

**CHAROEN POKPHAND ENTERPRISE  
(TAIWAN) CO., LTD.**

**PARENT COMPANY ONLY FINANCIAL**

**STATEMENTS AND INDEPENDENT AUDITORS’**

**REPORT**

**DECEMBER 31, 2022 AND 2021**

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

## INDEPENDENT AUDITORS' REPORT

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

### *Opinion*

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

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

### *Basis for opinion*

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

### *Key audit matters*

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

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

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follows:

### **Evaluation of net realisable value of inventories**

#### Description

Refer to Note 4(12) for accounting policies adopted for the valuation of inventories, Note 5(2) for uncertainty of accounting estimates and assumptions of valuation of inventories, and Note 6(5) for details of inventories. As at December 31, 2022, the carrying amount of inventories and allowance for inventory valuation losses amounted to NT\$2,447,937 thousand and NT\$5,000 thousand, respectively.

The main activities of the Company are the manufacturing and sales of animal feeds, fresh and processed meat products. As the market prices are affected by changes in macro-economic environment, there is a higher risk of inventory valuation losses. In addition, the evaluation of net realisable value of inventories is subject to management's judgement, and considering that feeds, fresh and processed meat products comprise most of the Company's inventories which is significant to the financial statements, the evaluation of net realisable value of inventories was identified as a key audit matter.

#### How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Based on our understanding of the Company's operations and related industry, assessed the reasonableness of related policies and procedures applied to the net realisable value of inventories and ascertained the consistent application.
2. Obtained statements of net realisable value of inventories as at the balance sheet date, validated source data of merchandise prices and recalculated the provision for inventory valuation losses in order to confirm consistent application of respective procedures and policies.

### **Measurement of biological assets**

#### Description

Refer to Note 4(14) for accounting policies adopted for biological assets, Note 5(2) for uncertainty of accounting estimates and assumptions in measuring fair value of biological assets, and Note 6(7) for details of biological assets. As at December 31, 2022, the carrying amount of biological assets amounted to NT\$2,345,044 thousand.

The Company's biological assets is mainly comprised of broiler chicken, breeder chicken, fattening swine and breeder swine, etc. Except when the fair value cannot be reliably measured, biological assets

are measured at fair value less costs to sell on initial recognition and at the end of each reporting period. As the market prices of fresh, processed meat, livestock and poultry are affected by animal epidemic and market demand in Taiwan, biological assets with active market prices have a higher risk of fluctuations in fair value. Since the amount of biological assets is significant to the financial statements and the methods adopted in measuring each category of biological assets, market prices applied and items accounted for as costs to sell are all subject to management's judgement and with high uncertainty, the measurement of biological assets was identified as a key audit matter.

#### How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Based on our understanding of the Company's operations and related industry, assessed the reasonableness of related policies and procedures applied in measuring biological assets, and ascertained the consistent application.
2. As at the balance sheet date, ascertained that all the active market prices information are available and reliable for biological assets measured at fair value less costs to sell. Also, validated source data of active market prices and the reasonableness of the major components of costs to sell.

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

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

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

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

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

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

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

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

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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



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Lin, Yi-Fan

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 13, 2023



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Liao, Fu-Ming

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

**CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD.**  
**PARENT COMPANY ONLY BALANCE SHEETS**  
**DECEMBER 31, 2022 AND 2021**  
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2022		December 31, 2021		
		AMOUNT	%	AMOUNT	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 122,778	-	\$ 126,478	1
1150	Notes receivable, net	6(4)	375,832	2	394,952	2
1160	Notes receivable - related parties	7	-	-	3,951	-
1170	Accounts receivable, net	6(4)	2,413,462	10	2,104,778	10
1180	Accounts receivable - related parties	7	127,147	1	112,548	1
1200	Other receivables		50,746	-	17,775	-
1210	Other receivables - related parties	7	207	-	64	-
1220	Current income tax assets		6,284	-	6,284	-
130X	Inventories, net	6(5)	2,472,937	10	1,722,877	8
1400	Biological assets - current	6(7)	1,842,955	8	1,474,698	7
1410	Prepayments	7	393,245	2	392,699	2
1470	Other current assets	6(1) and 8	9,650	-	9,650	-
11XX	<b>Total current assets</b>		<u>7,815,243</u>	<u>33</u>	<u>6,366,754</u>	<u>31</u>
<b>Non-current assets</b>						
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	972,692	4	941,589	4
1550	Investments accounted for using equity method	6(6)	2,413,926	10	2,307,812	11
1600	Property, plant and equipment, net	6(8) and 8	11,388,585	48	10,267,826	49
1755	Right-of-use assets	6(9)	340,373	2	339,095	2
1780	Intangible assets	6(10)	3,126	-	3,476	-
1830	Biological assets - non-current	6(7)	502,089	2	444,841	2
1840	Deferred income tax assets	6(25)	50,427	-	58,711	-
1900	Other non-current assets		118,456	1	107,799	1
15XX	<b>Total non-current assets</b>		<u>15,789,674</u>	<u>67</u>	<u>14,471,149</u>	<u>69</u>
1XXX	<b>Total assets</b>		<u>\$ 23,604,917</u>	<u>100</u>	<u>\$ 20,837,903</u>	<u>100</u>

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**CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD.**  
**PARENT COMPANY ONLY BALANCE SHEETS**  
**DECEMBER 31, 2022 AND 2021**  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2022		December 31, 2021		
		AMOUNT	%	AMOUNT	%	
<b>Current liabilities</b>						
2100	Short-term borrowings	6(11)	\$ 3,651,097	15	\$ 2,771,030	13
2110	Short-term notes and bills payable	6(12)	938,148	4	989,319	5
2120	Current financial liabilities at fair value through profit or loss	6(2)	11,791	-	-	-
2150	Notes payable		590,631	3	431,664	2
2160	Notes payable - related parties	7	188	-	4,255	-
2170	Accounts payable		874,711	4	775,496	4
2180	Accounts payable - related parties	7	19,314	-	26,249	-
2200	Other payables		822,697	3	734,295	3
2220	Other payables - related parties	7	27,109	-	23,615	-
2230	Current income tax liabilities		218,477	1	164,002	1
2280	Current lease liabilities		29,442	-	24,751	-
2320	Long-term liabilities, current portion	6(13)	648,095	3	200,000	1
21XX	<b>Total current liabilities</b>		<u>7,831,700</u>	<u>33</u>	<u>6,144,676</u>	<u>29</u>
<b>Non-current liabilities</b>						
2540	Long-term borrowings	6(13) and 8	6,391,905	27	6,130,000	29
2570	Deferred income tax liabilities	6(25)	41,930	-	29,036	-
2580	Non-current lease liabilities		299,974	2	301,884	2
2600	Other non-current liabilities	6(14)	42,440	-	103,215	1
25XX	<b>Total non-current liabilities</b>		<u>6,776,249</u>	<u>29</u>	<u>6,564,135</u>	<u>32</u>
2XXX	<b>Total liabilities</b>		<u>14,607,949</u>	<u>62</u>	<u>12,708,811</u>	<u>61</u>
<b>Equity attributable to owners of parent</b>						
Share capital						
3110	Common stock	6(15)	2,947,901	12	2,679,910	13
Capital surplus						
3200	Capital surplus	6(16)	6,640	-	4,666	-
Retained earnings						
3310	Legal reserve	6(17)	1,181,684	5	1,044,641	5
3350	Unappropriated retained earnings		3,713,594	16	3,332,757	16
Other equity interest						
3400	Other equity interest		1,147,149	5	1,067,118	5
3XXX	<b>Total equity</b>		<u>8,996,968</u>	<u>38</u>	<u>8,129,092</u>	<u>39</u>
Significant contingent liabilities and unrecognised contract commitments						
Significant events after the balance sheet date						
3X2X	<b>Total liabilities and equity</b>		<u>\$ 23,604,917</u>	<u>100</u>	<u>\$ 20,837,903</u>	<u>100</u>

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

CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME  
YEARS ENDED DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

Items	Notes	Year ended December 31				
		2022		2021		
		AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(18) and 7	\$ 26,895,450	100	\$ 23,272,864	100
5000	Operating costs	6(4)(24) and 7	( 23,254,925)	( 87)	( 20,036,192)	( 86)
5950	Net operating margin		<u>3,640,525</u>	<u>13</u>	<u>3,236,672</u>	<u>14</u>
	Operating expenses	6(24) and 7				
6100	Selling and marketing expenses		( 976,648)	( 4)	( 893,721)	( 4)
6200	General and administrative expenses		( 682,635)	( 2)	( 652,493)	( 3)
6450	Expected credit impairment gain (loss)	12(2)	442	-	( 1,252)	-
6000	Total operating expenses		<u>( 1,658,841)</u>	<u>( 6)</u>	<u>( 1,547,466)</u>	<u>( 7)</u>
6500	Other income and expenses, net	6(7)(19)	<u>21,509</u>	<u>-</u>	<u>( 12,738)</u>	<u>-</u>
6900	Operating profit		<u>2,003,193</u>	<u>7</u>	<u>1,676,468</u>	<u>7</u>
	Non-operating income and expenses					
7100	Interest income	6(20)	504	-	265	-
7010	Other income	6(21) and 7	33,578	-	24,036	-
7020	Other gains and losses	6(22)	( 4,947)	-	49,590	-
7050	Finance costs	6(23)	( 131,394)	-	( 72,523)	-
7070	Share of profit of associates and joint ventures accounted for using equity method	6(6)				
			<u>29,338</u>	<u>-</u>	<u>20,527</u>	<u>-</u>
7000	Total non-operating income and expenses		<u>( 72,921)</u>	<u>-</u>	<u>21,895</u>	<u>-</u>
7900	<b>Profit before income tax</b>		<u>1,930,272</u>	<u>7</u>	<u>1,698,363</u>	<u>7</u>
7950	Income tax expense	6(25)	( 374,892)	( 1)	( 342,711)	( 1)
8200	<b>Profit for the year</b>		<u>\$ 1,555,380</u>	<u>6</u>	<u>\$ 1,355,652</u>	<u>6</u>
	<b>Other comprehensive income</b>					
	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>					
8311	Actuarial gain on defined benefit plan	6(14)	\$ 41,468	-	\$ 18,346	-
8316	Unrealised gain or loss on financial assets at fair value through other comprehensive income	6(3)	31,103	-	( 57,955)	( 1)
8330	Share of other comprehensive loss of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	6(6)	( 103,980)	-	( 257,735)	( 1)
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(25)	( 14,514)	-	7,922	-
8310	Other comprehensive loss that will not be reclassified to profit or loss		<u>( 45,923)</u>	<u>-</u>	<u>( 289,422)</u>	<u>( 2)</u>
	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>					
8361	Currency translation differences of foreign operations	6(6)	160,418	-	( 36,291)	-
8360	Other comprehensive loss that will be reclassified to profit or loss		<u>160,418</u>	<u>-</u>	<u>( 36,291)</u>	<u>-</u>
8300	<b>Total other comprehensive income (loss) for the year</b>		<u>\$ 114,495</u>	<u>-</u>	<u>( \$ 325,713)</u>	<u>( 2)</u>
8500	<b>Total comprehensive income for the year</b>		<u>\$ 1,669,875</u>	<u>6</u>	<u>\$ 1,029,939</u>	<u>4</u>
	Earnings per share (in dollars)	6(26)				
9750	Basic earnings per share		<u>\$ 5.28</u>		<u>\$ 4.60</u>	
9850	Diluted earnings per share		<u>\$ 5.27</u>		<u>\$ 4.59</u>	

