\$ 620,989	9	\$ 491,030	3	\$ 870,532	6
Profit (loss) attributable to:										
8610		Owners of the parent	\$ 601,101	8	\$ 488,230	7	\$ 1,023,407	7	\$ 815,970	6
8620		Non-controlling interest	(2,590)	-	3,456	-	(14,070)	-	(15,299)	-
			\$ 598,511	8	\$ 491,686	7	\$ 1,009,337	7	\$ 800,671	6
Comprehensive income (loss) attributable to:										
8710		Owners of the parent	\$ 420,739	6	\$ 617,533	9	\$ 505,100	3	\$ 885,831	6
8720		Non-controlling interest	(2,590)	-	3,456	-	(14,070)	-	(15,299)	-
			\$ 418,149	6	\$ 620,989	9	\$ 491,030	3	\$ 870,532	6
Earnings per share (in dollars)										
9750	6(28)	Basic earnings per share	\$ 2.04		\$ 1.66		\$ 3.47		\$ 2.77	
9850		Diluted earnings per share	\$ 2.04		\$ 1.66		\$ 3.47		\$ 2.77	

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

CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Equity attributable to owners of the parent										
	Capital		Capital surplus, changes in equity of associates and joint ventures accounted for using equity method	Retained Earnings		Other Equity Interest		Total	Non-controlling interest	Total equity	
	Notes	Share capital - common stock		Stock dividends to be distributed	Legal reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations				Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income
Six months ended June 30, 2022											
		\$ 2,679,910	\$ -	\$ 4,666	\$ 1,044,641	\$ 3,332,757	(\$ 169,212)	\$ 1,236,330	\$ 8,129,092	\$ 463,915	\$ 8,593,007
		-	-	-	-	815,970	-	-	815,970	(15,299)	800,671
		-	-	-	-	-	103,064	(33,203)	69,861	-	69,861
		-	-	-	-	815,970	103,064	(33,203)	885,831	(15,299)	870,532
	6(18)										
		-	-	-	137,043	(137,043)	-	-	-	-	-
		-	-	-	-	(803,973)	-	-	(803,973)	-	(803,973)
		-	267,991	-	-	(267,991)	-	-	-	-	-
		-	-	(4)	-	-	-	-	(4)	-	(4)
		-	-	-	-	-	-	-	-	(17,628)	(17,628)
		\$ 2,679,910	\$ 267,991	\$ 4,662	\$ 1,181,684	\$ 2,939,720	(\$ 66,148)	\$ 1,203,127	\$ 8,210,946	\$ 430,988	\$ 8,641,934
Six months ended June 30, 2023											
		\$ 2,947,901	\$ -	\$ 6,640	\$ 1,181,684	\$ 3,713,594	(\$ 8,794)	\$ 1,155,943	\$ 8,996,968	\$ 490,796	\$ 9,487,764
		-	-	-	-	1,023,407	-	-	1,023,407	(14,070)	1,009,337
		-	-	-	-	-	14,353	(532,660)	(518,307)	-	(518,307)
		-	-	-	-	1,023,407	14,353	(532,660)	505,100	(14,070)	491,030
	6(18)										
		-	-	-	158,984	(158,984)	-	-	-	-	-
		-	-	-	-	(1,031,765)	-	-	(1,031,765)	-	(1,031,765)
		-	-	(58)	-	-	-	-	(58)	-	(58)
		-	-	-	-	-	-	-	-	(21,047)	(21,047)
		-	-	-	-	(2,045)	-	-	(2,045)	2,045	-
		\$ 2,947,901	\$ -	\$ 6,582	\$ 1,340,668	\$ 3,544,207	\$ 5,559	\$ 623,283	\$ 8,468,200	\$ 457,724	\$ 8,925,924

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

CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Six months ended June 30	
		2023	2022
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 1,280,766	\$ 994,900
Adjustments			
Adjustments to reconcile profit (loss)			
Gain on financial asset at fair value through profit or loss		(14,429)	(936)
Expected credit impairment (gain) loss	12(2)	3,703	(1,466)
Depreciation	6(8)(25)	482,920	425,370
Depreciation of right-of-use assets	6(9)(25)	29,852	28,928
Amortization	6(25)	9,984	2,898
Interest income	6(21)	(1,184)	(135)
Interest expense	6(24)	110,550	58,840
Dividend income	6(3)(22)	(37,118)	(25,911)
(Gain on reversal of) provision for loss on inventory	6(5)	7,161	(5,457)
Change in fair value less cost to sell of biological assets	6(6)(20)	6,208	(10,978)
Share of profit or loss recognised under equity method	6(7)	905	476
(Gain) loss on disposal of property, plant and equipment	6(23)	483	(85)
Gain on arising from lease modifications		(1)	-
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		45,697	416
Notes receivable - related parties		(30,125)	3,951
Accounts receivable		381,621	(2,375)
Accounts receivable - related parties		15,831	(10,217)
Other receivables		47,607	(2,342)
Other receivables - related parties		144	-
Inventories		478,716	(457,211)
Biological assets		123,820	(272,862)
Prepayments		197,205	44,372
Changes in operating liabilities			
Notes payable		(208,304)	(56,111)
Notes payable - related parties		19,189	21,900
Accounts payable		(197,650)	(95,429)
Accounts payable - related parties		20,116	10,687
Other payables		(82,361)	(83,922)
Other payables - related parties		(36)	1,540
Net defined benefit liability		(10,043)	(9,923)
Cash inflow generated from operations		2,681,227	558,918
Cash paid for income tax		(224,366)	(159,382)
Refund of income tax		6,284	-
Net cash flows from operating activities		<u>2,463,145</u>	<u>399,536</u>

(Continued)

CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Six months ended June 30	
		2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of property, plant and equipment	6(30)	(\$ 954,984)	(\$ 1,060,020)
Proceeds from disposal of property, plant and equipment		2,873	3,183
Acquisition of intangible assets	6(10)	(40,897)	-
Increase in other non-current assets		(16,668)	(6,391)
Cash receipt of interest		1,184	135
Cash receipt of dividends	6(3)(22)	37,118	25,911
Net cash flows used in investing activities		(971,374)	(1,037,182)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase (decrease) in short-term borrowings		(908,553)	218,636
Increase (decrease) in short-term notes and bills payable		83,348	(10,036)
Proceeds from long-term borrowings		3,650,000	4,742,191
Payment of long-term borrowings		(4,197,500)	(4,236,625)
Payment of lease liabilities	6(9)	(31,266)	(28,325)
Cash payment for interest		(111,898)	(58,579)
Cash dividends paid to non-controlling interest		(21,047)	(17,628)
Capital surplus - dividends not received by shareholders		(59)	(4)
Net cash flows (used in) from financing activities		(1,536,975)	609,630
Effects of changes in foreign exchange rate		790	481
Net decrease in cash and cash equivalents		(44,414)	(27,535)
Cash and cash equivalents at beginning of period	6(1)	311,085	187,008
Cash and cash equivalents at end of period	6(1)	\$ 266,671	\$ 159,473

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

CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2023 AND 2022

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

1. HISTORY AND ORGANISATION

Charoen Pokphand Enterprise (Taiwan) Co., Ltd. (the “Company”) was incorporated on August 22, 1977 as a company limited by shares under the Statute for Investment by Overseas Chinese and the provisions of the Company Act of the Republic of China. The main activities of the Company and its subsidiaries (collectively referred herein as the “Group”) are the manufacture and sales of animal feeds, livestock, chicken and processed meat products. The Company’s common stock has been traded on the Taiwan Stock Exchange since July 27, 1987. The ultimate parent company, Charoen Pokphand Foods Public Company Limited (“CPF”), which was incorporated in Thailand, directly and indirectly holds 39% equity interest in the Company.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated financial statements were reported to the Board of Directors on August 7, 2023.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

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

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

None.

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024
Amendments to IAS 12, 'International tax reform - pillar two model rules'	May 23, 2023

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2022, except for the compliance statement, basis of preparation, basis of consolidation and additional policies as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

- A. The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Accounting Standard 34, 'Interim Financial Reporting' as endorsed by the FSC.
- B. These consolidated financial statements are to be read in conjunction with the consolidated financial statements for the year ended December 31, 2022.

(2) Basis of preparation

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
 - (b) Financial assets at fair value through other comprehensive income.
 - (c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
 - (d) Biological assets measured at fair value less costs to sell.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:

The basis for preparation of these consolidated financial statements is consistent with those for the year ended December 31, 2022.

- B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Note
			June 30, 2023	December 31, 2022	June 30, 2022	
The Company	Plenty Type Limited (Cayman Islands)	Management of producing and non-producing business investments	100.00	100.00	100.00	
The Company	Charoen Pokphand (Taiwan) Corp., Ltd.	Management of importing and exporting business	90.00	90.00	90.00	
The Company	Arbor Acres (Taiwan) Co., Ltd.	Husbandry, management of chickens to produce breeder chicken and daily chicken	50.00	50.00	50.00	Note 1

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Note
			June 30, 2023	December 31, 2022	June 30, 2022	
The Company	Rui Mu Foods Co., Ltd.	Management of layers and related business	68.00	68.00	68.00	
The Company	Rui Fu Foods Co., Ltd.	Management of layers and related business	51.00	51.00	51.00	Note 2
Plenty Type Limited (Cayman Islands)	Chia Tai Lianyungang Co., Ltd.	Management of producing and non-producing business investments	99.99	99.99	99.99	
Rui Fu Foods Co., Ltd.	Sheng Da Foods Co., Ltd.	Management of eggs and related business	81.82	75.00	75.00	Note 3

Note 1: The Company's direct or indirect shareholding ratio does not exceed 50%. However, the Company holds more than half of the seats of the Board of Directors. Thus, the subsidiary was included in the consolidation.

Note 2: Rui Fu Foods Co., Ltd. increased its capital by cash in December 2022, and the Company subscribed ordinary shares proportionately to its ownership in the amount of 5,100,000 shares, equivalent to \$51,000. The registration for the changes had been completed.

Note 3: Sheng Da Foods Co., Ltd. increased its capital by cash in January 2023, and the subsidiary, Rui Fu Foods Co., Ltd., subscribed ordinary shares in the amount of 6,000,000 shares. The shareholding ratio increased to 81.82% from 75%. The registration for the changes had been completed.

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

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

E. Significant restrictions: None.

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

(4) Income tax

The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

There have been no significant changes as of June 30, 2023. Refer to Note 5 in the consolidated financial statements for the year ended December 31, 2022.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Cash on hand and revolving funds	\$ 5,403	\$ 10,749	\$ 6,825
Checking accounts	3,949	4,447	4,346
Demand deposits	<u>257,319</u>	<u>295,889</u>	<u>148,302</u>
	<u>\$ 266,671</u>	<u>\$ 311,085</u>	<u>\$ 159,473</u>

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

B. As of June 30, 2023, December 31, 2022 and June 30, 2022, the Group has restricted cash and cash equivalents pledged as collateral totalling \$9,650, classified as other current financial assets and shown as 'other current assets'. Refer to Note 8 for details.

