Table of Contents

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**WASHINGTON, D.C. 20549**

**FORM 10-K/A**

**(Amendment No. 2)**

* **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022**

**OR**

* **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM \_\_\_\_\_\_\_ TO \_\_\_\_\_\_\_\_\_\_\_**

**COMMISSION FILE NO. 001-41434**

**NOCERA, INC.**

(Exact name of registrant as specified in charter)

|  |  |
| --- | --- |
| **Nevada** | **16-1626611** |
| (State or other jurisdiction of incorporation) |  | (IRS Employer Identification No.) |

**3F (Building B), No. 185, Sec. 1, Datong Rd., Xizhi Dist., New Taipei City 221, Taiwan (R.O.C.)**

(Address of principal executive offices and zip code)

**(886)-910-163-358**

(Registrant’s telephone number, including area code)

**SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:**

|  |  |  |
| --- | --- | --- |
| **Title of each class:** | **Trading Symbol(s)** | **Name of each exchange on which registered:** |
| Common Stock |  | NCRA |  | The Nasdaq Capital Market LLC |

**SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:**

None.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer”, “small reporting company” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐

Non-accelerated filer ☒

Accelerated filer ☐

Smaller reporting company ☒

Emerging growth company ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant’s executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of the registrant’s issued and outstanding shares of common stock held by non-affiliates of the registrant as of June 30, 2022 based on $4.00 per share, the price at which the registrant’s common stock was last sold on June 30, 2022, was approximately $18,658,256.

There were 10,019,295 shares outstanding of the registrant’s common stock, par value $0.001 per share, as of August 31, 2023.



**NOCERA, INC.**

**TABLE OF CONTENTS TO ANNUAL REPORT ON FORM 10-K/A**

**For the Fiscal Year Ended December 31, 2022**

|  |  |
| --- | --- |
| EXPLANATORY NOTE | ii |
| PART II |  |  |  |  |  |  |  | 1 |
|  |  |  |  |  |  |  |  |  |  |
| ITEM 7. | MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS | 1 |
| ITEM 8. | FINANCIAL STATEMENTS | 15 |
| PART IV |  |  |  |  |  |  |  |  | 15 |
| ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES | 15 |
|  |  |  |  |  |  |  |
| EXHIBIT INDEX |  | 15 |
| SIGNATURES | 15 |
|  |  |  |  |
| INDEX TO FINANCIAL STATEMENTS | F-1 |
|  |  |  |  |  |  |  |  |  | i |  |

**EXPLANATORY NOTE**

The purpose of this Amendment No. 2 (the “Amendment No. 2”) to the Annual Report on Form 10-K of Nocera, Inc. (the “Company”) for the year ended December 31, 2022 (the “Original Form 10-K”) is being filed by the Company in response to a comment letter, dated August 2, 2023, received by the Company from the Securities and Exchange Commission regarding Amendment No. 1 to the Original Form 10-K filed on July 10, 2022 (the “Amendment No. 1”). This Amendment No. 2 amends the following sections of the Original Form 10-K, as amended by Amendment No. 1:

1. To clarify in “Operations Overview” in Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations (the MD&A”) that in connection with our November 2022 sale of our controlling interest in Xin Feng Construction Co., Ltd. (“XFC”), a construction company engaged in providing construction services for governmental and commercial buildings, including construction of indoor fish farms in Taiwan, we no longer have any intentions of providing the construction services of indoor RASs and solar sharing fish farms in Taiwan. However, we intend to sell equipment and to provide consulting services for the RAS equipment and expand the demo fish farm site with outsourcing construction services in Taiwan.
2. To amend the results of operations in the MD&A to reflect the restated financial statements (as discussed below);
3. To amend Item 8. Financial Statements to include an amended Audit Report to include a “Critical Audit Matter” and a paragraph regarding the restatement of the financial statements in connection with XFC as a discontinued operation; and
4. To file restated financial statements reflecting XFC as a discontinued operation in Item 8. Financial Statements.

In connection with the filing of this Amendment No. 2, the Company is refiling exhibits 31.1, 31.2, 32.1 and 32.2 under Item 16. Exhibits of Form 10-K.