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

CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars)

	Notes	Share capital - common stock	Capital surplus	Retained Earnings		Other Equity Interest		Total equity
				Legal reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	
<u>2021</u>								
Balance at January 1, 2021		\$ 2,679,910	\$ 3,957	\$ 880,252	\$ 3,332,669	(\$ 132,921)	\$ 1,541,119	\$ 8,304,986
Profit for the year		-	-	-	1,355,652	-	-	1,355,652
Other comprehensive income (loss)		-	-	-	15,367	(36,291)	(304,789)	(325,713)
Total comprehensive income (loss)		-	-	-	1,371,019	(36,291)	(304,789)	1,029,939
Appropriations of 2020 earnings:	6(17)							
Legal reserve		-	-	164,389	(164,389)	-	-	-
Cash dividends		-	-	-	(1,205,959)	-	-	(1,205,959)
Capital surplus - dividends not received by shareholders		-	1,161	-	-	-	-	1,161
Change in ownership interests in subsidiaries		-	(452)	-	(583)	-	-	(1,035)
Balance at December 31, 2021		\$ 2,679,910	\$ 4,666	\$ 1,044,641	\$ 3,332,757	(\$ 169,212)	\$ 1,236,330	\$ 8,129,092
<u>2022</u>								
Balance at January 1, 2022		\$ 2,679,910	\$ 4,666	\$ 1,044,641	\$ 3,332,757	(\$ 169,212)	\$ 1,236,330	\$ 8,129,092
Profit for the year		-	-	-	1,555,380	-	-	1,555,380
Other comprehensive income (loss)		-	-	-	34,464	160,418	(80,387)	114,495
Total comprehensive income (loss)		-	-	-	1,589,844	160,418	(80,387)	1,669,875
Appropriations of 2021 earnings:	6(17)							
Legal reserve		-	-	137,043	(137,043)	-	-	-
Cash dividends		-	-	-	(803,973)	-	-	(803,973)
Stock dividends		267,991	-	-	(267,991)	-	-	-
Capital surplus - dividends not received by shareholders		-	1,974	-	-	-	-	1,974
Balance at December 31, 2022		\$ 2,947,901	\$ 6,640	\$ 1,181,684	\$ 3,713,594	(\$ 8,794)	\$ 1,155,943	\$ 8,996,968

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

CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2022	2021
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 1,930,272	\$ 1,698,363
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit impairment (gain) loss	12(2)	( 442 )	1,252
Depreciation	6(8)(24)	818,696	692,831
Depreciation of right-of-use assets	6(9)(24)	49,439	42,259
Amortization	6(24)	5,846	4,531
Interest income	6(20)	( 504 )	( 265 )
Dividend income	6(2)(21)	( 24,463 )	( 14,712 )
Interest expense	6(23)	131,394	72,523
Gain on reversal of loss on inventory market price decline	6(5)		
		( 1,120 )	( 880 )
Change in fair value less cost to sell of biological assets	6(7)(19)	( 21,509 )	12,738
Share of profit or loss of associates and joint ventures accounted for using equity method	6(6)	( 29,338 )	( 20,527 )
(Gain) loss on disposal of property, plant and equipment	6(22)	( 4,285 )	3,346
Gain arising from lease modifications	6(22)	( 201 )	-
Loss (gain) of financial assets at fair value through profit or loss		11,791	( 888 )
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		19,120	( 130,018 )
Notes receivable - related parties		3,951	( 3,951 )
Accounts receivable		( 308,242 )	( 405,717 )
Accounts receivable - related parties		( 14,599 )	( 83,000 )
Other receivables		( 32,971 )	( 5,694 )
Other receivables - related parties		( 143 )	( 64 )
Inventories		( 748,940 )	( 536,810 )
Biological assets		( 403,996 )	( 247,276 )
Prepayments		( 574 )	22,606
Changes in operating liabilities			
Notes payable		158,967	( 109,370 )
Notes payable - related parties		( 4,067 )	3,785
Accounts payable		99,215	83,449
Accounts payable - related parties		( 6,935 )	16,365
Other payables		118,117	43,907
Other payables - related parties		3,494	16,267
Net defined benefit liability		( 19,308 )	( 18,576 )
Cash inflow generated from operations		1,728,665	1,136,474
Cash paid for income tax		( 313,753 )	( 418,869 )
Refund of income tax		-	6,314
Net cash flows from operating activities		<u>1,414,912</u>	<u>723,919</u>

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CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2022	2021
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Acquisition of financial assets at fair value through profit or loss		\$ -	(\$ 138,653 )
Proceeds from disposal of financial assets at fair value through profit or loss		-	139,541
Acquisition of investment accounted for using the equity method		( 51,000 )	( 102,000 )
Return of capital from investments accounted for using the equity method		-	150,012
Decrease in other current assets		-	38,284
Acquisition of financial assets at fair value through other comprehensive income		-	( 999,544 )
Acquisition of property, plant and equipment	6(27)	( 1,976,977 )	( 1,713,296 )
Proceeds from disposal of property, plant and equipment		9,378	6,368
Acquisition of intangible assets	6(10)	( 1,151 )	( 4,017 )
Increase in other non-current assets		( 15,003 )	( 12,186 )
Cash receipt for interest		504	265
Cash receipt for dividends		55,126	46,509
Net cash flows used in investing activities		( 1,979,123 )	( 2,588,717 )
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Increase in short-term borrowings		880,067	678,314
(Decrease) increase in short-term notes and bills payable		( 51,171 )	389,893
Proceeds from long-term borrowings		8,280,000	7,030,000
Payment of long-term borrowings		( 7,570,000 )	( 4,850,000 )
Cash payment for interest		( 128,652 )	( 71,096 )
Cash dividends paid to owners of parent	6(17)	( 803,973 )	( 1,205,959 )
Payment of lease liabilities	6(9)	( 47,734 )	( 42,048 )
Capital surplus - dividends not received by shareholders		1,974	1,161
Net cash flows from financing activities		560,511	1,930,265
Net (decrease) increase in cash and cash equivalents		( 3,700 )	65,467
Cash and cash equivalents at beginning of year	6(1)	126,478	61,011
Cash and cash equivalents at end of year	6(1)	\$ 122,778	\$ 126,478

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

CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD.  
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2022 AND 2021

(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 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. 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 parent company only financial statements were authorised for issuance by the Board of Directors on March 13, 2023.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

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

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

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

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

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

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”).

(2) Basis of preparation

A. Except for the following items, the parent company only 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 IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

A. The parent company only financial statements are presented in New Taiwan dollars, which is the Company’s functional currency.

B. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their

translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

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

(4) Classification of current and non-current items

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

- (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
- (b) Assets held mainly for trading purposes;
- (c) Assets that are expected to be realised within twelve months from the balance sheet date;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

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

- (a) Liabilities that are expected to be settled within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be settled within twelve months from the balance sheet date;
- (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash equivalents

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

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

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

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are

recognised and derecognised using trade date accounting.

- C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.
  - (a) The objective of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets; and
  - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value.

The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(8) Accounts and notes receivable

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

(9) Impairment of financial assets

For financial assets at amortised cost, at each reporting date, the Company recognises the impairment provision for expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts

receivable or contract assets that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

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

(11) Operating leases (lessor)

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

(12) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads allocated based on normal operating capacity. It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(13) Investments accounted for using equity method / subsidiaries and joint ventures

- A. Subsidiaries and joint ventures are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Investments in subsidiaries and joint ventures are accounted for using equity method in these parent company only financial statements.
- B. In the case that a subsidiary or a joint venture issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the subsidiary or the joint venture but maintains significant influence on the subsidiary or the joint venture, then 'capital surplus' and 'investments accounted for using equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the subsidiary or the joint venture, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the subsidiary or the joint venture are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- C. Unrealised gains on transactions between the Company and its subsidiaries or joint ventures are eliminated. The accounting policies of the subsidiaries or joint ventures have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- D. The Company's share of its subsidiaries' or joint ventures' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary or a joint venture equals or exceeds its interest in the subsidiary or the joint venture, the Company continues to recognise losses proportionate to its ownership.

E. Pursuant to the “Regulations Governing the Preparation of Financial Reports by Securities Issuers,” profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the financial statements prepared with basis for consolidation. Owners’ equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the financial statements prepared with basis for consolidation.

(14) Biological assets

Biological assets are measured at their fair value less costs to sell. Except for the case where the fair value cannot be measured reliably, they are measured at its cost less accumulated depreciation and impairment losses. Gains or losses on changes in fair value less costs to sell are recognised in profit or loss.