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

<u>Items</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Forward foreign exchange contracts	<u>\$ 2,638</u>	<u>\$ -</u>	<u>\$ 936</u>
Financial liabilities mandatorily measured at fair value through profit or loss			
Non-hedging derivatives			
Forward foreign exchange contracts	<u>\$ -</u>	<u>\$ 11,791</u>	<u>\$ -</u>

A. Amounts recognised in profit or loss in relation to financial assets and liabilities at fair value through profit or loss are listed below:

	<u>For the six-month periods ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Derivatives	<u>(\$ 2,537)</u>	<u>\$ 936</u>

B. The Group entered into contracts relating to derivative financial assets and financial liabilities which were not accounted for under hedge accounting. The information is listed below:

		June 30, 2023	
Current items	Contract amount (notional principal) (in thousands)	Contract period	
Forward foreign exchange contracts			
-Sell NTD buy USD	USD 2,000	2023.05.19~2023.07.24	
-Sell NTD buy USD	USD 2,000	2023.05.30~2023.08.02	
		June 30, 2022	
Current items	Contract amount (notional principal) (in thousands)	Contract period	
Forward foreign exchange contracts			
-Sell NTD buy USD	USD 2,000	2022. 05. 10~2022. 07. 11	
-Sell NTD buy USD	USD 2,000	2022. 05. 12~2022. 08. 15	
-Sell NTD buy USD	USD 2,000	2022. 05. 23~2022. 08. 01	
-Sell NTD buy USD	USD 2,000	2022. 05. 26~2022. 08. 24	
-Sell NTD buy USD	USD 2,000	2022. 06. 27~2022. 08. 29	

The Group entered into forward foreign exchange contracts to buy forward foreign exchange to hedge exchange rate risk of import proceeds. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

C. The Group has no financial assets and financial liabilities at fair value through profit or loss pledged to others.

(3) Financial assets at fair value through other comprehensive income

Items	June 30, 2023	December 31, 2022	June 30, 2022
Non-current items:			
Equity instruments			
Listed stocks	\$ 1,516,486	\$ 1,510,105	\$ 1,492,175
Valuation adjustment	583,729	1,149,680	1,157,751
	<u>\$ 2,100,215</u>	<u>\$ 2,659,785</u>	<u>\$ 2,649,926</u>

A. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	<u>For the three-month periods ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	(\$ <u>211,050</u>)	\$ <u>71,559</u>
Dividend income recognised in profit or loss held at end of period	\$ <u>37,118</u>	\$ <u>25,911</u>
	<u>For the six-month periods ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	(\$ <u>532,660</u>)	(\$ <u>33,203</u>)
Dividend income recognised in profit or loss held at end of period	\$ <u>37,118</u>	\$ <u>25,911</u>

B. The Company and the subsidiary, Plenty Type Limited (Cayman Islands), holds CPF's shares, which are traded on the Thailand Stock Exchange. CPF is the ultimate parent company of the Group.

C. The Group has elected to classify equity investments that are considered to be strategic investments and steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$2,100,215, \$2,659,785 and \$2,649,926 as at June 30, 2023, December 31, 2022 and June 30, 2022, respectively.

(4) Notes and accounts receivable

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Notes receivable	\$ <u>365,537</u>	\$ <u>411,234</u>	\$ <u>415,616</u>
Accounts receivable	\$ 2,356,567	\$ 2,739,261	\$ 2,389,378
Less: Allowance for uncollectible accounts	(<u>11,017</u>)	(<u>8,387</u>)	(<u>14,696</u>)
	<u>\$ 2,345,550</u>	<u>\$ 2,730,874</u>	<u>\$ 2,374,682</u>

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

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Current	\$ 2,529,762	\$ 2,977,390	\$ 2,570,950
Up to 120 days	187,578	170,223	224,623
121 to 365 days	3,016	180	458
Over one year	1,748	2,702	8,963
	<u>\$ 2,722,104</u>	<u>\$ 3,150,495</u>	<u>\$ 2,804,994</u>

The above ageing analysis was based on past due date.

B. As of June 30, 2023, December 31, 2022 and June 30, 2022, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2022, the balance of accounts receivable and notes receivable from contracts with customers amounted to \$2,786,873.

C. The credit quality of accounts receivable was in the following category based on the Group's Credit Quality Control Policy:

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
With guarantee	\$ 216,265	\$ 277,678	\$ 201,715
Without guarantee	2,140,302	2,461,583	2,187,663
	<u>\$ 2,356,567</u>	<u>\$ 2,739,261</u>	<u>\$ 2,389,378</u>

The Group holds commercial papers, real estate, guarantee deposits and deposits as collateral for accounts receivable.

D. As at June 30, 2023, December 31, 2022 and June 30, 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes receivable were \$365,537, \$411,234 and \$415,616, respectively, while the amount that best represents the Group's accounts receivable were \$2,345,550, \$2,730,874 and \$2,374,682, respectively.

E. Information relating to credit risk of accounts receivable (including related parties) and notes receivable is provided in Note 12(2).

(5) Inventories

	June 30, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 1,210,499	\$ -	\$ 1,210,499
Packing supplies	41,502	(228)	41,274
Work in progress	59,246	-	59,246
Finished goods	802,655	(6,780)	795,875
General merchandise	54,966	(10,106)	44,860
Inventory in transit	10,444	-	10,444
	<u>\$ 2,179,312</u>	<u>(\$ 17,114)</u>	<u>\$ 2,162,198</u>

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 1,587,747	\$ -	\$ 1,587,747
Packing supplies	39,276	(259)	39,017
Work in progress	67,694	-	67,694
Finished goods	906,691	(5,180)	901,511
General merchandise	46,818	(4,514)	42,304
Inventory in transit	9,802	-	9,802
	<u>\$ 2,658,028</u>	<u>(\$ 9,953)</u>	<u>\$ 2,648,075</u>

	June 30, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 1,678,809	\$ -	\$ 1,678,809
Packing supplies	36,226	(248)	35,978
Work in progress	53,167	-	53,167
Finished goods	522,324	(4,300)	518,024
General merchandise	50,485	(1,629)	48,856
Inventory in transit	5,060	-	5,060
	<u>\$ 2,346,071</u>	<u>(\$ 6,177)</u>	<u>\$ 2,339,894</u>

The cost of inventories recognized as expense for the period:

	For the three-month periods ended June 30,	
	2023	2022
Cost of goods sold	\$ 6,085,652	\$ 5,792,700
(Gain on reversal of) loss on decline in market value	2,147	(6,255)
Others	(1,164)	2,732
	<u>\$ 6,086,635</u>	<u>\$ 5,789,177</u>

	<u>For the six-month periods ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Cost of goods sold	\$ 12,286,664	\$ 12,066,641
(Gain on reversal of) loss on decline in market value	7,161	(5,457)
Others	(68)	3,373
	<u>\$ 12,293,757</u>	<u>\$ 12,064,557</u>

- A. The cost of goods sold includes the cost of selling biological assets.
- B. Others pertain mainly to gain and loss on physical inventory count and loss from disposal of leftovers and scraps.
- C. The Group recognised the increase or decrease in cost of goods sold due to the increase or decrease in net realisable value of certain finished goods result from the rises and falls of market prices.

(6) Biological assets

A. Biological assets

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Biological assets - current:			
Consumable biological assets	\$ 1,447,542	\$ 1,580,399	\$ 1,437,357
Consumable biological assets - changes in fair value less costs to sell	53,530	59,738	49,207
Bearer biological assets	1,100,051	1,031,798	907,236
Bearer biological assets - accumulated depreciation	(700,427)	(614,362)	(533,967)
	<u>\$ 1,900,696</u>	<u>\$ 2,057,573</u>	<u>\$ 1,859,833</u>
Biological assets - non-current:			
Bearer biological assets	\$ 646,285	\$ 604,654	\$ 580,382
Bearer biological assets - accumulated depreciation	(117,347)	(102,565)	(96,696)
	<u>\$ 528,938</u>	<u>\$ 502,089</u>	<u>\$ 483,686</u>

Consumable biological assets are those that are to be harvested as agricultural products or sold as biological assets. Bearer biological assets are those other than consumable biological assets.

B. Movements of biological assets are as follows:

	<u>For the six-month periods ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
At January 1	\$ 2,559,662	\$ 2,059,679
Purchases	756,633	788,756
Costs and expenses input	4,637,605	4,254,104
Sales	(2,381,316)	(2,030,454)
Gain (loss) on changes in fair value less costs to sell	(6,208)	10,978
Transferred to inventories	(3,123,698)	(2,735,358)
Others	(13,044)	(4,186)
At June 30	<u>\$ 2,429,634</u>	<u>\$ 2,343,519</u>

C. Biological assets are comprised of broiler chicken, breeder chicken, fattening swine, and breeder swine, etc. Biological assets, other than fattening swine which are measured at fair value less costs to sell at each reporting date, are measured at cost less accumulated depreciation and impairment losses. The fair value of fattening swine is measured using quoted market prices as references.

The market prices or fair values at the present condition of breeders are unavailable; the market prices or fair values at present condition of broiler chickens are difficult to obtain during each breeding period due to short production cycle. The valuation based on a discounted cash flow method is considered unreliable given the uncertainty with respect to external factors such as climate and diseases, etc. Therefore, breeders and broiler chicken are measured using the cost approach. Cost of biological assets includes all costs incurred during the growth cycle such as costs of new-born animals, feeds, and other farm costs. Bearer biological assets are depreciated using the straight-line method through the productive period of each biological asset. The productive period of breeder swine is approximately 24 ~ 36 months; the productive period of breeder chickens is approximately 30 weeks ~ 52 weeks. For the three-month periods and six-month periods ended June 30, 2023 and 2022, depreciation expense on biological assets amounted to \$125,914, \$95,564, \$246,994 and \$198,905, respectively.

D. Estimates of physical quantities of biological assets are as follows:

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Livestock production:			
Estimates of physical quantities (Units: heads)	<u>4,952,263</u>	<u>5,806,461</u>	<u>5,744,173</u>

E. Financial risk management policies

The Group is exposed to commodity risks arising from changes in market prices of chickens and swine. The Group does not anticipate that the prices of the agricultural products will decline significantly in the foreseeable future and there is no available derivative or other contracts. The Group reviews the predictions of the prices of the agriculture products regularly, and considers such predictions in assessing financial risk.

(7) Investment accounted for using equity method – joint ventures

The carrying amount of the Group's interests in all individually immaterial joint ventures and the Group's share of the operating results are summarised below:

As of June 30, 2023, December 31, 2022 and June 30, 2022, the carrying amount of the Group's individually immaterial joint ventures amounted to \$93,808, \$94,713 and \$99,684, respectively.