Except as described above, no other amendments are being made to the Original Form 10-K, as amended by Amendment No. 1. This Amendment No. 2 does not reflect events occurring after the filing of the Original Form 10-K or modify or update the disclosure contained therein in any way other than as required to reflect the amendments discussed above.

ii



**PART II**

**ITEM 7.** **MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and the related notes included elsewhere in this Annual Report on Form 10-K. Our consolidated financial statements have been prepared in accordance with U.S. GAAP. In addition, our consolidated financial statements and the financial data included in this Annual Report on Form 10-K reflect our reorganization and have been prepared as if our current corporate structure had been in place throughout the relevant periods. Actual results could differ materially from those projected in the forward-looking statements. For additional information regarding these and other risks and uncertainties, please see the items listed above under the section captioned “*Risk Factors*”, as well as any other cautionary language contained in this Annual Report on Form 10-K. Except as may be required by law, we undertake no obligation to update any forward-looking statements to reflect events after the date of this Annual Report on Form 10-K.

**Operations Overview**

As of December 31, 2019, we provide land-based recirculation aquaculture systems for fish farming. Our primary business operations consist of the design, development and production of RASs large scale fish tank systems, for fish farms along with expert consulting, technology transfer, and aquaculture project management services to new and existing aquaculture management business services. Through our branch office, we also procure and sell eel in Taiwan. In addition, as of December 2022, we sell food items, including our signature seafood porridge bowl, through our flagship bento box store located at the Ning Xia Night Market in the Datong District of Taipei City, Taiwan.

In October 2020, the government of Taiwan began supporting the Green Power and Solar Sharing Fish Farms initiative. In view of the opportunities resulting from this initiative, in October 2020, Nocera ceased all of its operations in China and moved all of its technology and back-office operations to Taiwan. We now only operate out of Taiwan.

Our current mission is to provide consulting services and solutions in aquaculture projects to reduce water pollution and decrease the disease problems of fisheries. Our goal is to become a global leader in the land-based aquaculture business. We are now poised to grow our existing operations in Taiwan and expand into the development and management of land-based fish farms in Taiwan and North and South America. We do not currently have any intentions of conducting operations in China or Hong Kong.

Effective December 31, 2020, we entered into a series of contractual agreements with Xin Feng Construction Co., Ltd., a funded limited liability company registered in Taiwan (R.O.C.), whereby we agreed to provide technical consulting and related services to XFC for RAS equipment for fish farms. XFC was engaged in the business of providing construction services to governmental and commercial buildings, including construction indoor fish farms. In November 2022, we decided to shift our focus away from construction services and on November 30, 2022, we entered into a Purchase of Business Agreement with Han-Chieh Shih (the “Purchaser”) pursuant to which we sold our controlling interest of XFC to the Purchaser for a total cash purchase price of $300,000 (the “XFC Sale”). The closing of the XFC Sale occurred on November 30, 2022 and our XFC VIE agreements were terminated in connection with the XFC Sale. As of the filing date of this Annual Report on Form 10-K, we have no intention of providing construction services for indoor RASs and solar sharing fish farms in Taiwan.

As of September 30, 2021, we launched our first RAS demo site in Taiwan and engaged the demo site into the testing phase to raise eel. Currently, we are promoting our RASs in Taiwan and looking for opportunities to cooperate with local solar energy industry and to expand our business into the U.S. We believe the U.S. is a potentially lucrative market to penetrate.

1



On September 7, 2022, we entered into a series of contractual agreements with the majority stockholder of Meixin Institutional Food Development Co., Ltd., a Taiwan corporation and a food processing and catering company, and Meixin, of which we purchased 80% controlling interest of Meixin for $4,300,000. The Meixin VIE Agreements essentially confer control and management of Meixin as well as substantially all of the economic benefits of the Selling Stockholder in Meixin to us. As a result, we have been determined to be the primary beneficiary of Meixin and Meixin became our VIE.