(15) Property, plant and equipment

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

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

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

D. The assets’ residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets’ residual values and useful lives differ from previous estimates or the patterns of consumption of the assets’ future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, ‘Accounting Policies, Changes in Accounting Estimates and Errors’, from the date of the change.

The estimated useful lives of property, plant and equipment are as follows:

Land improvements	3~30 years
Buildings and structures	3~60 years
Machinery and equipment	2~20 years
Transportation equipment	6 years
Leasehold improvements	3~20 years
Other equipment	3~20 years

(16) Leasing arrangements (lessee) - right-of-use assets / lease liabilities

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are fixed payments, less any lease incentives receivable.

The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
  - (a) The amount of the initial measurement of lease liability; and
  - (b) Any lease payments made at or before the commencement date.

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

(17) Intangible assets

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 years.

(18) Impairment of non-financial assets

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

(19) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is measured over the period of the borrowings using the effective interest method.

(20) Notes and accounts payable

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

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

(21) Financial liabilities at fair value through profit or loss

A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges.

B. At initial recognition, the Company measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Company subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(22) Derecognition of financial liabilities

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

(23) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plan

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

(b) Defined benefit plan

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior period. The liability recognised in the balance sheet in respect of defined benefit pension plan is the present value of the defined benefit

obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

- ii. Remeasurements arising on defined benefit plan are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognised immediately in profit or loss.

C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(24) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Company's balance sheet. However, the deferred tax is accounted of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

(25) Share capital

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

(26) Dividends

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

(27) Revenue recognition

A. Sales of goods

- (a) The Company manufactures and sells animal feeds, cooked food, agricultural livestock products and related consumable food products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customers, and either the customers have accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.
- (b) Revenue from sales of goods is recognised based on the price specified in the contract, net of the estimated volume discounts, sales discounts and allowances. Accumulated experience is used to estimate and provide for the volume discounts, sales discounts and allowances using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. A deduction of accounts receivable is recognised for expected sales discounts and allowances payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales are made with a credit term of 3 to 180 days, which is consistent with market practice.
- (c) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

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

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

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

None.

### (2) Critical accounting estimates and assumptions

#### A. Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Company must determine the net realisable value of inventories on balance sheet date using judgements and estimates. The Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of December 31, 2022, the carrying amount of inventories was \$2,472,937.

#### B. Measurement of fair value of biological assets

Except when fair value cannot be reliably measured, biological assets should be measured at fair value less costs to sell on initial recognition and at the end of each reporting period. The Company has to identify whether the active market prices are available for each category of biological assets, to determine the relevance between the nature of biological assets and the chosen market, and to decide which major items should be accounted for as costs to sell. The Company then estimates the fair value less costs to sell based on the information mentioned above. Any fluctuations in market price and costs to sell could materially affect the carrying amount of biological assets.

As of December 31, 2022, the carrying amount of biological assets was \$2,345,044.

## 6. DETAILS OF SIGNIFICANT ACCOUNTS

### (1) Cash and cash equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand and revolving funds	\$ 9,905	\$ 8,434
Checking accounts	1,318	981
Demand deposits	111,555	117,063
Total	<u>\$ 122,778</u>	<u>\$ 126,478</u>

- A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
- B. As of December 31, 2022 and 2021, the Company 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

Items	December 31, 2022	December 31, 2021
Current items:		
Financial liabilities mandatorily measured at fair value through profit or loss		
Non-hedging derivatives		
Forward foreign exchange contracts	\$ 11,791	\$ -

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

	2022	2021
Derivatives	\$ 919	\$ -

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

	December 31, 2022	
Current items:	Contract amount (notional principal) (in thousands)	Contract period
Forward foreign exchange contracts		
-Sell NTD buy USD	USD 2,000	2022.10.04~2023.01.03
-Sell NTD buy USD	USD 2,000	2022.11.14~2023.02.16
-Sell NTD buy USD	USD 2,000	2022.10.27~2023.02.03
-Sell NTD buy USD	USD 2,000	2022.11.09~2023.02.14
-Sell NTD buy USD	USD 1,000	2022.11.11~2023.02.15
-Sell NTD buy USD	USD 2,000	2022.10.04~2023.01.06
-Sell NTD buy USD	USD 2,000	2022.10.27~2023.02.03
-Sell NTD buy USD	USD 2,000	2022.11.11~2023.02.15

The Company 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 Company 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	December 31, 2022	December 31, 2021
Non-current items:		
Equity instruments		
Listed stocks	\$ 999,544	\$ 999,544
Valuation adjustment	( 26,852)	( 57,955)
	\$ 972,692	\$ 941,589

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:

	2022	2021
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ 31,103	(\$ 57,955)
Dividend income recognised in profit or loss held at end of year	\$ 24,463	\$ 14,712

B. The Company holds CPF's shares, which are traded on the Thailand Stock Exchange. CPF is the ultimate parent company of the Group.

C. The Company 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 \$972,692 and \$941,589 as at December 31, 2022 and 2021, respectively.

(4) Notes and accounts receivable

	December 31, 2022	December 31, 2021
Notes receivable	\$ 375,832	\$ 394,952
Accounts receivable	\$ 2,420,214	\$ 2,112,356
Less: Allowance for uncollectible accounts	( 6,752)	( 7,578)
	\$ 2,413,462	\$ 2,104,778

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

	December 31, 2022	December 31, 2021
Current	\$ 2,648,493	\$ 2,344,559
Up to 120 days	145,446	160,165
121 to 365 days	55	431
Over one year	2,052	2,153
	\$ 2,796,046	\$ 2,507,308

The above ageing analysis was based on past due date.

- B. As of December 31, 2022 and 2021, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2021, the balance of accounts receivable and notes receivable from contracts with customers amounted to \$1,965,247.
- C. The credit quality of accounts receivable was in the following category based on the Company's Credit Quality Control Policy:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
With guarantee	\$ 277,412	\$ 153,522
Without guarantee	<u>2,142,802</u>	<u>1,958,834</u>
	<u>\$ 2,420,214</u>	<u>\$ 2,112,356</u>

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

- D. As at December 31, 2022 and 2021, 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 Company's notes receivable were \$375,832 and \$394,952, respectively, while the amount that best represents the Company's accounts receivable were \$2,413,462 and \$2,104,778, respectively.

- E. Information relating to credit risk is provided in Note 12(2).

(5) Inventories

	<u>December 31, 2022</u>		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Raw materials	\$ 1,574,867	\$ -	\$ 1,574,867
Packing supplies	28,034	-	28,034
Work in progress	65,266	-	65,266
Finished goods	<u>809,770</u>	<u>( 5,000)</u>	<u>804,770</u>
	<u>\$ 2,477,937</u>	<u>(\$ 5,000)</u>	<u>\$ 2,472,937</u>
	<u>December 31, 2021</u>		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Raw materials	\$ 1,039,258	\$ -	\$ 1,039,258
Packing supplies	26,940	-	26,940
Work in progress	26,805	-	26,805
Finished goods	<u>635,994</u>	<u>( 6,120)</u>	<u>629,874</u>
	<u>\$ 1,728,997</u>	<u>(\$ 6,120)</u>	<u>\$ 1,722,877</u>

The cost of inventories recognised as expense for the year:

	<u>2022</u>	<u>2021</u>
Cost of goods sold	\$ 23,248,284	\$ 20,035,336
Gain on reversal of decline in market value	( 1,120)	( 880)
Others	7,761	1,736
	<u>\$ 23,254,925</u>	<u>\$ 20,036,192</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 income from disposal of leftover and scraps.
- C. The Company reversed a previous inventory write-down which was accounted for as reduction of cost of goods sold because of the increase in market prices of certain finished goods.

(6) Investments accounted for using equity method

- A. Details of investments accounted for using equity method-subsiidiaries and joint ventures are provided as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Plenty Type Limited (Cayman Islands)	\$ 1,728,226	\$ 1,639,683
Charoen Pokphand (Taiwan) Corp., Ltd.	49,730	46,027
Arbor Acres Taiwan Co., Ltd.	94,185	85,650
Rui Mu Foods Co., Ltd.	130,058	155,442
Rui Fu Foods Co., Ltd.	317,014	280,850
Feng Sheng Livestock Co., Ltd.	94,713	100,160
	<u>\$ 2,413,926</u>	<u>\$ 2,307,812</u>

- B. Share of profit (loss) of subsidiaries and joint ventures accounted for using equity method:

	<u>2022</u>	<u>2021</u>
Plenty Type Limited (Cayman Islands)	\$ 33,395	\$ 56,505
Charoen Pokphand (Taiwan) Corp., Ltd.	17,718	15,832
Arbor Acres Taiwan Co., Ltd.	23,892	15,430
Rui Mu Foods Co., Ltd.	( 25,384)	( 28,694)
Rui Fu Foods Co., Ltd.	( 14,836)	( 38,826)
Feng Sheng Livestock Co., Ltd.	( 5,447)	280
	<u>\$ 29,338</u>	<u>\$ 20,527</u>

- C. Share of other comprehensive income (loss) of subsidiaries accounted for using equity method:

Components of other comprehensive income that will not be reclassified to profit or loss

	<u>2022</u>	<u>2021</u>
Plenty Type Limited (Cayman Islands)	(\$ 105,270)	(\$ 258,425)
Charoen Pokphand (Taiwan) Corp., Ltd.	647	330
Arbor Acres Taiwan Co., Ltd.	643	360
	<u>(\$ 103,980)</u>	<u>(\$ 257,735)</u>

Items may be subsequently reclassified to profit or loss

	<u>2022</u>	<u>2021</u>
Plenty Type Limited (Cayman Islands)	\$ 160,418	(\$ 36,291)

D. Details of the subsidiaries are provided in Note 4(3) in the Company's consolidated financial statements for the year ended December 31, 2022.