	<u>For the three-month periods ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Profit for the period from continuing operations	\$ 747	\$ 733
Other comprehensive income, net of tax	-	-
Total comprehensive income	<u>\$ 747</u>	<u>\$ 733</u>

	<u>For the six-month periods ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Loss for the period from continuing operations	(\$ 905)	(\$ 476)
Other comprehensive income, net of tax	-	-
Total comprehensive loss	<u>(\$ 905)</u>	<u>(\$ 476)</u>

(8) Property, plant and equipment

	Land	Land improvements	Buildings and structures	Machinery and equipment	Transportation equipment	Leasehold improvements	Other equipment	Construction in progress and equipment to be inspected	Total
<u>At January 1, 2023</u>									
Cost	\$ 3,282,805	\$ 326,303	\$ 5,613,834	\$ 5,124,119	\$ 519,730	\$ 1,036,366	\$ 1,416,229	\$ 2,379,583	\$ 19,698,969
Accumulated depreciation	-	(96,659)	(1,660,864)	(2,567,834)	(250,102)	(740,992)	(593,153)	-	(5,909,604)
	<u>\$ 3,282,805</u>	<u>\$ 229,644</u>	<u>\$ 3,952,970</u>	<u>\$ 2,556,285</u>	<u>\$ 269,628</u>	<u>\$ 295,374</u>	<u>\$ 823,076</u>	<u>\$ 2,379,583</u>	<u>\$ 13,789,365</u>
<u>2023</u>									
Opening net book amount as at January 1	\$ 3,282,805	\$ 229,644	\$ 3,952,970	\$ 2,556,285	\$ 269,628	\$ 295,374	\$ 823,076	\$ 2,379,583	\$ 13,789,365
Additions	8,299	13,932	40,569	62,032	26,088	19,314	24,936	735,801	930,971
Disposals	-	-	-	(359)	(1,394)	(77)	(1,526)	-	(3,356)
Reclassifications	99,571	3,997	199,760	125,969	21,015	-	9,786	(460,098)	-
Depreciation	-	(12,705)	(152,018)	(177,681)	(37,683)	(38,677)	(64,156)	-	(482,920)
Closing net book amount as at June 30	<u>\$ 3,390,675</u>	<u>\$ 234,868</u>	<u>\$ 4,041,281</u>	<u>\$ 2,566,246</u>	<u>\$ 277,654</u>	<u>\$ 275,934</u>	<u>\$ 792,116</u>	<u>\$ 2,655,286</u>	<u>\$ 14,234,060</u>
<u>At June 30, 2023</u>									
Cost	\$ 3,390,675	\$ 343,313	\$ 5,829,718	\$ 5,267,767	\$ 555,965	\$ 1,051,533	\$ 1,442,653	\$ 2,655,286	\$ 20,536,910
Accumulated depreciation	-	(108,445)	(1,788,437)	(2,701,521)	(278,311)	(775,599)	(650,537)	-	(6,302,850)
	<u>\$ 3,390,675</u>	<u>\$ 234,868</u>	<u>\$ 4,041,281</u>	<u>\$ 2,566,246</u>	<u>\$ 277,654</u>	<u>\$ 275,934</u>	<u>\$ 792,116</u>	<u>\$ 2,655,286</u>	<u>\$ 14,234,060</u>

	Land	Land improvements	Buildings and structures	Machinery and equipment	Transportation equipment	Leasehold improvements	Other equipment	Construction in progress and equipment to be inspected	Total
<u>At January 1, 2022</u>									
Cost	\$ 3,018,294	\$ 243,735	\$ 4,317,427	\$ 4,256,052	\$ 430,389	\$ 1,020,888	\$ 1,190,493	\$ 3,310,643	\$ 17,787,921
Accumulated depreciation	-	(74,644)	(1,456,885)	(2,417,059)	(206,655)	(678,346)	(482,729)	-	(5,316,318)
	<u>\$ 3,018,294</u>	<u>\$ 169,091</u>	<u>\$ 2,860,542</u>	<u>\$ 1,838,993</u>	<u>\$ 223,734</u>	<u>\$ 342,542</u>	<u>\$ 707,764</u>	<u>\$ 3,310,643</u>	<u>\$ 12,471,603</u>
<u>2022</u>									
Opening net book amount as at January 1	\$ 3,018,294	\$ 169,091	\$ 2,860,542	\$ 1,838,993	\$ 223,734	\$ 342,542	\$ 707,764	\$ 3,310,643	\$ 12,471,603
Additions	15,098	12,411	56,533	63,655	20,400	20,729	34,537	791,155	1,014,518
Disposals	-	-	(502)	(1,243)	(1,353)	-	-	-	(3,098)
Reclassifications	169,099	37,972	798,956	332,287	39,551	-	96,934	(1,474,799)	-
Depreciation	-	(10,978)	(128,975)	(155,456)	(31,496)	(42,919)	(55,546)	-	(425,370)
Closing net book amount as at June 30	<u>\$ 3,202,491</u>	<u>\$ 208,496</u>	<u>\$ 3,586,554</u>	<u>\$ 2,078,236</u>	<u>\$ 250,836</u>	<u>\$ 320,352</u>	<u>\$ 783,689</u>	<u>\$ 2,626,999</u>	<u>\$ 13,057,653</u>
<u>At June 30, 2022</u>									
Cost	\$ 3,202,491	\$ 293,381	\$ 5,160,175	\$ 4,613,626	\$ 482,908	\$ 1,026,736	\$ 1,319,651	\$ 2,626,999	\$ 18,725,967
Accumulated depreciation	-	(84,885)	(1,573,621)	(2,535,390)	(232,072)	(706,384)	(535,962)	-	(5,668,314)
	<u>\$ 3,202,491</u>	<u>\$ 208,496</u>	<u>\$ 3,586,554</u>	<u>\$ 2,078,236</u>	<u>\$ 250,836</u>	<u>\$ 320,352</u>	<u>\$ 783,689</u>	<u>\$ 2,626,999</u>	<u>\$ 13,057,653</u>

- A. Amount of borrowing costs capitalised as part of property, plant and equipment and the range of the interest rates for such capitalisation are as follows:

	For the three-month periods ended June 30,	
	2023	2022
Amount capitalised	\$ 6,798	\$ 4,668
Interest rate range	1.23%~1.92%	0.51%~1.58%

	For the six-month periods ended June 30,	
	2023	2022
Amount capitalised	\$ 12,460	\$ 8,815
Interest rate range	1.10%~1.92%	0.50%~1.58%

- B. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.
- C. As of June 30, 2023, December 31, 2022 and June 30, 2022, the Group held 210 parcels, 205 parcels and 210 parcels of agricultural land, respectively. The carrying amounts of land registered under the title of others amounted to \$1,165,278, \$1,100,676 and \$1,112,049, respectively. The titles of these parcels of land are registered under the title of individuals, however, the Group has agreements with those individuals to pledge these agricultural land to the Group.

(9) Leasing arrangements - lessee

- A. The Group leases various assets including land, buildings, cargo trucks, and other equipment. Rental contracts are typically made for periods of 1 to 40 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
	Carrying amount	Carrying amount	Carrying amount
Land	\$ 288,157	\$ 292,683	\$ 307,894
Buildings	40,136	39,622	38,676
Transportation equipment (Cargo truck)	15,222	18,527	22,000
Other equipment	14,659	15,930	16,500
	<u>\$ 358,174</u>	<u>\$ 366,762</u>	<u>\$ 385,070</u>

	For the three-month periods ended June 30,	
	2023	2022
	Depreciation charge	Depreciation charge
Land	\$ 7,581	\$ 7,586
Buildings	3,488	3,310
Transportation equipment (Cargo truck)	1,612	1,736
Other equipment	2,216	2,279
	<u>\$ 14,897</u>	<u>\$ 14,911</u>
	For the six-month periods ended June 30,	
	2023	2022
	Depreciation charge	Depreciation charge
Land	\$ 15,187	\$ 15,039
Buildings	7,023	6,433
Transportation equipment (Cargo truck)	3,306	3,472
Other equipment	4,336	3,984
	<u>\$ 29,852</u>	<u>\$ 28,928</u>

- C. For the three-month periods and six-month periods ended June 30, 2023 and 2022, the additions to right-of-use assets were \$17,707, \$10,290, \$22,361 and \$42,518, respectively.
- D. The Group has no significant profit or loss in relation to lease contracts for the three-month periods and six-month periods ended June 30, 2023 and 2022.
- E. For the three-month periods and six-month periods ended June 30, 2023 and 2022, the Group's total cash outflow for leases were \$16,841, \$17,048, \$31,266 and \$28,325, respectively.

(10) Intangible assets

	<u>For the three-month periods ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Software		
At January 1		
Cost	\$ 15,891	\$ 14,740
Accumulated amortisation and impairment	(12,736)	(11,210)
	<u>\$ 3,155</u>	<u>\$ 3,530</u>
At January 1	\$ 3,155	\$ 3,530
Additions	40,897	-
Amortisation	(7,612)	(695)
At June 30	<u>\$ 36,440</u>	<u>\$ 2,835</u>
At June 30		
Cost	\$ 56,789	\$ 14,740
Accumulated amortisation and impairment	(20,349)	(11,905)
	<u>\$ 36,440</u>	<u>\$ 2,835</u>

(11) Short-term borrowings

<u>Type of borrowings</u>	<u>June 30, 2023</u>	<u>Interest rate range</u>	<u>Collateral</u>
Unsecured borrowings	\$ 3,283,000	1.76%~2.49%	None
Letters of credit	73,544	6.20%~6.56%	None
	<u>\$ 3,356,544</u>		

<u>Type of borrowings</u>	<u>December 31, 2022</u>	<u>Interest rate range</u>	<u>Collateral</u>
Unsecured borrowings	\$ 3,854,000	1.49%~2.41%	None
Letters of credit	411,097	5.54%~6.22%	None
	<u>\$ 4,265,097</u>		

<u>Type of borrowings</u>	<u>June 30, 2022</u>	<u>Interest rate range</u>	<u>Collateral</u>
Unsecured borrowings	\$ 3,392,000	1.10%~1.96%	None
Letters of credit	127,667	2.65%~3.72%	None
	<u>\$ 3,519,667</u>		

(12) Short-term notes and bills payable

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Commercial paper payable	\$ 1,073,000	\$ 990,000	\$ 1,030,000
Less: Unamortised discounts	(1,689)	(2,037)	(833)
	<u>\$ 1,071,311</u>	<u>\$ 987,963</u>	<u>\$ 1,029,167</u>
Interest rate range	1.29%~1.85%	1.00%~1.95%	0.342%~1.152%

The short-term notes and bills payable were guaranteed by certain financial institutions.