On June 1, 2023, Gui Zhou Grand Smooth Technology Ltd. (“GZ GST”), one of our wholly owned subsidiaries, entered into that certain Share Purchase Agreement dated as of June 1, 2023, as amended, with Zhe Jiang Xin Shui Hu Digital Information, Ltd. (“Zhe Jiang”), pursuant to which GZ GST acquired all of the issued and outstanding equity securities of Zhe Jiang from the stockholders of Zhe Jiang (the “Zhe Jiang Acquisition”) in exchange for the issuance of 1,500,000 shares of our common stock, par value $0.001 per share. During the initial transaction process and our performing due diligence for the closing, we observed that time constraints have led to certain complexities and challenges in consummating the Acquisition within the originally planned timeframe. We are actively working with Zhe Jiang to resolve such complexities and challenges and will file a Current Report on Form 8-K if and when the Zhe Jiang Acquisition is consummated.

We employ a sales and marketing strategy targeting Taiwan government-supported solar fish farms. We are planning on expanding our sales and marketing model through the use of online marketing, data intelligence, and the establishment of a distributor network. The online marketing and data intelligence is designed to generate sales leads internationally outside of Taiwan that can be directed to our sales department for further follow-up.

We plan to sell RAS equipment and to provide consulting services for the development of fish farms in the U.S. We expect to sell over five thousand tanks in the next five years. Our production facility is to be established in Taiwan, and we plan to sell the systems into the Americas and European countries as well.

We also intend to build fish farming demo sites in the United States in 2024 to promote our fish farming systems to the global market. As of February 16, 2023, we completed the acquisition of 229 acres of land in Montgomery County, Alabama, of which we intend to build RASs on that land for fish farming.

We also intend to expend the fish farming demo sites in Taiwan by adding 20 units of RAS eel farming equipment with outsourcing construction services by the end of 2023, and build the catfish farm in the US by the end of 2024 to promote our fish farming systems to the global market. As of February 16, 2023, we completed the acquisition of 229 acres of land in Montgomery County, Alabama, of which we intend to build RASs on that land for fish farming.

**Key Factors Affecting our Performance**

As a result of a number of factors, our historical results of operations may not be comparable to our results of operations in future periods, and our results of operations may not be directly comparable from period to period. Set forth below is a brief discussion of the key factors impacting our results of operations.

***Known Trends and Uncertainties***

***Inflation***

Prices of certain commodity products, including raw materials, are historically volatile and are subject to fluctuations arising from changes in domestic and international supply and demand, labor costs, competition, market speculation, government regulations, trade restrictions and tariffs. Increasing prices in the component materials for our goods may impact the availability, the quality and the price of our products, as suppliers search for alternatives to existing materials and increase the prices they charge. Our suppliers may also fail to provide consistent quality of products as they may substitute lower cost materials to maintain pricing levels. Nocera’s cost base also reflects significant elements for freight, including fuel, which has significantly increased due to the effects of the coronavirus (COVID-19) pandemic and Russia’s initiation of military action against Ukraine. Rapid and significant changes in commodity prices such as fuel and plastic may negatively affect our profit margins if Nocera is unable to mitigate any inflationary increases through various customer pricing actions and cost reduction initiatives.

2



***Geopolitical Conditions***

Our operations could be disrupted by geopolitical conditions, trade disputes, international boycotts and sanctions, political and social instability, acts of war, terrorist activity or other similar events. From time to time, we could have a large revenue stream associated with a particular customer or a large number of customers located in a particular geographic region. Decreased demand from a discrete event impacting a specific customer, industry, or region in which we have a concentrated exposure could negatively impact our results of operations.

In February 2022, Russia initiated significant military action against Ukraine. In response, the U.S. and certain other countries imposed significant sanctions and export controls against Russia, Belarus and certain individuals and entities connected to Russian or Belarusian political, business, and financial organizations, and the U.S. and certain other countries could impose further sanctions, trade restrictions, and other retaliatory actions should the conflict continue or worsen. It is not possible to predict the broader consequences of the conflict, including related geopolitical tensions, and the measures and retaliatory actions taken by the U.S. and other countries in respect thereof as well as any counter measures or retaliatory actions by Russia or Belarus in response, including, for example, potential cyberattacks or the disruption of energy exports, is likely to cause regional instability, geopolitical shifts, and could materially adversely affect global trade, currency exchange rates, regional economies and the global economy. The situation remains uncertain, and while it is difficult to predict the impact of any of the foregoing, the conflict and actions taken in response to the conflict could increase our costs, reduce our sales and earnings, impair our ability to raise additional capital when needed on acceptable terms, if at all, or otherwise adversely affect our business, financial condition, and results of operations.