(7) Biological assets

A. Biological assets

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Biological assets - current:		
Consumable biological assets	\$ 1,561,473	\$ 1,268,038
Consumable biological assets - changes in fair value less costs to sell	59,738	38,229
Bearer biological assets	324,265	284,425
Bearer biological assets - accumulated depreciation	( 102,521)	( 115,994)
	<u>\$ 1,842,955</u>	<u>\$ 1,474,698</u>
Biological assets - non-current:		
Bearer biological assets	\$ 604,654	\$ 531,928
Bearer biological assets - accumulated depreciation	( 102,565)	( 87,087)
	<u>\$ 502,089</u>	<u>\$ 444,841</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>2022</u>	<u>2021</u>
At January 1	\$ 1,919,539	\$ 1,685,001
Purchases	1,639,537	1,599,328
Costs and expenses input	8,637,261	7,157,718
Sales	( 4,193,674)	( 3,411,821)
Gain (loss) on change in fair value less cost to sell	21,509	( 12,738)
Transfer to inventories	( 5,668,674)	( 5,092,461)
Others	( 10,454)	( 5,488)
At December 31	<u>\$ 2,345,044</u>	<u>\$ 1,919,539</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 due to short production cycle; the market prices or fair values at present condition of broiler chickens are difficult to obtain. The valuation based on a discounted cash flow method is considered unreliable given the uncertainty with respect to external factors such as climate, weather, 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 cost of new-born animals, feed costs, 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. For the years ended December 31, 2022 and 2021, depreciation expense on biological assets amounted to \$323,158 and \$311,527, respectively.

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Estimates of physical quantities (Units: heads)	<u>4,843,410</u>	<u>4,668,702</u>

E. Financial risk management policies

The Company is exposed to commodity risks arising from changes in market prices of the chickens and swine. The Company 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 Company reviews the predictions of the prices of the agriculture products regularly, and considers such predictions in assessing financial risk.

(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, 2022</u>									
Cost	\$ 2,544,082	\$ 229,134	\$ 3,834,137	\$ 4,027,590	\$ 357,413	\$ 1,017,348	\$ 1,153,516	\$ 2,131,024	\$ 15,294,244
Accumulated depreciation and impairment	-	( 69,964)	( 1,315,362)	( 2,321,932)	( 178,607)	( 675,916)	( 464,637)	-	( 5,026,418)
	<u>\$ 2,544,082</u>	<u>\$ 159,170</u>	<u>\$ 2,518,775</u>	<u>\$ 1,705,658</u>	<u>\$ 178,806</u>	<u>\$ 341,432</u>	<u>\$ 688,879</u>	<u>\$ 2,131,024</u>	<u>\$ 10,267,826</u>
<u>2022</u>									
Opening net book amount as at January 1	\$ 2,544,082	\$ 159,170	\$ 2,518,775	\$ 1,705,658	\$ 178,806	\$ 341,432	\$ 688,879	\$ 2,131,024	\$ 10,267,826
Additions	30,992	25,497	146,968	133,893	48,070	37,244	67,348	1,454,536	1,944,548
Disposals	-	-	( 502)	( 2,300)	( 2,291)	-	-	-	( 5,093)
Reclassifications	193,724	57,542	1,061,513	821,942	57,918	530	127,743	( 2,320,912)	-
Depreciation	-	( 22,098)	( 245,242)	( 303,883)	( 54,847)	( 84,625)	( 108,001)	-	( 818,696)
Closing net book amount as at December 31	<u>\$ 2,768,798</u>	<u>\$ 220,111</u>	<u>\$ 3,481,512</u>	<u>\$ 2,355,310</u>	<u>\$ 227,656</u>	<u>\$ 294,581</u>	<u>\$ 775,969</u>	<u>\$ 1,264,648</u>	<u>\$ 11,388,585</u>
<u>At December 31, 2022</u>									
Cost	\$ 2,768,798	\$ 311,199	\$ 4,971,259	\$ 4,803,121	\$ 440,065	\$ 1,032,825	\$ 1,342,487	\$ 1,264,648	\$ 16,934,402
Accumulated depreciation and impairment	-	( 91,088)	( 1,489,747)	( 2,447,811)	( 212,409)	( 738,244)	( 566,518)	-	( 5,545,817)
	<u>\$ 2,768,798</u>	<u>\$ 220,111</u>	<u>\$ 3,481,512</u>	<u>\$ 2,355,310</u>	<u>\$ 227,656</u>	<u>\$ 294,581</u>	<u>\$ 775,969</u>	<u>\$ 1,264,648</u>	<u>\$ 11,388,585</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, 2021</u>									
Cost	\$ 2,233,138	\$ 172,336	\$ 3,496,707	\$ 3,721,622	\$ 300,909	\$ 1,014,946	\$ 989,190	\$ 1,933,606	\$ 13,862,454
Accumulated depreciation and impairment	-	( 56,335)	( 1,273,946)	( 2,137,907)	( 146,187)	( 607,972)	( 402,764)	-	( 4,625,111)
	<u>\$ 2,233,138</u>	<u>\$ 116,001</u>	<u>\$ 2,222,761</u>	<u>\$ 1,583,715</u>	<u>\$ 154,722</u>	<u>\$ 406,974</u>	<u>\$ 586,426</u>	<u>\$ 1,933,606</u>	<u>\$ 9,237,343</u>
<u>2021</u>									
Opening net book amount as at January 1	\$ 2,233,138	\$ 116,001	\$ 2,222,761	\$ 1,583,715	\$ 154,722	\$ 406,974	\$ 586,426	\$ 1,933,606	\$ 9,237,343
Additions	9,963	12,671	86,228	122,009	36,125	16,844	57,216	1,391,972	1,733,028
Disposals	-	-	( 5,226)	-	( 3,837)	-	( 651)	-	( 9,714)
Reclassifications	300,981	47,122	412,177	255,420	37,383	5,863	135,608	( 1,194,554)	-
Depreciation	-	( 16,624)	( 197,165)	( 255,486)	( 45,587)	( 88,249)	( 89,720)	-	( 692,831)
Closing net book amount as at December 31	<u>\$ 2,544,082</u>	<u>\$ 159,170</u>	<u>\$ 2,518,775</u>	<u>\$ 1,705,658</u>	<u>\$ 178,806</u>	<u>\$ 341,432</u>	<u>\$ 688,879</u>	<u>\$ 2,131,024</u>	<u>\$ 10,267,826</u>
<u>At December 31, 2021</u>									
Cost	\$ 2,544,082	\$ 229,134	\$ 3,834,137	\$ 4,027,590	\$ 357,413	\$ 1,017,348	\$ 1,153,516	\$ 2,131,024	\$ 15,294,244
Accumulated depreciation and impairment	-	( 69,964)	( 1,315,362)	( 2,321,932)	( 178,607)	( 675,916)	( 464,637)	-	( 5,026,418)
	<u>\$ 2,544,082</u>	<u>\$ 159,170</u>	<u>\$ 2,518,775</u>	<u>\$ 1,705,658</u>	<u>\$ 178,806</u>	<u>\$ 341,432</u>	<u>\$ 688,879</u>	<u>\$ 2,131,024</u>	<u>\$ 10,267,826</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:

	<u>2022</u>	<u>2021</u>
Amount capitalised	\$ 11,456	\$ 12,550
Interest rate range	0.99%~1.75%	0.99%~1.04%

B. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

C. As of December 31, 2022 and 2021, the Company held 130 parcels and 129 parcels of agricultural land, respectively. The carrying amounts of land registered under the title of others amounted to \$809,770 and \$755,059, respectively. The titles of these parcels of land are registered under the title of individuals, however, the Company has agreements with those individuals to pledge these agricultural land to the Company.

(9) Leasing arrangements - lessee

A. The Company leases various assets including land, buildings, business vehicles, and other equipment. Rental contracts are typically made for periods of 1 to 22 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:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 292,431	\$ 299,480
Buildings	32,012	28,706
Other equipment	15,930	10,909
	<u>\$ 340,373</u>	<u>\$ 339,095</u>

  

	<u>2022</u>	<u>2021</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 30,213	\$ 27,572
Buildings	10,893	7,885
Other equipment	8,333	6,802
	<u>\$ 49,439</u>	<u>\$ 42,259</u>

C. For the years ended December 31, 2022 and 2021, the additions to right-of-use assets were \$53,869 and \$64,365, respectively.

D. The Company has no significant profit or loss in relation to lease contracts for the years ended December 31, 2022 and 2021.

E. For the years ended December 31, 2022 and 2021, the Company's total cash outflow for leases were \$47,734 and \$42,048, respectively.

(10) Intangible assets

Software

	<u>2022</u>	<u>2021</u>
<u>At January 1</u>		
Cost	\$ 14,574	\$ 10,557
Accumulated amortisation and impairment	( 11,098)	( 10,386)
	<u>\$ 3,476</u>	<u>\$ 171</u>
At January 1	\$ 3,476	\$ 171
Additions	1,151	4,017
Amortisation	( 1,501)	( 712)
At December 31	<u>\$ 3,126</u>	<u>\$ 3,476</u>
<u>At December 31</u>		
Cost	\$ 15,725	\$ 14,574
Accumulated amortisation and impairment	( 12,599)	( 11,098)
	<u>\$ 3,126</u>	<u>\$ 3,476</u>

(11) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2022</u>	<u>Interest rate range</u>	<u>Collateral</u>
Unsecured borrowings	\$ 3,240,000	1.49%~2.09%	None
Letters of credit	411,097	5.54%~6.22%	None
	<u>\$ 3,651,097</u>		

<u>Type of borrowings</u>	<u>December 31, 2021</u>	<u>Interest rate range</u>	<u>Collateral</u>
Unsecured borrowings	\$ 2,560,000	0.95%~1.10%	None
Letters of credit	211,030	0.94%~1.12%	None
	<u>\$ 2,771,030</u>		

(12) Short-term notes and bills payable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Commercial paper payable	\$ 940,000	\$ 990,000
Less: Unamortised discounts	( 1,852)	( 681)
	<u>\$ 938,148</u>	<u>\$ 989,319</u>
Interest rate range	1.00%~1.95%	0.14%~0.84%

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

(13) Long-term borrowings

Type of borrowings	Borrowing period	Interest rate range	December 31, 2022
Secured loans	2020.11.12~2030.10.15	1.125%~1.655	\$ 1,080,000
Unsecured credit loans	2021.09.29~2028.09.29	1.43%~2.25%	5,960,000
			7,040,000
Less: Current portion			( 648,095)
			<u>\$ 6,391,905</u>

Type of borrowings	Borrowing period	Interest rate range	December 31, 2021
Secured loans	2020.11.12~2030.10.15	0.50%~1.00%	\$ 1,130,000
Unsecured credit loans	2017.09.06~2028.09.29	0.79%~1.25%	5,200,000
			6,330,000
Less: Current portion			( 200,000)
			<u>\$ 6,130,000</u>

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

(14) Pensions

A. Defined benefit plan

- (a) The Company has defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit 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 contributes 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. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions to cover the deficit by next March.