(13) Other payables

	June 30, 2023	December 31, 2022	June 30, 2022
Dividends payable	\$ 1,031,765	\$ -	\$ 803,973
Accrued salary	352,760	483,106	331,125
Payables for machinery and equipment	13,515	37,528	27,566
Contract liabilities	-	75	44
Others	421,355	374,669	322,817
	<u>\$ 1,819,395</u>	<u>\$ 895,378</u>	<u>\$ 1,485,525</u>

(14) Long-term borrowings

Type of borrowings	Borrowing period	Interest rate range	June 30, 2023
Secured loans	2019.04.03~2037.10.11	0.595%-2.82%	\$ 2,075,760
Unsecured credit loans	2021.09.29~2028.09.29	1.757%-2.257%	<u>5,720,000</u>
			7,795,760
Less: Current portion			(324,484)
			<u>\$ 7,471,276</u>

Type of borrowings	Borrowing period	Interest rate range	December 31, 2022
Secured loans	2019.04.03~2037.10.11	0.47%-2.31%	\$ 2,083,260
Unsecured credit loans	2020.12.31~2028.09.29	1.43%-2.25%	<u>6,260,000</u>
			8,343,260
Less: Current portion			(703,597)
			<u>\$ 7,639,663</u>

Type of borrowings	Borrowing period	Interest rate range	June 30, 2022
Secured loans	2017.10.05~2037.04.29	0.22%-1.81%	\$ 1,925,066
Unsecured credit loans	2017.09.06~2028.09.29	1.06%-1.63%	<u>5,950,000</u>
			7,875,066
Less: Current portion			(675,625)
			<u>\$ 7,199,441</u>

Information on collaterals pledged for long-term borrowings is provided in Note 8.

(15) Pensions

A. Defined benefit plans

(a) The Company and its domestic subsidiaries have defined benefit pension plans in accordance

with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit plans, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to specific percentage of the employees' monthly salaries and wages to the retirement fund deposited with the Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Besides, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balances are insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contributions to cover the deficit by next March.

- (b) For the aforementioned pension plan, the Group recognised pension costs of \$421, \$571, \$841 and \$1,142 for the three-month and six-month periods ended June 30, 2023 and 2022, respectively.
- (c) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2023 have no material differences from actual contributions for the year ended December 31, 2022.

B. Defined contribution plans

Effective July 1, 2005, the Company and its domestic subsidiaries have established defined contribution pension plans (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs for the aforementioned defined contribution pension plans of the Group for the three-month and six-month periods ended June 30, 2023 and 2022 were \$14,348, \$14,343, \$28,761 and \$28,699, respectively.

(16) Share capital - common stock

- A. As of June 30, 2023, the Company's authorised capital was \$3,579,000, consisting of 357,900 thousand shares of common stock, and the paid-in capital was \$2,947,901, consisting of 294,791 thousand shares of common stock with a par value of \$10 (in dollars) per share. All proceeds from shares issuance have been collected.
- B. A resolution was passed during the Shareholders' meeting held on June 23, 2022, for the undistributed surplus used in the issuance of 26,799 thousand ordinary shares, with par value of \$10 per share amounting to \$267,991. The resolution was approved by the Financial Supervisory Commission. The shares were issued on August 31, 2022 after the chairman was authorized by

the board of directors on August 8, 2022. The total issued shares amounted to \$2,947,901 after the completion of capital increase, consisting of 294,790 thousand shares.

(17) Capital surplus

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

(18) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. A special reserve is set aside or reversed in accordance with related laws or regulations by the Competent Authority. The remainder, if any, along with the accumulated unappropriated earnings in prior years, shall be distributed as shareholders' bonus as resolved by the shareholders. Cash dividends to shareholders shall account for at least 10% of the total dividends distributed to shareholders. If cash dividend is lower than \$0.1 (in dollars) per share, dividends are distributed using share dividends.

The Board of Directors of the Company may, upon resolution adopted by a majority vote at its meeting attended by two-thirds of the total number of directors, distribute dividends and bonus, or legal reserve and capital surplus, in whole or in part, in accordance with Paragraph 1 of Article 241 of the Company Act in the form of cash, which shall also be reported at the shareholders' meeting, while the proposal for appropriation shall be approved by the shareholders if dividends will be distributed by issuing new shares.

B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

D. The appropriations of earnings for 2022 and 2021 have been resolved at the shareholders' meeting on June 15, 2023 and June 23, 2022 as follows:

	2022		2021	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 158,984		\$ 137,043	
Cash dividends	1,031,765	\$ 3.50	803,973	\$ 3.00
Stock dividends	-	-	267,991	1.00

- E. On June 15, 2023, the stockholders during their meeting resolved to distribute cash dividends from the 2022 earnings in the amount of \$1,031,765, at \$3.50 (in dollars) per share. The effective date for the above distribution of cash dividends has not been announced.
- F. For the year ended December 31, 2022, dividends distributed to the owners amounted to \$1,071,964 (\$4 dollars per share). On June 23, 2022, the stockholders during their meeting resolved to distribute cash dividends and stock dividends from the 2021 earnings at \$3 and \$1 per share (amounting to 26,799 thousand shares), respectively, and the total dividends amounted to \$1,071,964. The effective date for the above distribution of cash dividends was July 11, 2022, and the effective date for the distribution of stock dividends was August 31, 2022.

(19) Operating revenue

	For the three-month periods ended June 30,	
	2023	2022
Revenue from contracts with customers	\$ 7,412,017	\$ 6,839,204

	For the six-month periods ended June 30,	
	2023	2022
Revenue from contracts with customers	\$ 14,644,087	\$ 14,038,618

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods at a point in time in the following geographical regions:

	<u>For the three-month periods ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Total segment revenue	\$ 7,662,409	\$ 7,000,249
Inter-segment revenue	(250,392)	(161,045)
Revenue from external customer contracts	<u>\$ 7,412,017</u>	<u>\$ 6,839,204</u>
Timing of revenue recognition		
At a point in time	<u>\$ 7,412,017</u>	<u>\$ 6,839,204</u>

	<u>For the six-month periods ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Total segment revenue	\$ 15,112,948	\$ 14,357,521
Inter-segment revenue	(468,861)	(318,903)
Revenue from external customer contracts	<u>\$ 14,644,087</u>	<u>\$ 14,038,618</u>
Timing of revenue recognition		
At a point in time	<u>\$ 14,644,087</u>	<u>\$ 14,038,618</u>

B. Contract liabilities

The Group has recognised the following revenue-related contract liabilities:

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Contract liabilities:			
Contract liabilities - advance receipts	<u>\$ -</u>	<u>\$ 75</u>	<u>\$ 44</u>

C. Information on revenue categorised by nature is provided in Note 14(2).

(20) Other income and expenses, net

Other income and expenses, net are gains (losses) on changes in fair value less costs to sell of biological assets.

	<u>For the three-month periods ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Other income and expenses, net	<u>(\$ 31,695)</u>	<u>\$ 22,462</u>

	<u>For the six-month periods ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Other income and expenses, net	<u>(\$ 6,208)</u>	<u>\$ 10,978</u>

(21) Interest income

	<u>For the three-month periods ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Interest income from bank deposits	<u>\$ 1,121</u>	<u>\$ 106</u>

	<u>For the six-month periods ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Interest income from bank deposits	<u>\$ 1,184</u>	<u>\$ 135</u>

(22) Other income

	<u>For the three-month periods ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Rental income	\$ 3,546	\$ 1,466
Royalties income	180	-
Dividend income	<u>37,118</u>	<u>25,911</u>
	<u>\$ 40,844</u>	<u>\$ 27,377</u>

	<u>For the six-month periods ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Rental income	\$ 6,348	\$ 3,403
Royalties income	820	-
Dividend income	<u>37,118</u>	<u>25,911</u>
	<u>\$ 44,286</u>	<u>\$ 29,314</u>

(23) Other gains and losses

	<u>For the three-month periods ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Gains (losses) on disposal of property, plant and equipment	(\$ 1,242)	\$ 626
Net foreign exchange losses	(2,411)	(12,875)
Gains on financial assets at fair value through profit or loss	2,638	936
Other gains and losses	<u>6,212</u>	<u>9,152</u>
	<u>\$ 5,197</u>	<u>(\$ 2,161)</u>

	<u>For the six-month periods ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Gains (losses) on disposal of property, plant and equipment	(\$ 483)	\$ 85
Net foreign exchange gains (losses)	2,179	(40,249)
Gains (losses) on financial assets at fair value through profit or loss	(2,537)	936
Other gains and losses	<u>13,559</u>	<u>10,272</u>
	<u>\$ 12,718</u>	<u>(\$ 28,956)</u>

(24) Finance costs

	<u>For the three-month periods ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Interest expense:		
Bank borrowings and lease liabilities	<u>\$ 54,006</u>	<u>\$ 32,744</u>

	<u>For the six-month periods ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Interest expense:		
Bank borrowings and lease liabilities	<u>\$ 110,550</u>	<u>\$ 58,840</u>

(25) Expenses by nature

	For the three-month period ended June 30, 2023		
	Operating cost	Operating expenses	Total
Employee benefit expense	\$ 370,565	\$ 225,601	\$ 596,166
Depreciation on property, plant and equipment	220,935	22,535	243,470
Depreciation on right-of- use assets	10,966	3,931	14,897
Amortisation	1,323	7,061	8,384
	<u>\$ 603,789</u>	<u>\$ 259,128</u>	<u>\$ 862,917</u>
	For the three-month period ended June 30, 2022		
	Operating cost	Operating expenses	Total
Employee benefit expense	\$ 346,145	\$ 205,065	\$ 551,210
Depreciation on property, plant and equipment	195,865	20,814	216,679
Depreciation on right-of- use assets	10,805	4,106	14,911
Amortisation	1,363	145	1,508
	<u>\$ 554,178</u>	<u>\$ 230,130</u>	<u>\$ 784,308</u>
	For the six-month period ended June 30, 2023		
	Operating cost	Operating expenses	Total
Employee benefit expense	\$ 746,722	\$ 438,819	\$ 1,185,541
Depreciation on property, plant and equipment	438,557	44,363	482,920
Depreciation on right-of- use assets	21,857	7,995	29,852
Amortisation	2,630	7,354	9,984
	<u>\$ 1,209,766</u>	<u>\$ 498,531</u>	<u>\$ 1,708,297</u>
	For the six-month period ended June 30, 2022		
	Operating cost	Operating expenses	Total
Employee benefit expense	\$ 715,466	\$ 433,573	\$ 1,149,039
Depreciation on property, plant and equipment	382,876	42,494	425,370
Depreciation on right-of- use assets	21,197	7,731	28,928
Amortisation	2,578	320	2,898
	<u>\$ 1,122,117</u>	<u>\$ 484,118</u>	<u>\$ 1,606,235</u>

(26) Employee benefit expense

For the three-month period ended June 30, 2023			
	Operating cost	Operating expenses	Total
Wages and salaries	\$ 311,711	\$ 205,167	\$ 516,878
Labor and health insurance	33,279	12,082	45,361
Pension costs	8,887	5,882	14,769
Other personnel expenses	16,688	2,470	19,158
	<u>\$ 370,565</u>	<u>\$ 225,601</u>	<u>\$ 596,166</u>

For the three-month period ended Jun 30, 2022			
	Operating cost	Operating expenses	Total
Wages and salaries	\$ 289,647	\$ 186,372	\$ 476,019
Labor and health insurance	31,863	11,098	42,961
Pension costs	9,319	5,595	14,914
Other personnel expenses	15,316	2,000	17,316
	<u>\$ 346,145</u>	<u>\$ 205,065</u>	<u>\$ 551,210</u>

For the six-month period ended June 30, 2023			
	Operating cost	Operating expenses	Total
Wages and salaries	\$ 628,448	\$ 394,388	\$ 1,022,836
Labor and health insurance	68,969	27,842	96,811
Pension costs	17,981	11,621	29,602
Other personnel expenses	31,324	4,968	36,292
	<u>\$ 746,722</u>	<u>\$ 438,819</u>	<u>\$ 1,185,541</u>

For the six-month period ended June 30, 2022			
	Operating cost	Operating expenses	Total
Wages and salaries	\$ 598,013	\$ 391,721	\$ 989,734
Labor and health insurance	65,737	26,002	91,739
Pension costs	18,664	11,177	29,841
Other personnel expenses	33,052	4,673	37,725
	<u>\$ 715,466</u>	<u>\$ 433,573</u>	<u>\$ 1,149,039</u>

Other personnel expenses include meal allowance, training expenses and employee benefits.