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Present value of defined benefit obligations	(\$ 340,597)	(\$ 376,613)
Fair value of plan assets	<u>298,157</u>	<u>273,398</u>
Net defined benefit liability	<u>(\$ 42,440)</u>	<u>(\$ 103,215)</u>

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

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
<u>2022</u>			
Balance at January 1	(\$ 376,613)	\$ 273,398	(\$ 103,215)
Current service cost	( 1,608)	-	( 1,608)
Interest (expense) income	( 2,359)	<u>1,740</u>	<u>( 619)</u>
	<u>( 380,580)</u>	<u>275,138</u>	<u>( 105,442)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	21,460	21,460
Change in financial assumptions	14,775	-	14,775
Experience adjustments	<u>5,233</u>	<u>-</u>	<u>5,233</u>
	<u>20,008</u>	<u>21,460</u>	<u>41,468</u>
Pension fund contribution	-	21,534	21,534
Paid pension	<u>19,975</u>	<u>( 19,975)</u>	<u>-</u>
Balance at December 31	<u>(\$ 340,597)</u>	<u>\$ 298,157</u>	<u>(\$ 42,440)</u>

	Present value of defined <u>benefit obligations</u>	Fair value of <u>plan assets</u>	Net defined <u>benefit liability</u>
<u>2021</u>			
Balance at January 1	(\$ 420,022)	\$ 279,885	(\$ 140,137)
Current service cost	( 2,271)	-	( 2,271)
Interest (expense) income	( 1,210)	815	( 395)
	<u>( 423,503)</u>	<u>280,700</u>	<u>( 142,803)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	4,247	4,247
Change in demographic assumptions	( 532)	-	( 532)
Change in financial assumptions	10,101	-	10,101
Experience adjustments	<u>4,530</u>	<u>-</u>	<u>4,530</u>
	<u>14,099</u>	<u>4,247</u>	<u>18,346</u>
Pension fund contribution	-	21,242	21,242
Paid pension	<u>32,791</u>	<u>( 32,791)</u>	<u>-</u>
Balance at December 31	<u>(\$ 376,613)</u>	<u>\$ 273,398</u>	<u>(\$ 103,215)</u>

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

(e) The principal actuarial assumptions used were as follows:

	<u>2022</u>	<u>2021</u>
Discount rate	1.25%	0.65%
Future salary increases	2.00%	2.00%

Future mortality rate was estimated based on the 6th Taiwan Standard Ordinary Experience Mortality Table.

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

	<u>Discount rate</u>		<u>Future salary increases</u>	
	<u>Increase 1%</u>	<u>Decrease 1%</u>	<u>Increase 1%</u>	<u>Decrease 1%</u>
<u>2022</u>				
Effect on present value of defined benefit obligation	<u>(\$ 22,503)</u>	<u>\$ 25,210</u>	<u>\$ 24,756</u>	<u>(\$ 22,556)</u>
<u>2021</u>				
Effect on present value of defined benefit obligation	<u>(\$ 26,932)</u>	<u>\$ 30,397</u>	<u>\$ 29,661</u>	<u>(\$ 26,844)</u>

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

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

(f) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2023 amount to \$15,574.

(g) As of December 31, 2022, the weighted average duration of the retirement plan is 7 years.

#### B. Defined contribution plan

Effective July 1, 2005, the Company has established defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs for the aforementioned defined contribution pension plan of the Company for the years ended December 31, 2022 and 2021 were \$47,463 and \$47,343, respectively.

(15) Share capital - common stocks

A. As of December 31, 2022, the Company's authorised capital was \$3,579,000, consisting of 357,900 thousand shares of common stock, and the paid-in capital was \$2,947,910, 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. Movements in the number of the Company's ordinary shares outstanding are as follows:(in thousand shares)

	<u>2022</u>	<u>2021</u>
At January 1	2,679,910	2,679,910
Shareholders' stock dividends	267,991	-
At December 31	<u>2,947,901</u>	<u>2,679,910</u>

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 authorised by the completion of capital increase, consisting of 294,790 thousand shares.

(16) 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.

(17) 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 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 of appropriation shall be approved by the shareholders if dividends would 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 2021 passed the statutory resolution threshold through electronic voting on June 23, 2022, and the appropriations of earnings for 2020 had been resolved at the shareholders' meeting on June 21, 2021. The appropriations of earnings for 2021 have been resolved at the shareholders' meeting on June 23, 2022:

	2021		2020	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 137,043	\$ -	\$ 164,389	\$ -
Cash dividends	803,973	3.0	1,205,959	4.5
Stock dividends	267,991	1.0	-	-

The effective dates for the above distribution of cash dividends are July 11, 2022 and July 4, 2021, respectively. The ex-rights effective date for stock dividends was August 31, 2022.

- E. For the information relating to employees' compensation and directors' and supervisors' remuneration, refer to Note 6(24).

(18) Operating revenue

	2022	2021
Revenue from contracts with customers	\$ 26,895,450	\$ 23,272,864

- A. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods at a point in time.

- B. Contract liabilities

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

	December 31, 2022	December 31, 2021
Contract liabilities:		
Contract liabilities - advance receipts	\$ 70	\$ 98

(19) Other income and expenses, net

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

	<u>2022</u>	<u>2021</u>
Other income and expenses, net	\$ 21,509	(\$ 12,738)

(20) Interest income

	<u>2022</u>	<u>2021</u>
Interest income	\$ 504	\$ 265

(21) Other income

	<u>2022</u>	<u>2021</u>
Rental income	\$ 9,086	\$ 9,324
Dividend income	24,463	14,712
Royalties income	29	-
	<u>\$ 33,578</u>	<u>\$ 24,036</u>

(22) Other gains and losses

	<u>2022</u>	<u>2021</u>
Gain on financial assets at fair value through profit or loss	\$ 919	\$ 888
Net foreign exchange (losses) gains	( 39,464)	30,744
Gain (loss) on disposal of property, plant and equipment	4,285	( 3,346)
Gains arising from lease modifications	201	-
Miscellaneous income	29,112	21,304
	<u>(\$ 4,947)</u>	<u>\$ 49,590</u>

(23) Finance costs

	<u>2022</u>	<u>2021</u>
Interest expense:		
Bank borrowings and lease liabilities	\$ 131,394	\$ 72,523

(24) Expenses by nature

	2022			2021		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefit expense						
Wages and salaries	\$ 1,068,324	\$ 647,724	\$ 1,716,048	\$ 1,067,475	\$ 607,636	\$ 1,675,111
Labor and health insurance	116,906	40,799	157,705	116,763	40,231	156,994
Pension costs	30,913	18,777	49,690	31,547	18,462	50,009
Directors' remuneration	-	36,504	36,504	-	36,504	36,504
Other personnel expenses (Note)	60,271	12,494	72,765	62,918	7,298	70,216
Depreciation on fixed assets	746,469	72,227	818,696	626,140	66,691	692,831
Depreciation on right-of-use assets	39,188	10,251	49,439	34,443	7,816	42,259
Amortisation	5,167	679	5,846	3,958	573	4,531

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

- A. As of December 31, 2022 and 2021, the Company had 2,226 and 2,193 employees, respectively, and had 5 directors for both years.
- B. For the years ended December 31, 2022 and 2021, the average employee benefits were \$899 and \$892, and the average salary expenses were \$773 and \$766, respectively. The change in adjustment on average salary expenses was 0.91%.
- C. 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.
- D. For the years ended December 31, 2022 and 2021, employees' compensation was accrued at \$19,058 and \$17,194, respectively. The aforementioned amounts were recognised in wages and salaries expense.

For the year ended December 31, 2022, 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 2021, the difference of \$36 between employees' compensation of \$17,158 resolved by the Board of Directors and the amount of \$17,194 recognised in the 2021 financial statements, mainly resulting from a variance in estimation, was adjusted in profit or loss for 2022.

- E. Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.
- F. The Company sets up the audit committee and therefore had no supervisors' remuneration for the years ended December 31, 2022 and 2021.

G. The Company's overall salary is positioned above the market levels to cultivate and attract outstanding talents. The Company takes into consideration its operating situation and refers to the Consumer Price Index, economic growth rate, national income, and market and industry salary levels to ensure a highly competitive salary structure to motivate and retain high performance talents. In addition to strictly complying with the Labor Standards Act of the local government, the Company also pays attention to the correlation and design rationalisation between the Company's operating performance and employees' salaries.

Directors' remuneration is determined by the Board of Directors based on the pay levels of listed companies in the same industry and their contribution. Independent directors' remuneration is determined based on the market pay levels. Managers' salaries are highly correlated with the Company's operating results and performance, and managers' compensation and bonuses are determined based on their performance indicators every year.

Employees' compensation includes monthly salaries and bonuses. Employees' salary standards are determined based on their positions, education and work experience, professional expertise and market value. The base salaries and bonuses are determined in compliance with the Act of Gender Equality in Employment and are not different due to gender, religion, political stance and marital status, etc. The annual budget for salary adjustment is approximately 2% or more (depending on the Company's operating results and performance) and the salaries are adjusted to be in line with the market levels and based on the principle of fairness. The employees' bonuses are determined based on their positions and performance as encouragement. The vision is for employees to work as a team with the Company for mutual benefits and common prosperity to operate the business as a going concern.