- A. According to the Articles of Incorporation of the Company, an amount equal to at least 1% of the Company's distributable profit of the current year should be appropriated as employees' compensation expense. If the Company has an accumulated deficit, earnings should be reserved

to cover the accumulated losses in advance.

- B. For the three-month and six-month periods ended June 30, 2023 and 2022, employees' compensation was accrued at \$8,025, \$6,169, \$12,946 and \$10,029, respectively. The aforementioned amounts were recognised in wages and salaries expense.

For the six-month period ended June 30, 2023, the employees' compensation was estimated and accrued based on 1% (as prescribed by the Company's Articles of Incorporation) of distributable profit of current year as of the end of reporting period.

For 2022, the difference of \$442 between employees' compensation of \$19,500 resolved by the Board of Directors and the amount of \$19,058 recognised in the 2022 financial statements, mainly resulting from a variance in estimation, had been adjusted in profit or loss for 2023. The employees' compensation in 2022 has not yet been distributed.

- C. Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(27) Income tax

A. Income tax expense

(a) Components of income tax expense:

	<u>For the three-month periods ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Current tax:		
Current tax on profits for the period	\$ 167,917	\$ 110,871
Tax on undistributed surplus earnings	20,488	8,072
Prior year income tax over estimation	(8,036)	(14,185)
Total current tax	<u>180,369</u>	<u>104,758</u>
Deferred tax:		
Origination and reversal of temporary differences	(12,388)	12,071
Total deferred tax	<u>(12,388)</u>	<u>12,071</u>
Income tax expense	<u>\$ 167,981</u>	<u>\$ 116,829</u>

	<u>For the six-month periods ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Current tax:		
Current tax on profits for the period	\$ 270,212	\$ 205,970
Tax on undistributed surplus earnings	20,488	8,072
Prior year income tax over estimation	(8,036)	(14,185)
Total current tax	<u>282,664</u>	<u>199,857</u>
Deferred tax:		
Origination and reversal of temporary differences	(11,235)	(5,628)
Total deferred tax	<u>(11,235)</u>	<u>(5,628)</u>
Income tax expense	<u>\$ 271,429</u>	<u>\$ 194,229</u>

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

	<u>For the three-month periods ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Changes in fair value of financial assets at fair value through other comprehensive income	(\$ <u>13,675</u>)	\$ <u>10,194</u>
Remeasurement of defined benefit obligations	<u>\$ -</u>	<u>\$ -</u>

	<u>For the six-month periods ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Changes in fair value of financial assets at fair value through other comprehensive income	(\$ <u>40,474</u>)	\$ <u>5,531</u>
Remeasurement of defined benefit obligations	<u>\$ -</u>	<u>\$ -</u>

B. The income tax returns through 2020 of the Company and the subsidiaries - Charoen Pokphand (Taiwan) Corp., Ltd., Arbor Acres (Taiwan) Co., Ltd., Rui Mu Foods Co., Ltd., Rui Fu Foods Co., Ltd. and Sheng Da Foods Co., Ltd. have been assessed and approved by the Tax Authority.

(28) Earnings per share

	<u>For the three-month period ended June 30, 2023</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	<u>\$ 601,101</u>	<u>294,790</u>	<u>\$ 2.04</u>
<u>Diluted earnings per share</u>			
Profit from continuing operations attributable to ordinary shareholders	\$ 601,101	294,790	
Assumed conversion of all dilutive potential ordinary shares - employees' compensation	<u>-</u>	<u>127</u>	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 601,101</u>	<u>294,917</u>	<u>\$ 2.04</u>
	<u>For the three-month period ended June 30, 2022</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	<u>\$ 488,230</u>	<u>294,790</u>	<u>\$ 1.66</u>
<u>Diluted earnings per share</u>			
Profit from continuing operations attributable to ordinary shareholders	\$ 488,230	294,790	
Assumed conversion of all dilutive potential ordinary shares - employees' compensation	<u>-</u>	<u>76</u>	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 488,230</u>	<u>294,866</u>	<u>\$ 1.66</u>

For the six-month period ended June 30, 2023			
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 1,023,407	294,790	\$ 3.47
<u>Diluted earnings per share</u>			
Profit from continuing operations attributable to ordinary shareholders	\$ 1,023,407	294,790	
Assumed conversion of all dilutive potential ordinary shares - employees' compensation	-	265	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	\$ 1,023,407	295,055	\$ 3.47
For the six-month period ended June 30, 2022			
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 815,970	294,790	\$ 2.77
<u>Diluted earnings per share</u>			
Profit from continuing operations attributable to ordinary shareholders	\$ 815,970	294,790	
Assumed conversion of all dilutive potential ordinary shares - employees' compensation	-	229	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	\$ 815,970	295,019	\$ 2.77

(29) Transactions with non-controlling interest

The Group did not participate in the capital increase raised by a second-tier subsidiary proportionally to its interest to the second-tier subsidiary.

The second-tier subsidiary, Sheng Da Foods Co., Ltd., of the Group increased its capital by issuing new shares in January 2023. The Group did not acquire shares proportionally to its interest. As a result, the share interest increased by 6.82%. The transaction increased non-controlling interest by \$2,045 and decreased the equity attributable to owners of parent by \$2,045. The effect of changes in interest in Sheng Da Foods Co., Ltd. on the equity attributable to owners of the parent for six-month period ended June 30, 2023 is shown below:

	For the six-month periods ended June 30,	
	2023	2022
Increase in the carrying amount of non-controlling interest	\$ 2,045	\$ -
Retained earnings		
- recognition of changes in ownership interest in subsidiaries	\$ 2,045	\$ -

(30) Supplemental cash flow information

A. Investing activities with partial cash payments are as follows:

	For the six-month periods ended June 30,	
	2023	2022
Acquisition of property, plant and equipment	\$ 930,971	\$ 1,014,518
Add: Opening balance of payable on equipment	37,528	73,068
Less: Ending balance of payable on equipment	(13,515)	(27,566)
Cash paid during the period	\$ 954,984	\$ 1,060,020

B. Financing activities with no cash flow effects:

	For the six-month periods ended June 30,	
	2023	2022
Cash dividends declared but not yet distributed	\$ 1,031,765	\$ 803,973
Stock dividends to be distributed	-	267,991
	\$ 1,031,765	\$ 1,071,964

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

CPF (incorporated in Thailand) directly and indirectly held 39% of the Company's equity shares. The remaining shares were held by the general public. CPG is the major shareholder of CPF.

(2) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Group</u>
Charoen Pokphand Foods Public Co., Ltd. (CPF)	Ultimate parent company
Charoen Pokphand Group Co., Ltd. (CPG)	Other related party
C.P. Consumer Products Company Limited	"
C.P. Merchandising Company Limited	"
Chia Tai Feedmill Pte. Ltd.	"
CPF (India) Private Limited	"
CPF Food Network Co., Ltd.	"
Charoen Pokphand Seeds Co., Ltd	"
CPF IT Center Company Limited	"
Ta Chung Investment Co., Ltd.	"
Chun Ta Investment Co., Ltd.	"
Perfect Companion (Taiwan) Co., Ltd.	"
Aviagen Incorporation	"
Mu Da Egg Co.	"
Fu Ding International Corporation	"
Fu Ting Foods Co., Ltd.	"
Li - Chun Farm Product Co., Ltd.	"
Jih Ching Egg Co., Ltd.	"
Feng Sheng Livestock Co., Ltd.	"
Hung Peng-Da	"
Hung Yu-Chun	"
Hung Jin-Zheng	"
Huang Wei-I	"
Lu Yi-Feng	"
Lu Xiang-Da	"
Lu Pei-Lun	"
Lan Fu-Shi	"
Zhang Jian-Wen	"
Chiou Yung-Ching	"
Chen San Development Co., Ltd.	"

(3) Significant related party transactions and balances

A. Operating revenue

	For the three-month periods ended June 30,	
	2023	2022
Sales of goods:		
Other related parties	\$ 95,169	\$ 102,534
	For the six-month periods ended June 30,	
	2023	2022
Sales of goods:		
Other related parties	\$ 189,437	\$ 193,391

Goods are sold based on the price lists in force and terms that would be available to third parties.

B. Purchases

	For the three-month periods ended June 30,	
	2023	2022
Purchases of goods:		
Ultimate parent company	\$ 16,127	\$ 32,413
Other related parties	96,076	56,461
	\$ 112,203	\$ 88,874
	For the six-month periods ended June 30,	
	2023	2022
Purchases of goods:		
Ultimate parent company	\$ 16,127	\$ 42,025
Other related parties	141,592	114,423
	\$ 157,719	\$ 156,448

Goods are purchased from related parties on normal commercial terms and conditions.

C. Receivables from related parties

	June 30, 2023	December 31, 2022	June 30, 2022
Notes and accounts receivable:			
Other related parties	\$ 83,221	\$ 68,927	\$ 65,924
Other receivables:			
Other related parties	84	228	-
	\$ 83,305	\$ 69,155	\$ 65,924

The receivables from related parties arise mainly from sale transactions. The receivables are

unsecured in nature and bear no interest.

D. Payables to related parties

	<u>June 30, 2023</u>		<u>December 31, 2022</u>		<u>June 30, 2022</u>
Notes and accounts payable:					
Ultimate parent company	\$ 3,289	\$	-	\$	6,873
Other related parties	68,590		32,574		58,280
Other payables:					
Other related parties	<u>30,538</u>		<u>30,574</u>		<u>28,311</u>
	<u>\$ 102,417</u>	\$	<u>63,148</u>	\$	<u>93,464</u>

The payables to related parties arise mainly from purchase transactions. The other payables to related parties arise mainly from technical service expenses, trademarks, the farm-member remuneration for joint collaboration for contractual breeding, freight and processing fees. The payables bear no interest.

E. Property transactions

Acquisition of property, plant and equipment

(a) In December 2021, the Board of Directors of Sheng Da Foods Co., Ltd. resolved to acquire land, buildings and ancillary facilities from a related party for a consideration of \$88,999 (tax excluded) for the operational needs and expansion of production capacity. It acquired related equipment from the related party for \$18,691 (tax included) in 2022. As of June 30, 2023, the payment was fully paid off.

(b) The Company purchased land and buildings from other related party for operational expansion amounting to \$68,660 as resolved by the Board of Directors in August 2022. As of June 30, 2023, the Company had paid \$58,000.

F. Rental income (shown as ‘Other income’)

	<u>For the three-month periods ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Rental income:		
Other related parties	<u>\$ 159</u>	<u>\$ 159</u>
	<u>For the six-month periods ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Rental income:		
Other related parties	<u>\$ 404</u>	<u>\$ 404</u>

The rental receivables are collected annually or monthly based on the contracts.

G. Leasing arrangements — lessee

- (a) The Company's subsidiaries lease farm buildings and equipment from other related parties.
- (b) For the three-month and six-month periods ended June 30, 2023 and 2022, the Group recognised rent expense amounting to \$2,250, \$2,250, \$4,500 and \$4,500, respectively. As of June 30, 2023, the remaining balance has been fully paid.

H. Joint contractual breeding

- (a) The Company's subsidiaries signed the joint contractual breeding agreements with other related parties to provide techniques for the husbandry management of layers, as well as farm buildings and equipment for the breeding.
- (b) For the three-month and six-month periods ended June 30, 2023 and 2022, the farm-member remuneration for joint collaboration for contractual breeding recognised amounted to \$8,592, \$8,592, \$17,185 and \$18,580, respectively.

I. Technical service agreement

- (a) The Company signed a technical service agreement with CPG since 1996. CPG helps the Company manufacture feeds, raise animals slaughter to process meat products and provide consulting services of related technical skills. The Company pays compensation of THB12 million (net value) for the services annually. The commitment shall not be terminated except when any of the two parties would agree to end the agreement. For the three-month and six-month periods ended June 30, 2023 and 2022, the Company recognised technical service expenses amounting to \$2,768, \$2,658, \$5,575 and \$5,371, respectively.
- (b) The Company signed a technical service agreement with CPG at the end of 2015. CPG helps the Company raise animals and provides consulting services of related technical skills, and the Company pays compensation of \$700 for the services monthly. The contract is effective for 5 years. The contract term was extended to five years effective from the end of 2020. For the three-month and six-month periods ended June 30, 2023 and 2022, the Company recognised technical service expense amounting to \$2,100, \$2,100, \$4,200 and \$4,200, respectively.

J. Trademark licensing agreement

The Company signed a trademark license agreement with CPG at the end of 2015. The contract authorises the Company to use 'CP' as trademark in the designated area (Republic of China). Royalties are paid monthly based on 1.5% of the net amount of sales. The contract is effective for 5 years. The contract term was extended to five years effective from the end of 2020. For the three-month and six-month periods ended June 30, 2023 and 2022, the Company recognised royalties amounting to \$25,029, \$22,525, \$48,322 and \$43,961, respectively.

K. SAP software and maintenance agreement

The Company signed a contract about license and maintenance of SAP software with CPF IT in April 2023. The contract authorises the Company to use the SAP system software and the maintenance agreement amounting to \$8,010 and \$1,322, respectively. The licensing fee was amortised in 3 years. For the three-month and six-month periods ended June 30, 2023 and 2022, the Company recognised amortisation amounting to \$1,335 for both periods.

(4) Key management compensation

	For the three-month periods ended June 30,	
	2023	2022
Salaries and other short-term employee benefits	\$ 48,725	\$ 44,255
Post-employment benefits	388	390
Total	<u>\$ 49,113</u>	<u>\$ 44,645</u>

	For the six-month periods ended June 30,	
	2023	2022
Salaries and other short-term employee benefits	\$ 98,442	\$ 97,987
Post-employment benefits	777	777
Total	<u>\$ 99,219</u>	<u>\$ 98,764</u>

8. PLEGGED ASSETS

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

Pledged assets	Book value			Purpose
	June 30, 2023	December 31, 2022	June 30, 2022	
Time deposits (shown as 'Other current assets')	\$ 9,650	\$ 9,650	\$ 9,650	Guarantee deposit
Property, plant and equipment				
Land	1,135,305	1,135,305	1,108,774	Long-term borrowings
Buildings and structures	962,316	872,595	710,478	Long-term borrowings
Machinery and equipment	511,341	523,066	56,008	Long-term borrowings
Construction in progress	462,720	474,614	810,027	Long-term borrowings
	<u>\$ 3,081,332</u>	<u>\$ 3,015,230</u>	<u>\$ 2,694,937</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

The Group subsequently invested to establish chicken farms in Hualien County starting from 2018, and had submitted an application to the Hualien County Government for approval based on the

Group's building and feeding project. However, the Hualien County Government issued a letter on July 10, 2020 to terminate the Group's application for the building of farming facilities on agricultural land without taking into consideration the measures and goodwill that the Group took in order to reach consensus with local residents and resolve controversy. The Group has appointed lawyers and filed an appeal as administrative remedy. For the administrative appeal filed against the administrative action concerning the revocation of the permission letter to use the land in dispute, the Council of Agriculture of Executive Yuan revoked the aforesaid administrative action in accordance with the Appeal Resolution Letter Order No. Nong-Su-Zi-1090727273, dated January 12, 2021. On July 26, 2021, the Hualien County Government sent another letter alleging that the Group did not obtain permission for agricultural use in accordance with the regulations and revoking the permission in accordance with Article 117 of the Administrative Procedures Act. The Group has appointed a lawyer to file an appeal. As for the administrative appeal filed against the administrative action concerning the disapproval Jingzhong Section, Shoufeng Township, Hualien County, the Council of Agriculture of Executive Yuan revoked the aforesaid administrative action in accordance with the Appeal Resolution Letter Order No. Nong-Su-Zi-1090721271, dated January 12, 2021, and requested the Hualien County Government to take other legitimate actions. As of June 30, 2023, the related costs incurred by the Group amounted to \$71,281, excluding the cost of land.

(2) Commitments

- A. As of June 30, 2023, December 31, 2022 and June 30, 2022, the Group had opened unused letters of credit for purchases of raw materials and machinery of \$529,926, \$508,723 and \$420,475, respectively.
- B. As of June 30, 2023, December 31, 2022 and June 30, 2022, the Group had several outstanding construction contracts and equipment purchase agreements amounting to \$1,493,454, \$1,183,985 and \$753,821, respectively, which will be paid based on the percentage of completion.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

- A. The Board of Directors of the subsidiary, Rui Mu Foods Co., Ltd., resolved to reduce its capital to offset accumulated deficit on June 28, 2023. The effective date of the capital reduction is July 3, 2023. Total of 12,600,411 issued ordinary shares was eliminated and the accumulated deficit offset was \$126,004. The paid-in capital of the subsidiary, Rui Mu Foods Co., Ltd., decreased to \$173,996 after the capital reduction.
- B. The Board of Directors of the subsidiary, Rui Mu Foods Co., Ltd., resolved to increase its capital by issuing 15,000,000 shares of preferred stocks at NT\$10 (in dollars) per share on June 28, 2023. The effective date of the capital increase is July 4, 2023. The Company subscribed all the preferred stocks. The paid-in capital (including preferred stock) of the subsidiary, Rui Mu Foods Co., Ltd., increased to \$323, 996 after the issuance of preferred stock. The registration is not completed.

C. In order to increase the Company's investment returns, the Board of Directors of the Company resolved to increase its investments in stocks of Charoen Pokphand Foods Public Company Limited (CPF). The Company plans to acquire CPF's stocks at a reasonable market price in the Thailand Stock Exchange Market in a total estimated amount of \$1,000,000.

12. OTHERS

(1) Capital risk management

There were no significant changes in the reporting period. Refer to Note 12 in the consolidated financial statements for the year ended December 31, 2022.

(2) Financial risk of financial instruments

A. Financial instruments by category

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Financial assets designated as at fair value through profit or loss on initial recognition	\$ 2,638	\$ -	\$ 936
Financial assets measured at fair value through other comprehensive income			
Designation of equity instrument	2,100,215	2,659,785	2,649,926
Financial assets at amortised cost			
Cash and cash equivalents	266,671	311,085	159,473
Notes receivable (including related parties)	398,418	413,990	415,616
Accounts receivable (including related parties)	2,395,890	2,797,045	2,440,606
Other receivables (including related parties)	6,854	54,605	27,291
Refundable deposits	55,430	41,461	49,232
Other financial assets - current	9,650	9,650	9,650
	<u>\$ 5,235,766</u>	<u>\$ 6,287,621</u>	<u>\$ 5,752,730</u>

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
<u>Financial liabilities</u>			
Financial liabilities at fair value through profit or loss			
Financial liabilities designated as at fair value through profit or loss on initial recognition	\$ -	\$ 11,791	\$ -
Financial liabilities at amortised cost			
Short-term borrowings	3,356,544	4,265,097	3,519,667
Short-term notes and bills payable	1,071,311	987,963	1,029,167
Notes payable (including related parties)	505,741	694,856	481,237
Accounts payable (including related parties)	843,739	1,021,273	787,651
Other payables (including related parties)	1,849,933	925,952	1,513,836
Long-term borrowings (including current portion)	<u>7,795,760</u>	<u>8,343,260</u>	<u>7,875,066</u>
	<u>\$ 15,423,028</u>	<u>\$ 16,250,192</u>	<u>\$ 15,206,624</u>
Lease liability	<u>\$ 334,413</u>	<u>\$ 344,417</u>	<u>\$ 359,375</u>

B. Financial risk management policies

There were no significant changes in the reporting period. Refer to Note 12 in the consolidated financial statements for the year ended December 31, 2022.

C. Financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD, HKD, CNY, THB, EUR, SGD and JPY. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.
- ii. Management has set up a policy to require the Group to manage its foreign exchange risk against their functional currency.
- iii. The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.