(25) Income tax

A. Income tax expense

(a) Components of income tax expense:

	2022	2021
Current tax:		
Current tax on profits for the year	\$ 380,966	\$ 336,027
Tax on undistributed surplus earnings	8,071	13,677
Prior year income tax overestimation	( 14,185)	( 18,626)
Total current tax	( 6,623)	-
	368,229	331,078
Deferred tax:		
Origination and reversal of temporary differences	6,663	11,633
Total deferred tax	6,663	11,633
Income tax expense	\$ 374,892	\$ 342,711

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

	<u>2022</u>	<u>2021</u>
Changes in fair value of financial assets at fair value through other comprehensive income	\$ <u>6,220</u>	(\$ <u>11,591</u> )
Remeasurement of defined benefit obligations	\$ <u>8,294</u>	\$ <u>3,669</u>

B. Reconciliation between income tax expense and accounting profit

	<u>2022</u>	<u>2021</u>
Tax calculated based on profit before tax and statutory tax rate	\$ 386,053	\$ 339,673
Expenses disallowed by tax regulation	764	792
Tax exempt income by tax regulation	811	7,195
Prior year income tax over estimation	( 14,184)	( 18,626)
Tax on undistributed surplus earnings	8,071	13,677
Separate taxation (Repatriated Offshore Funds)	( 6,623)	-
Income tax expense	<u>\$ 374,892</u>	<u>\$ 342,711</u>

C. (a) Amounts of deferred tax assets or liabilities as a result of temporary differences, tax losses and investment tax credits are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Temporary differences:		
Accrued sales discounts	\$ 25,402	\$ 19,158
Provision for loss on spare parts	4,138	3,704
Pension expense in excess of the limit for tax purpose	8,488	20,643
Provision for inventory valuation loss and change in fair value of biological assets	( 10,948)	( 6,422)
Unrealised foreign investment income	( 25,053)	( 18,374)
Unrealised exchange loss	( 1,180)	( 317)
Changes in fair value of financial assets at fair value through other comprehensive income	5,370	11,591
Changes in fair value of financial liabilities at fair value through profit or loss	2,358	-
Others	( 78)	( 308)
	<u>\$ 8,497</u>	<u>\$ 29,675</u>

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Deferred tax assets	\$ 50,427	\$ 58,711
Deferred tax liabilities	( 41,930)	( 29,036)
	<u>\$ 8,497</u>	<u>\$ 29,675</u>

(b) Amounts recognised in profit or loss and in other comprehensive income as a result of temporary differences are as follows:

	<u>2022</u>	<u>2021</u>
Recognised in profit or loss	(\$ 6,664)	(\$ 11,633)
Recognised in other comprehensive (loss) income	(\$ 14,514)	\$ 7,922

D. The Company's income tax returns through 2020 have been assessed and approved by the Tax Authority.

(26) Earnings per share

	<u>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 of the parent	\$ 1,555,380	294,790	\$ 5.28
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 1,555,380	294,790	
Assumed conversion of all dilutive potential ordinary shares			
- employees' compensation	-	296	
	<u>\$ 1,555,380</u>	<u>295,086</u>	<u>\$ 5.27</u>

	2021		
	<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 of the parent	\$ 1,355,652	294,790	\$ 4.60
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 1,355,652	294,790	
Assumed conversion of all dilutive potential ordinary shares			
- employees' compensation	-	300	
	<u>\$ 1,355,652</u>	<u>295,090</u>	<u>\$ 4.59</u>

(27) Supplemental cash flow information

Investing activities with partial cash payment are as follows:

	<u>2022</u>	<u>2021</u>
Acquisition of property, plant and equipment	\$ 1,944,548	\$ 1,733,028
Add: Opening balance of payable on equipment	69,952	50,220
Less: Ending balance of payable on equipment	( 37,523)	( 69,952)
Cash paid during the year	<u>\$ 1,976,977</u>	<u>\$ 1,713,296</u>

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 Company</u>
Charoen Pokphand Foods Public Co., Ltd. (CPF)	Ultimate parent company
Charoen Pokphand (Taiwan) Corp., Ltd.	Subsidiary
Arbor Acres Taiwan Co., Ltd.	"
Rui Mu Foods Co., Ltd.	"
Rui Fu Foods Co., Ltd. and its subsidiaries	"
Sheng Da Foods Co., Ltd.	"
Charoen Pokphand Group Co., Ltd. (CPG)	Other related party
C.P. Consumer Products Company Limited	"
C.P. Merchandising Company Limited	"
Ta Chung Investment Co., Ltd.	"
Chun Ta Investment Co., Ltd.	"
Perfect Companion (Taiwan) Co., Ltd.	"
Hung Yu-Chun	"
Lu Xiang-Da	"
Lu Yi-Feng	"
Lan Fu-Shi	"
Charoen Pokphand Seeds Co., Ltd.	"
Hung Peng-Da	"
Hung Jin-Zheng	"
Jih Ching Egg Co., Ltd.	"

(3) Significant related party transactions and balances

A. Operating revenue

	<u>2022</u>	<u>2021</u>
Sales of goods:		
Subsidiaries	\$ 373,686	\$ 393,861
Other related parties	239,074	188,420
	<u>\$ 612,760</u>	<u>\$ 582,281</u>

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

B. Purchases

	<u>2022</u>	<u>2021</u>
Purchases of goods:		
Ultimate parent company	\$ 92,558	\$ 41,593
Subsidiaries	239,498	178,481
Other related parties	34,052	23,264
	<u>\$ 366,108</u>	<u>\$ 243,338</u>

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

C. Receivables from related parties

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Notes and accounts receivable:		
Subsidiaries	\$ 82,195	\$ 95,141
Other related parties	<u>44,952</u>	<u>21,358</u>
	<u>127,147</u>	<u>116,499</u>
Other receivable:		
Subsidiaries	<u>207</u>	<u>64</u>
	<u>\$ 127,354</u>	<u>\$ 116,563</u>

The receivables from related parties arise mainly from sales transactions. The receivables are unsecured in nature and bear no interest. There are no provisions held against receivables from related parties.

D. Payables to related parties

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Notes and accounts payable:		
Ultimate parent company	\$ -	\$ 3,115
Subsidiaries	19,090	24,342
Other related parties	<u>412</u>	<u>3,047</u>
	<u>19,502</u>	<u>30,504</u>
Other payable:		
Subsidiaries	295	183
Other related parties	<u>26,814</u>	<u>23,432</u>
	<u>27,109</u>	<u>23,615</u>
	<u>\$ 46,611</u>	<u>\$ 54,119</u>

The payables to related parties arise mainly from purchase transactions. The payables bear no interest. The other payables arise mainly from technical service expenses and trademarks.

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

<u>Lessee</u>	<u>2022</u>	<u>2021</u>
Subsidiaries	\$ 2,220	\$ 4,320
Other related parties	<u>86</u>	<u>86</u>
	<u>\$ 2,306</u>	<u>\$ 4,406</u>

The rental receivables are collected annually based on the contracts.

F. Property transactions

#### Acquisition of property, plant and equipment

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 December 31, 2022, the Company had paid \$48,000.

#### G. Technical service agreement

- (a) The Company signed a technical service agreement with CPG since 1996. CPG helps the Company to manufacture feeds, raise animals and to process meat products, and the Company pays compensation of THB12 million (net value) for the services annually. The commitment would not be terminated except when any of the two parties would agree to end the agreement. For the years ended December 31, 2022 and 2021, the Company recognised technical service expenses amounting to \$10,840 and \$11,392, respectively.
- (b) The Company signed a technical service agreement with CPG at the end of 2015. CPG helps the Company to 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 years ended December 31, 2022 and 2021, the Company recognised technical service expense amounting to \$8,400 for both years.

#### H. 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 years ended December 31, 2022 and 2021, the Company recognised royalties amounting to \$92,361 and \$82,709, respectively.

#### (4) Key management compensation

	<u>2022</u>	<u>2021</u>
Salaries and other short-term employee benefits	\$ 190,359	\$ 191,566
Post-employment benefits	1,544	1,661
Total	<u>\$ 191,903</u>	<u>\$ 193,227</u>

## 8. PLEDGED ASSETS

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

<u>Pledged assets</u>	<u>Book value</u>		<u>Purpose</u>
	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	
Time deposits - shown as 'Other current assets'	\$ 9,650	\$ 9,650	Guarantee deposit
Land	862,987	862,987	Long-term borrowings
Buildings and structures	620,850	-	Long-term borrowings
Machinery and equipment	523,066	-	Long-term borrowings
Construction in progress	73,909	908,053	Long-term borrowings
	<u>\$ 2,090,462</u>	<u>\$ 1,780,690</u>	

## 9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

Other than those stated in Note 7, the significant commitments and contingent liabilities of the Company were as follows:

- (1) As of December 31, 2022 and 2021, the Company had opened unused letters of credit for purchases of raw materials and machinery of \$508,723 and \$1,226,945, respectively.
- (2) As of December 31, 2022 and 2021, the Company had several outstanding construction contracts and equipment purchase agreements amounting to \$989,117 and \$463,682, respectively, which will be paid on the basis of percentage of completion.
- (3) The Company 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 Company's building and feeding project. However, the Hualien County Government issued a letter on July 10, 2020 to terminate the Company's application for the building of farming facilities on agricultural land without taking into consideration the measures and goodwill that the Company took in order to reach consensus with local residents and resolve controversy. The Company 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 Company 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 Company has appointed a lawyer to file an appeal. As of December 31, 2022, the related costs incurred by the Company amounted to \$71,281, excluding the cost of land.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

None.