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

	June 30, 2023		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency : functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	USD	25	31.09 \$ 768
HKD:NTD	HKD	104	3.98 412
USD:HKD	USD	1,899	7.80 58,870
CNY:HKD	CNY	685	1.08 2,943
<u>Non-monetary items</u>			
THB:HKD	THB	1,512,960	0.22 \$ 1,329,891
THB:NTD	THB	872,373	0.88 770,324
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	USD	5,554	31.19 \$ 173,241
EUR:NTD	EUR	165	34.01 5,622

December 31, 2022				
	Foreign currency amount			Book value
	(in thousands)			(NTD)
(Foreign currency : functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	USD	40	30.66	\$ 1,231
USD:HKD	USD	1,209	7.80	37,015
CNY:HKD	CNY	685	1.13	3,045
<u>Non-monetary items</u>				
THB:HKD	THB	1,904,640	0.23	\$ 1,687,093
THB:NTD	THB	1,098,216	0.89	972,692
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	USD	18,764	30.76	\$ 577,166
EUR:NTD	EUR	106	32.92	3,487
SGD:NTD	SGD	16	22.97	368
JPY:NTD	JPY	750	0.23	176
June 30, 2022				
	Foreign currency amount			Book value
	(in thousands)			(NTD)
(Foreign currency : functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	USD	16	29.67	\$ 488
THB:NTD	THB	48	0.83	39
USD:HKD	USD	518	7.80	15,292
CNY:HKD	CNY	685	1.17	3,039
<u>Non-monetary items</u>				
THB:HKD	THB	1,996,800	0.22	\$ 1,680,681
THB:NTD	THB	1,151,355	0.84	969,245
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	USD	8,294	29.77	\$ 246,924
EUR:NTD	EUR	91	31.25	2,831
SGD:NTD	SGD	99	21.46	2,127

Note: The functional currency of certain subsidiaries belonging to the Group is HKD. Thus, this information has to be considered when reporting.

- v. Total exchange (loss) gain, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the three-month and six-month periods ended June 30, 2023 and 2022 amounted to (\$2,411), (\$12,875), \$2,179 and (\$40,249), respectively.
- vi. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	For the six-month period ended June 30, 2023		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency : functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	1%	\$ 8	\$ -
HKD : NTD	1%	4	-
USD : HKD	1%	589	-
CNY : HKD	1%	29	-
<u>Non-monetary items</u>			
THB : HKD	1%	\$ -	\$ 13,299
THB : NTD	1%	-	7,703
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	1%	(\$ 1,732)	\$ -
EUR : NTD	1%	(56)	-

For the six-month period ended June 30, 2022		
Sensitivity analysis		
Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency : functional currency)		
<u>Financial assets</u>		
<u>Monetary items</u>		
USD : NTD	1%	\$ 5
THB : NTD	1%	-
USD : HKD	1%	153
CNY : HKD	1%	30
<u>Non-monetary items</u>		
THB : HKD	1%	\$ 16,807
THB : NTD	1%	9,692
<u>Financial liabilities</u>		
<u>Monetary items</u>		
USD : NTD	1%	(\$ 2,469)
EUR : NTD	1%	(28)
SGD : NTD	1%	(21)

Price risk

- i. The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet as financial assets at fair value through other comprehensive income. Refer to Note 6(3).
- ii. For the Group's strategies for biological assets price risk, refer to Note 6(6).
- iii. The Group's investment in equity securities comprise foreign listed stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, other equity for the six-month periods ended June 30, 2023 and 2022 would have increased/decreased by \$19,461 and \$24,561, respectively, as a result of post-tax gains/losses on equity securities classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

- i. The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. During the six-month periods ended June 30, 2023 and 2022, the Group's borrowings at variable rate were denominated in NTD.

- ii. The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios run only for liabilities that represent the major interest-bearing positions.
- iii. For the six-month periods ended June 30, 2023 and 2022, if interest rates on NTD-denominated borrowings at that date had been 1% higher/lower with all other variables held constant, post-tax profit for the six-month periods ended June 30, 2023 and 2022, would have been \$31,183 and \$31,500 lower/higher, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is the contract cash flows when counterparties could not repay in full the accounts receivable based on the agreed terms.
- ii. The Group manages its credit risk taking into consideration the entire group's concern. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. Based on the Group's historical experience, if the contract payments were past due over 17 days, there has been a significant increase in credit risk on that instrument since initial recognition. As a result, the Group should strengthen controls and make follow-up procedures.
- iv. The Group pays attention on specific customers whose payments were past due to confirm the debts and recognises the allowance for bad debts when there is a concern about default based on the assessment of customers' credit risk.
- v. The Group classifies credit risks from customers' non-performance in accordance with customer types. The Group applies the simplified approach using loss rate methodology to estimate expected credit loss impairment under the provision matrix basis.
- vi. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights. For the six-month periods ended

June 30, 2023 and 2022, the Group's written-off financial assets that are still under recourse procedures and recovered amounted to \$4,845 and \$3,321, respectively.

- vii. The Group used the forecastability of the global economy to adjust historical and timely information to assess the default possibility of accounts receivable in accordance with customers' credit. As of June 30, 2023, December 31, 2022 and June 30, 2022, the expected loss rate is as follows:

	<u>Current</u>	<u>Up to 120 days</u>	<u>121-365 days</u>	<u>Over one year</u>	<u>Total</u>
<u>June 30, 2023</u>					
Expected loss rate	0.05%~0.22%	1.5%~100%	100%	100%	
Total book value	\$ 2,529,762	\$ 187,578	\$ 3,016	\$ 1,748	\$ 2,722,104
Loss allowance	1,473	6,521	1,275	1,748	11,017
<u>December 31, 2022</u>					
Expected loss rate	0.05%~0.22%	1.5%~100%	100%	100%	
Total book value	\$ 2,977,390	\$ 170,223	\$ 180	\$ 2,702	\$ 3,150,495
Loss allowance	1,591	3,914	180	2,702	8,387
<u>June 30, 2022</u>					
Expected loss rate	0.05%~0.43%	1.50%~100%	100%	100%	
Total book value	\$ 2,570,950	\$ 224,623	\$ 458	\$ 8,963	\$ 2,804,994
Loss allowance	1,551	3,724	458	8,963	14,696

Allowance for uncollectible accounts includes provision for impairment for related-parties.

- viii. Movements in relation to the Group applying the simplified approach to provide loss allowance for notes and accounts receivable are as follows:

	<u>2023</u>
	Notes and accounts receivable (including related parties)
At January 1	\$ 8,387
Provision for impairment	3,703
Write-offs	(1,073)
At June 30	<u>\$ 11,017</u>
	<u>2022</u>
	Notes and accounts receivable (including related parties)
At January 1	\$ 16,162
Reversal of impairment loss	(1,466)
At June 30	<u>\$ 14,696</u>

The reversal of and provision for impairment loss arising from customers' contracts for the six-month periods ended June 30, 2023 and 2022 amounted to \$3,703 and \$1,466, respectively.

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the Group's financial ratio targets, covenant compliance and applicable external regulatory or legal requirements.
- ii. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities

June 30, 2023	<u>Less than 1 year</u>	<u>Between 1 and 5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 3,356,544	\$ -	\$ -
Short-term notes and bills payable	1,071,311	-	-
Notes payable (including related parties)	505,741	-	-
Accounts payable (including related parties)	843,739	-	-
Other payables (including related parties)	1,849,933	-	-
Lease liabilities	35,464	138,917	183,184
Long-term borrowings (including current portion)	459,682	6,531,120	1,112,842

Non-derivative financial liabilities

December 31, 2022	<u>Less than 1 year</u>	<u>Between 1 and 5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 4,265,097	\$ -	\$ -
Short-term notes and bills payable	990,000	-	-
Financial liabilities at fair value through profit or loss - current	11,791	-	-
Notes payable (including related parties)	694,856	-	-
Accounts payable (including related parties)	1,021,273	-	-
Other payables (including related parties)	925,952	-	-
Lease liabilities	38,500	156,246	173,115
Long-term borrowings (including current portion)	831,251	6,681,090	1,171,169

Non-derivative financial liabilities

June 30, 2022	<u>Less than 1 year</u>	<u>Between 1 and 5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 3,519,667	\$ -	\$ -
Short-term notes and bills payable	1,030,000	-	-
Notes payable (including related parties)	481,237	-	-
Accounts payable (including related parties)	787,651	-	-
Other payables (including related parties)	1,513,836	-	-
Lease liabilities	36,765	143,971	204,159
Long-term borrowings (including current portion)	772,589	6,206,428	1,157,645

iii. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value information

A. Details of the fair value of the Group's financial assets and financial liabilities not measured at fair value are provided in Note 12(2) A.

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market

in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in derivative instruments and biological assets is included in Level 2.

Level 3: Unobservable inputs for the asset or liability.

C. The related information on financial and non-financial instruments measured at fair value by level based on the nature, characteristics and risks of the assets and liabilities is as follows:

<u>June 30, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Biological assets	\$ -	\$ 1,134,204	\$ -	\$ 1,134,204
Financial assets at fair value through profit or loss:				
Derivative instruments	\$ -	\$ 2,638	\$ -	\$ 2,638
Financial assets at fair value through other comprehensive income:				
Equity securities	\$ 2,100,215	\$ -	\$ -	\$ 2,100,215
<u>December 31, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Biological assets	\$ -	\$ 1,231,923	\$ -	\$ 1,231,923
Financial assets at fair value through other comprehensive income:				
Equity securities	\$ 2,659,785	\$ -	\$ -	\$ 2,659,785
Financial liabilities at fair value through profit or less:				
Derivative instruments	\$ -	\$ 11,791	\$ -	\$ 11,791

<u>June 30, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss:				
Derivative instruments	\$ -	\$ 936	\$ -	\$ 936
Biological assets	<u>\$ -</u>	<u>\$ 1,106,904</u>	<u>\$ -</u>	<u>\$ 1,106,904</u>
Financial assets at fair value through other comprehensive income:				
Equity securities	<u>\$ 2,649,926</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,649,926</u>

D. The methods and assumptions of the Group used to measure fair value are as follows:

- (a) The instruments the Group used quoted market prices as their fair values (that is, Level 1) are listed stocks, whose quoted market prices are based on the closing prices which are classified as financial assets at fair value through other comprehensive income.
 - (b) The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.
 - (c) The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate.
 - (d) Details of methods for measuring Level 2 - Biological assets are provided in Note 6(6).
- E. For the six-month periods ended June 30, 2023 and 2022, there was no transfer between Level 1 and Level 2.
- F. For the six-month periods ended June 30, 2023 and 2022, there was no transfer into or out from Level 3.

(4) Other matter

The Group was able to maintain its normal operations during the Covid-19 outbreak and has implemented several preventive measures imposed by the government. The Group assessed that the pandemic has no significant impact on the Group's ability to continue as a going concern, assets impairment and financing risks.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others during the six-month period ended June 30, 2023: None.

C. Holding of marketable securities at June 30, 2023 (not including subsidiaries, associates and joint ventures):

Securities held by	Marketable securities		Relationship with the securities issuer	General ledger account	As of June 30, 2023				Footnote
	Types	Name			Number of shares	Book value	Ownership	Fair value (Note 1)	
The Company	Common share	CHAROEN POKPHAND FOODS PUBLIC COMPANY LIMITED	(Note 2)	Financial assets at fair value through other comprehensive income	44,282,900	\$ 770,324	0.51%	\$ 770,324	
Plenty Type Limited (Cayman Islands)	Common share	CHAROEN POKPHAND FOODS PUBLIC COMPANY LIMITED	(Note 2)	Financial assets at fair value through other comprehensive income	76,800,000	1,329,891	0.89%	1,329,891	

Note 1: The numbers filled in for market value are as follows:

(1) Where there is a quoted market price, the fair value is based on the closing price at the balance sheet date, the fair value of open-end funds is based on the net asset value at the balance sheet date.

(2) Where there is no quoted market price, this column is filled in with the book value per share for stocks or left blank for other instruments.

Note 2: Investee company accounted for as financial assets at fair value through other comprehensive income by the Company and Plenty Type Limited (Cayman Islands), which is ultimate parent entity of the Company.

D. Acquisition or sale of the same security with the accumulated cost exceeding NT\$300,000 or 20% of the Company's paid-in capital during the six-month period ended June 30, 2023: None.

E. Acquisition of real estate reaching NT\$300,000 or 20% of paid-in capital or more during the six-month period ended June 30, 2023: None.

F. Disposal of real estate reaching NT\$300,000 or 20% of paid-in capital or more during the six-month period ended June 30, 2023: None.

G. Purchases or sales of goods from or to related parties reaching NT\$100,000 or 20% of paid-in capital or more during the six-month period ended June 30, 2023:

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to general transactions		Percentage of notes/accounts receivable (payable)		Footnote	
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance		Percentage of total notes/accounts receivable (payable)
The Company	Rui Fu Foods Co., Ltd.	Subsidiary	Sales revenue	\$153,034	1.05%	60 days	The same as general transactions	None	\$ 56,467	2.02%	

H. Receivables from related parties reaching NT\$100,000 or 20% of paid-in capital or more as at June 30, 2023: None.

I. Trading in derivative instruments undertaken during the six-month period ended June 30, 2023: Refer to Note 6(2).

J. Significant inter-company transactions during the six-month period ended June 30, 2023: The inter-company transactions below 1% of consolidated assets or revenue are not disclosed.

(2) Information on investees

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

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as of June 30, 2023			Investment income		Footnote
				Balance as of June 30, 2023	Balance as of December 31, 2022	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee	(loss) recognised by the Company	
The Company	Plenty Type Limited (Cayman Islands)	Cayman Islands	Management of producing and non-producing business investments	\$ 470,459	\$ 470,459	57,841,941	100.00	\$ 1,391,566	\$ 19,753	\$ 19,753	Subsidiary (Note 1)
The Company	Charoen Pokphand (Taiwan) Corp., Ltd.	Taiwan	Management of importing and exporting businesses	20,086	20,086	2,443,716	90.00	36,737	4,027	3,624	Subsidiary
The Company	Arbor Acres (Taiwan) Co., Ltd.	Taiwan	Husbandry management of chickens to produce breeder chicken and daily chicken	60,131	60,131	1,600,000	50.00	94,948	39,925	19,963	Subsidiary
The Company	Rui Mu Foods Co., Ltd.	Taiwan	Husbandry management of layers and related business	193,860	193,860	20,400,000	68.00	117,056	(19,120)	(13,002)	Subsidiary
The Company	Rui Fu Foods Co., Ltd.	Taiwan	Husbandry management of layers and related business	408,000	408,000	40,800,000	51.00	288,533	(51,836)	(26,436)	Subsidiary (Note 1)
The Company	Feng Sheng Livestock Co., Ltd.	Taiwan	Electric livestock slaughter	100,000	100,000	10,000,000	50.00	93,808	(1,811)	(906)	Investment accounted for using equity method - joint ventures
Plenty Type Limited (Cayman Islands)	Chia Tai Lianyungang Co., Ltd.	Hong Kong	Management of producing and non-producing business investments	HKD 19,910	HKD 19,910	999,999	99.99	3,315	(339)	-	Indirectly owned subsidiary (Note 2)
Rui Fu Foods Co., Ltd.	Sheng Da Foods Co., Ltd.	Taiwan	Husbandry management of eggs and related business	180,000	120,000	18,000,000	81.82	118,761	(16,044)	-	Indirectly owned subsidiary (Note 2)

Note 1: Including recognition of current profit of its investees.

Note 2: Current period income (loss) has been recognised by subsidiaries and indirectly owned subsidiaries.

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

(4) Major shareholders information

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Charoen Pokphand Foods Public Co., Ltd (CPF)	54,193,826	18.38
Charoen Pokphand (Taiwan) Investment Ltd., Bermuda	29,483,006	10.00
Chun Ta Investment Co., Ltd.	17,120,207	5.80

Note: The information provides by Taiwan Depository & Clearing Corporation on June 30, 2023.

14. OPERATING SEGMENT INFORMATION

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the Chief Operating Decision-Maker that are used to make strategic decision.

The Group's Chief Operating Decision-Maker considers the business from a product type perspective. The main activities of the Group are feeds business, meat processing business, food processing business, management of importing and exporting animal medicine and husbandry business. The reportable segments are as follows:

- A. Feeds business: Manufacture and sale of animal feeds and wholesale of commodity;
- B. Meat processing business;
- C. Food processing business; and
- D. Husbandry business: Husbandry management of chickens to produce eggs and meat.

There is no material change in the basis for formation of entities and division of segments in the Group or in the measurement basis for segment information in this year.

(2) Segment information

The segment information provided to the Chief Operating Decision-Maker for the reportable segments is as follows:

	For the three-month period ended June 30, 2023					
	<u>Feeds</u>	<u>Meat processing</u>	<u>Food processing</u>	<u>Breeder and Layer</u>	<u>Others</u>	<u>Total</u>
Revenues from third parties	\$ 3,727,173	\$ 1,892,653	\$ 1,216,300	\$ 556,328	\$ 19,563	\$ 7,412,017
Revenues from the Group	<u>101,546</u>	<u>77,691</u>	<u>32</u>	<u>55,991</u>	<u>15,132</u>	<u>250,392</u>
Total segment revenue	<u>\$ 3,828,719</u>	<u>\$ 1,970,344</u>	<u>\$ 1,216,332</u>	<u>\$ 612,319</u>	<u>\$ 34,695</u>	<u>\$ 7,662,409</u>
Segment income (loss)	<u>\$ 467,474</u>	<u>\$ 322,901</u>	<u>\$ 48,405</u>	<u>(\$ 1,133)</u>	<u>(\$ 17,378)</u>	<u>\$ 820,269</u>

	For the three-month period ended June 30, 2022					
	<u>Feeds</u>	<u>Meat processing</u>	<u>Food processing</u>	<u>Breeder and Layer</u>	<u>Others</u>	<u>Total</u>
Revenues from third parties	\$ 3,627,427	\$ 1,551,789	\$ 1,104,178	\$ 534,841	\$ 20,969	\$ 6,839,204
Revenues from the Group	<u>87,936</u>	<u>12,149</u>	<u>32</u>	<u>46,543</u>	<u>14,385</u>	<u>161,045</u>
Total segment revenue	<u>\$ 3,715,363</u>	<u>\$ 1,563,938</u>	<u>\$ 1,104,210</u>	<u>\$ 581,384</u>	<u>\$ 35,354</u>	<u>\$ 7,000,249</u>
Segment income (loss)	<u>\$ 377,410</u>	<u>\$ 227,153</u>	<u>\$ 57,839</u>	<u>\$ 12,494</u>	<u>(\$ 21,698)</u>	<u>\$ 653,198</u>

For the six-month period ended June 30, 2023

	<u>Feeds</u>	<u>Meat processing</u>	<u>Food processing</u>	<u>Breeder and Layer</u>	<u>Others</u>	<u>Total</u>
Revenues from third parties	\$ 7,469,320	\$ 3,694,549	\$ 2,332,008	\$ 1,110,975	\$ 37,235	\$ 14,644,087
Revenues from the Group	<u>205,992</u>	<u>118,625</u>	<u>390</u>	<u>114,094</u>	<u>29,760</u>	<u>468,861</u>
Total segment revenue	<u>\$ 7,675,312</u>	<u>\$ 3,813,174</u>	<u>\$ 2,332,398</u>	<u>\$ 1,225,069</u>	<u>\$ 66,995</u>	<u>\$ 15,112,948</u>
Segment income (loss)	<u>\$ 873,791</u>	<u>\$ 490,467</u>	<u>\$ 104,334</u>	<u>(\$ 31,088)</u>	<u>(\$ 45,832)</u>	<u>\$ 1,391,672</u>

For the six-month period ended June 30, 2022

	<u>Feeds</u>	<u>Meat processing</u>	<u>Food processing</u>	<u>Breeder and Layer</u>	<u>Others</u>	<u>Total</u>
Revenues from third parties	\$ 7,740,582	\$ 3,114,406	\$ 2,129,429	\$ 1,009,134	\$ 45,067	\$ 14,038,618
Revenues from the Group	<u>182,877</u>	<u>22,193</u>	<u>461</u>	<u>82,772</u>	<u>30,600</u>	<u>318,903</u>
Total segment revenue	<u>\$ 7,923,459</u>	<u>\$ 3,136,599</u>	<u>\$ 2,129,890</u>	<u>\$ 1,091,906</u>	<u>\$ 75,667</u>	<u>\$ 14,357,521</u>
Segment income (loss)	<u>\$ 780,925</u>	<u>\$ 320,896</u>	<u>\$ 81,124</u>	<u>(\$ 39,855)</u>	<u>(\$ 50,037)</u>	<u>\$ 1,093,053</u>

(3) Reconciliation for segment income (loss)

Sales between segments are carried out at arm's length. The operating revenue from external customers reported to the Chief Operating Decision-Maker is measured in a manner consistent with that in the statement of comprehensive income.

A reconciliation of reportable segment income to the income before tax from continuing operations for the three-month periods and six-month periods ended June 30, 2023 and 2022 is provided as follows:

	For the three-month periods ended June 30,	
	2023	2022
Reportable segment income	\$ 837,649	\$ 674,896
Other segment loss	(17,378)	(21,698)
Total segment	820,271	653,198
Interest expense	(54,006)	(32,744)
Foreign exchange losses, net	(2,411)	(12,875)
Gains on financial assets at fair value through profit or loss	2,638	936
Income before tax from continuing segment	<u>\$ 766,492</u>	<u>\$ 608,515</u>

	For the six-month periods ended June 30,	
	2023	2022
Reportable segment income	\$ 1,437,506	\$ 1,143,090
Other segment loss	(45,832)	(50,037)
Total segment	1,391,674	1,093,053
Interest expense	(110,550)	(58,840)
Foreign exchange gains (losses), net	2,179	(40,249)
Gains (losses) on financial assets at fair value through profit or loss	(2,537)	936
Income before tax from continuing segment	<u>\$ 1,280,766</u>	<u>\$ 994,900</u>