12. OTHERS

(1) Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

(2) Financial risk of financial instruments

A. Financial instruments by category

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets</u>		
Financial assets measured at fair value through other comprehensive income		
Designation of equity instrument	\$ 972,692	\$ 941,589
Financial assets at amortised cost		
Cash and cash equivalents	122,778	126,478
Notes receivable (including related parties)	375,832	398,903
Accounts receivable (including related parties)	2,540,609	2,217,326
Other accounts receivable (including related parties)	50,953	17,839
Refundable deposits	36,904	39,299
Other financial assets - current	9,650	9,650
	<u>\$ 4,109,418</u>	<u>\$ 3,751,084</u>

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ 3,651,097	\$ 2,771,030
Short-term notes and bills payable	938,148	989,319
Notes payable (including related parties)	590,819	435,919
Accounts payable (including related parties)	894,025	801,745
Other accounts payable (including related parties)	849,806	757,910
Current financial liabilities at fair value through profit or loss	11,791	-
Long-term borrowings (including current portion)	7,040,000	6,330,000
Lease liability	<u>\$ 13,975,686</u>	<u>\$ 12,085,923</u>
	<u>\$ 329,416</u>	<u>\$ 326,635</u>

#### B. Financial risk management policies

- (a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial position and financial performance.
- (b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close cooperation with the Company's operating units.

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

##### (a) Market risk

##### Foreign exchange risk

- i. The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD and HKD. 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 Company to manage its foreign exchange risk against its functional currency.
- iii. The Company has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.

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

December 31, 2022				
		Foreign currency amount		Book value
		(in thousands)	Exchange rate	(NTD)
(Foreign currency : functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	USD	40	30.66	\$ 1,231
<u>Non-monetary item</u>				
HKD:NTD	HKD	440,167	3.93	1,728,226
THB:NTD	THB	1,098,216	0.89	972,692
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	USD	18,187	30.76	\$ 559,422
EUR:NTD	EUR	61	33	2,015

December 31, 2021				
		Foreign currency amount		Book value
		(in thousands)	Exchange rate	(NTD)
(Foreign currency : functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	USD	12	27.63	\$ 319
<u>Non-monetary item</u>				
HKD:NTD	HKD	461,193	3.56	1,639,683
THB:NTD	THB	1,129,214	0.83	941,589
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	USD	11,020	27.73	\$ 305,575
EUR:NTD	EUR	133	31.52	4,192
JPY:NTD	JPY	5,085	0.24	1,233

v. Total exchange (loss) gain, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2022 and 2021 amounted to (\$39,464) and \$30,744, respectively.

vi. Analysis of foreign currency market risk arising from significant foreign exchange variation:

		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 item</u>				
USD : NTD	1%	\$	12	\$ -
<u>Non-monetary item</u>				
HKD : NTD	1%		-	17,282
THB : NTD	1%		-	9,727
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD : NTD	1%	(\$	5,594)	\$ -
EUR : NTD	1%	(	20)	-
JPY : NTD	1%		-	-
		2021		
		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 item</u>				
USD : NTD	1%	\$	3	\$ -
<u>Non-monetary item</u>				
HKD : NTD	1%		-	16,397
THB : NTD	1%		-	9,416
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD : NTD	1%	(\$	3,056)	\$ -
EUR : NTD	1%	(	42)	-
JPY : NTD	1%	(	12)	-

### Price risk

- i. The Company is exposed to equity securities price risk because of investments held by the Company and classified on the balance sheet as financial assets at fair value through other comprehensive income. Refer to Note 6(2).
- ii. For the Company's strategies for biological assets price risk, refer to Note 6(6).
- iii. The Company'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 years ended December 31, 2022 and 2021 would have increased/decreased by \$7,782 and \$7,533, 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 Company's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Company 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 Company to fair value interest rate risk. During the years ended December 31, 2022 and 2021, the Company's borrowings at variable rate were denominated in NTD.
- ii. The Company 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 Company 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 years ended December 31, 2022 and 2021, 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 years ended December 31, 2022 and 2021, would have been \$56,320 and \$50,640 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 Company 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 Company manages its credit risk taking into consideration the entire Company's concern. According to the Company's credit policy, the Company is responsible for

managing and analysing the credit risk for each of the new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

- iii. Based on the Company'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 Company should strengthen controls and make follow-up procedures.
- iv. The Company 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 Company classifies customers' accounts receivable in accordance with customer types. The Company applies the simplified approach using loss rate methodology to estimate expected credit loss impairment under the provision matrix basis.
- vi. The Company wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Company will continue executing the recourse procedures to secure their rights. For the years ended December 31, 2022 and 2021, the Company's written-off financial assets that are still under recourse procedures amounted to \$7,699 and \$1,645, respectively.
- vii. The Company 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 December 31, 2022 and 2021, the expected loss rate is as follows:

	Current	Up to 120 days	121-365 days	Over one year	Total
December 31, 2022					
Expected loss rate	0.05%	1.5%~100%	100%	100%	
Total book value	\$ 2,648,493	\$ 145,446	\$ 55	\$ 2,052	\$ 2,796,046
Loss allowance	1,439	3,206	55	2,052	6,752
	Current	Up to 120 days	121-365 days	Over one year	Total
December 31, 2021					
Expected loss rate	0.05%	1.50%~100%	100%	100%	
Total book value	\$ 2,344,559	\$ 160,165	\$ 431	\$ 2,153	\$ 2,507,308
Loss allowance	1,487	3,507	431	2,153	7,578

- viii. Movements in relation to the Company applying the simplified approach to provide loss

allowance for notes and accounts receivable are as follows:

	<u>2022</u>	<u>2021</u>
	Notes and accounts receivable (including related parties)	Notes and accounts receivable (including related parties)
At January 1	\$ 7,578	\$ 6,326
Provision for impairment loss	( 442)	1,252
Write-offs	( 384)	-
At December 31	<u>\$ 6,752</u>	<u>\$ 7,578</u>

The reversal of and provision for impairment loss arising from customers' contracts for the years ended December 31, 2022 and 2021 amounted to \$442 and \$1,252, respectively.

(c) Liquidity risk

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

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	\$ 3,651,097	\$ -	\$ -
Short-term notes and bills payable	940,000	-	-
Notes payable (including related parties)	590,819	-	-
Accounts payable (including related parties)	894,025	-	-
Other payables (including related parties)	849,806	-	-
Lease liabilities	31,890	147,505	173,115
Current financial liabilities at fair value through profit or loss	11,791	-	-
Long-term borrowings (including current portion)	758,719	5,674,637	877,495

Non-derivative financial liabilities

December 31, 2021	<u>Less than 1 year</u>	<u>Between 1 and 5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 2,771,030	\$ -	\$ -
Short-term notes and bills payable	990,000	-	-
Notes payable (including related parties)	435,919	-	-
Accounts payable (including related parties)	801,745	-	-
Other payables (including related parties)	757,910	-	-
Lease liabilities	27,096	139,094	185,464
Long-term borrowings (including current portion)	263,862	5,233,640	1,016,414

iii. The Company 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 Company'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 Company'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 Company's investment in 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 on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

<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	\$ <u>          -</u>	\$ <u>1,231,923</u>	\$ <u>          -</u>	\$ <u>1,231,923</u>
Financial assets at fair value through other comprehensive income:				
Equity securities	\$ <u>972,692</u>	\$ <u>          -</u>	\$ <u>          -</u>	\$ <u>972,692</u>
Financial liabilities at fair value through profit or loss:				
Derivatives instruments	\$ <u>          -</u>	\$ <u>11,791</u>	\$ <u>          -</u>	\$ <u>11,791</u>
<u>December 31, 2021</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	\$ <u>          -</u>	\$ <u>974,696</u>	\$ <u>          -</u>	\$ <u>974,696</u>
Financial assets at fair value through other comprehensive income:				
Equity securities	\$ <u>941,589</u>	\$ <u>          -</u>	\$ <u>          -</u>	\$ <u>941,589</u>

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

- (a) The instruments the Company 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 and which are classified as available-for-sale financial assets.
- (b) The Company 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 Company's credit quality.
- (c) Details of methods for measuring Level 2 - Biological assets are provided in Note 6(7).

E. For the years ended December 31, 2022 and 2021, there was no transfer between Level 1 and Level 2.

F. For the years ended December 31, 2022 and 2021, there was no transfer into or out from Level 3.

(4) Other matter

The Company was able to maintain its normal operations during the Covid-19 outbreak and has implemented several preventive measures imposed by the government. The Company assessed that the pandemic has no significant impact on the Company'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 year ended December 31, 2022: None.

C. Holding of marketable securities at December 31, 2022 (not including subsidiaries, associates and joint ventures):

Securities held by	Marketable securities		Relationship with the securities issuer	General ledger account	As of December 31, 2022				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	\$ 972,692	0.51%	\$ 972,692	
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	1,687,093	0.89%	1,687,093	

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 year ended December 31, 2022: None

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Fill in the columns the counterparty and relationship if securities are accounted for under the equity method; otherwise leave the columns blank.

Note 3: Aggregate purchases and sales amounts should be calculated separately at their market values to verify whether they individually reach NT\$300,000 or 20% of paid-in capital or more.

Note 4: The original cost without considering amortisation and adjustments for fair values.

E. Acquisition of real estate reaching NT\$300,000 or 20% of paid-in capital or more during the year ended December 31, 2022: None.

F. Disposal of real estate reaching NT\$300,000 or 20% of paid-in capital or more during the year ended December 31, 2022: 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 year ended December 31, 2022:

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to third transactions		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	\$215,234	0.80%	60 days	The same as general transactions	None	\$ 45,097	1.55%	
The Company	Rui Mu Foods Co., Ltd.	Subsidiary	Sales revenue	119,383	0.44%	180 days	The same as general transactions	None	29,970	1.03%	
The Company	Arbor Acres Taiwan Co., LTD	Subsidiary	Purchases	110,516	0.52%	105 days	The same as general transactions	None	9,529	0.64%	

H. Receivables from related parties reaching NT\$100,000 or 20% of paid-in capital or more as at December 31, 2021: None.

I. Trading in derivative instruments undertaken during the year ended December 31, 2022: Refer to Note 6(2).

J. Significant inter-company transactions during the year ended December 31, 2022:

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 December 31, 2022			Net profit (loss) of the investee	Investment income (loss) recognised by the Company	Footnote
				Balance as of December 31, 2022	Balance as of December 31, 2021	Number of shares	Ownership (%)	Book value			
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	\$ 1,728,226	\$ 33,395	\$ 33,395	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	49,730	19,687	17,718	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	94,185	47,784	23,892	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	130,058	( 37,329)	( 25,384)	Subsidiary
The Company	Rui Fu Foods Co., Ltd.	Taiwan	Husbandry management of layers and related business	408,000	357,000	40,800,000	51.00	317,014	( 29,091)	( 14,836)	Subsidiary (Note 1)
The Company	Feng Sheng Livestock Co., Ltd.	Taiwan	Electric livestock slaughter	100,000	100,000	10,000,000	50.00	94,713	( 10,894)	( 5,447)	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	3,615	( 568)	-	Indirectly owned subsidiary (Note 2)
Rui Fu Foods Co., Ltd.	Sheng Da Foods Co., Ltd.	Taiwan	Husbandry management of layers and related business	120,000	120,000	12,000,000	75.00	75,897	( 19,467)	-	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 shareholder information

Name of major shareholders	Shares	
	Name 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

14. OPERATING SEGMENT INFORMATION

None.

CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD.  
DETAILS OF ACCOUNTS RECEIVABLE  
DECEMBER 31, 2022  
(Expressed in thousands of New Taiwan dollars)

Table 1

Customer name	Amount	Note
Non-related parties:		
A Customer	\$ 308,666	
Others	2,111,548	The balance of each customer has not exceeded 5% of the accounts receivable
Less: Allowance for bad debts	( <u>6,752</u> )	
	<u>\$ 2,413,462</u>	
Related parties:		
Charoen Pokphand (Taiwan) Corp., Ltd.	\$ 94	
Rui Fu Foods Co., Ltd.	45,097	
Rui Mu Foods Co., Ltd.	29,970	
Arbor Acres Taiwan Co., Ltd.	7,034	
Hung Peng-Da	7,043	
Hung Yu-Chun	6,265	
Lu Xiang-Da	9,850	
Lu Yi-Feng	10,792	
Lan Fu-Shi	<u>11,002</u>	
	<u>\$ 127,147</u>	

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CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD.  
DETAILS OF INVENTORIES  
DECEMBER 31, 2022  
(Expressed in thousands of New Taiwan dollars)

Table 2

<u>Items</u>	<u>Cost</u>	<u>Net realisable value</u>	<u>Note</u>
Materials and supplies	\$ 1,602,901	\$ 1,701,731	
Work in progress	65,266	80,930	
Finished goods	<u>809,770</u>	<u>884,489</u>	
	2,477,937	2,667,150	
Less: Allowance for inventory valuation losses	( <u>5,000</u> )	<u>-</u>	
	<u>\$ 2,472,937</u>	<u>\$ 2,667,150</u>	

**CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD.**  
**MOVEMENT SUMMARY OF INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**  
(Expressed in thousands of New Taiwan dollars)

Table 3

Name	Opening balance		Additions (Deductions)		Cash dividends	Investment income (loss)	Exchange differences on translation of foreign financial statements	Loss on valuation of financial assets through other comprehensive income	Gains (losses) on remeasurements of defined benefit plan	Changes in capital surplus	Ending balance		Market price or value per share		Pledged to others as collateral	Note
	Number of shares	Amount	Number of shares	Amount							Number of shares	Ownership (%)	Amount	Price (in NTD)		
Plenty Type Limited (Cayman Islands)	57,841,941	\$1,639,683	-	\$ -	\$ -	\$ 33,395	\$ 160,418	(\$ 105,270)	\$ -	\$ -	57,841,941	100%	\$ 1,728,226	\$ -	\$ 1,728,226	None
Charoen Pokphand (Taiwan) Corp., Ltd.	2,443,716	46,027	-	( 14,662)	17,718	-	-	647	-	-	2,443,716	90%	49,730	-	49,730	None
Arbor Acres Taiwan Co., Ltd.	1,600,000	85,650	-	( 16,000)	23,892	-	-	643	-	-	1,600,000	50%	94,185	-	94,185	None
Rui Mu Foods Co., Ltd.	20,400,000	155,442	-	-	( 25,384)	-	-	-	-	-	20,400,000	68%	130,058	-	130,058	None
Rui Fu Foods Co., Ltd.	35,700,000	280,850	5,100,000	51,000	( 14,836)	-	-	-	-	-	40,800,000	51%	317,014	-	317,014	None
Feng Sheng Livestock Co., Ltd.	10,000,000	<u>100,160</u>	-	-	-	( 5,447)	-	-	-	-	10,000,000	50%	<u>94,713</u>	-	<u>94,713</u>	
		<u>\$2,307,812</u>		<u>\$ 51,000</u>	<u>(\$ 30,662)</u>	<u>\$ 29,338</u>	<u>\$ 160,418</u>	<u>(\$ 105,270)</u>	<u>\$ 1,290</u>	<u>\$ -</u>			<u>\$ 2,413,926</u>		<u>\$ 2,413,926</u>	

CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD.  
DETAILS OF ACCOUNTS PAYABLE  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(Expressed in thousands of New Taiwan dollars)

Table 4

Supplier name	Amount	Note
Non-related parties:		
A Supplier (CENTRAL VWIOW OIL CORP)	\$ 139,609	
Others	<u>735,102</u>	The balance of each supplier has not exceeded 5% of the accounts payable
	<u>\$ 874,711</u>	
Related parties:		
Charoen Pokphand (Taiwan) Corp., Ltd.	\$ 4,199	
Arbor Acres Taiwan Co., Ltd.	9,529	
Rui Mu Foods Co., Ltd.	1,813	
Sheng Da Foods Co., Ltd.	3,361	
C.P. Consumer Products Company Limited	<u>412</u>	
	<u>\$ 19,314</u>	

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CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD.  
DETAILS OF OPERATING REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(Expressed in thousands of New Taiwan dollars)

Table 5

<u>Item</u>	<u>Quantity (Metric tons )</u>	<u>Amount</u>
Animal feeds, cooked food	671,088	\$ 11,033,847
Agricultural livestock	129,239	11,434,151
Meat processing	27,743	4,419,891
Eggs	1,176	<u>7,561</u>
		<u>\$ 26,895,450</u>

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CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD.  
DETAILS OF OPERATING COST  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(Expressed in thousands of New Taiwan dollars)

Table 6

Item	Amount	Note
Cost of goods sold		
Raw materials		
Raw materials at the beginning	\$ 1,039,258	
Materials purchased during the year	19,857,990	
Raw materials sold	( 6,911)	
Scraps sold	( 2,106,174)	
Materials reclassified as expenses	( 22,948)	
Gain on physical inventory count of raw materials	1,137	
Raw materials at the end	( 1,574,867)	
	<u>17,187,485</u>	
Indirect materials		
Raw materials at the beginning	26,940	
Materials purchased during the year	344,158	
Raw materials sold	( 90)	
Materials reclassified as expenses	( 7,510)	
Loss on physical inventory count of raw materials	( 73)	
Raw materials at the end	( 28,034)	
	<u>335,391</u>	
Direct labor	<u>862,853</u>	
Manufacturing overhead	<u>2,540,466</u>	
Manufacturing Cost	20,926,195	
Add: Work in progress at the beginning	1,908,115	
Less: Work in progress reclassified as expenses and others	( 966)	
Less: Loss on physical inventory count of work in progress	( 141)	
Less: Work in progress at the end	( 2,350,573)	
Finished goods cost	20,482,630	
Add: Finished goods at the beginning	635,994	
Add: Finished goods purchases for the year	875,688	
Less: Finished goods reclassified as expenses	( 37,258)	
Less: Scrapped finished goods sold	( 60)	
Less: Gain on physical inventory count of finished goods sold	1,077	
Less: Loss on disposal of leftover of finished goods	( 6,272)	
Less: Finished goods at the end	( 809,770)	
	21,142,029	
Less: Revenue from sales of by-product	( 10)	
Add: Materials sold	2,106,264	
Less: Loss on physical inventory count	( 2,000)	
Add: Gain on reversal of decline in market value	( 1,120)	
Add: Income from disposal of scraps	9,762	
Operating costs	<u>\$ 23,254,925</u>	

Note: Biological assets were included in work in progress.

CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD.  
DETAILS OF MANUFACTURING OVERHEAD  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(Expressed in thousands of New Taiwan dollars)

Table 7

Item	Description	Amount	Notes
Wages and salaries		\$ 236,384	
Freight		35,647	
Advertisement expense		1,103	
Cost of service and technical service		9,717	
Traveling expense		17,393	
Storage fee		5,923	
Insurance expense		182,919	
Depreciation		785,657	
Fee expense		60	
Miscellaneous disbursements and repairs and maintenance expense		265,808	
Utilities expense and fuel fee		446,720	
Entertainment expense		2,992	
Postage expenses		4,828	
Other expenses		<u>545,315</u>	
		<u>\$ 2,540,466</u>	

CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD.  
DETAILS OF OPERATING EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(Expressed in thousands of New Taiwan dollars)

Table 8

Item	Selling and marketing expenses	General and administrative expenses	Total	Notes
Wages and salaries	\$ 256,295	\$ 446,710	\$ 703,005	
Freight	374,054	3	374,057	
Advertisement expense	4,514	902	5,416	
Cost of service and technical service	422	122,867	123,289	
Traveling expense	40,880	13,560	54,440	
Storage fee	74,105	-	74,105	
Non-deductible input VAT for dual- status business entities	72,147	4,276	76,423	
Insurance expense	24,474	29,905	54,379	
Depreciation	57,093	25,385	82,478	
Fee expense	19,250	338	19,588	
Miscellaneous disbursements and repairs and maintenance expense	13,384	6,452	19,836	
Utilities expense and fuel fee	14,101	1,293	15,394	
Entertainment expense	6,721	3,549	10,270	
Postage expenses	4,422	4,316	8,738	
Other expenses	14,786	23,079	37,865	
	<u>\$ 976,648</u>	<u>\$ 682,635</u>	<u>\$ 1,659,283</u>	