***Foreign Currency***

Our reporting currency is the U.S. dollar and our operations in Taiwan use their local currency as their functional currencies. Substantially all of our revenue and expenses are in NT dollars. We are subject to the effects of exchange rate fluctuations with respect to any of such currency. For example, the value of the NT dollar depends to a large extent on Taiwan government policies and Taiwan’s domestic and international economic and political developments, as well as supply and demand in the local market.

The income statements of our operations are translated into U.S. dollars at the average exchange rates in each applicable period. To the extent the U.S. dollar strengthens against foreign currencies, the translation of these foreign currencies denominated transactions results in reduced revenue, operating expenses and net income for our international operations. We are also exposed to foreign exchange rate fluctuations as we convert the financial statements of our foreign subsidiaries into U.S. dollars in consolidation.

***Effects of the COVID-19 Pandemic***

The current outbreak of COVID-19 has globally resulted in the loss of life, business closures, restrictions on travel, and widespread cancellation of social gatherings. The initial spread of COVID-19 in Asia caused some business disruption resulting in reduced net revenue in December 2019. There continues to be considerable uncertainty around the duration of the pandemic and its resultant economic effects. Therefore, we expect this matter to negatively impact our operating results for the foreseeable future.

The extent to which the COVID-19 pandemic impacts our business will depend on future developments, which are highly uncertain and cannot be predicted at this time, including:

* new information which may emerge concerning the severity of the disease;
* the duration and spread of the outbreak;
* the severity of travel restrictions imposed by geographic areas in which we operate, mandatory or voluntary business closures;
* regulatory actions taken in response to the pandemic, which may impact merchant operations, consumer and merchant pricing, and our product offerings;
* other business disruptions that affect our workforce;
* the impact on capital and financial markets; and
* actions taken throughout the world, including in markets in which we operate, to contain the COVID-19 outbreak or treat its impact.

3



In addition, the current outbreak of COVID-19 has resulted in a widespread global health crisis and adversely affected global economies and financial markets, and similar public health threats could do so in the future.

Substantially all our revenues were concentrated in Taiwan pending expansion into other international markets. Consequently, our results of operations will likely be adversely, and may be materially affected, to the extent that the COVID-19 pandemic or any epidemic harms Taiwan’s economy and society and the global economy in general. Any potential impact to our results will depend on, to a large extent, future developments and new information that may emerge regarding the duration and severity of the COVID-19 pandemic and the actions taken by government authorities and other entities to contain the COVID-19 pandemic or treat its impact, almost all of which are beyond our control. If the disruptions posed by the COVID-19 pandemic or other matters of global concern continue for an extensive period of time, the operations of our business may be materially adversely affected.

To the extent the COVID-19 pandemic or a similar public health threat has an impact on our business, it is likely to also have the effect of heightening many of the other risks described in the “*Risk Factors*” section of Part I Item 1A.

**Critical Accounting Policies, Estimates and Assumptions**

We prepare our financial statements in conformity with U.S. GAAP, which requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the financial reporting period. We continually evaluate these estimates and assumptions based on the most recently available information, our own historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Since the use of estimates is an integral component of the financial reporting process, actual results could differ from those estimates. Some of our accounting policies require higher degrees of judgment than others in their application. We consider the policies discussed below to be critical to an understanding of our financial statements.

The SEC defines critical accounting policies as those that are, in management’s view, most important to the portrayal of our financial condition and results of operations and those that require significant judgments and estimates.

The accounting principles we utilized in preparing our consolidated financial statements conform in all material respects to U.S. GAAP.

***Reclassification***

Certain prior period amounts have been reclassified to conform with current year presentation.

***Use of Estimates***

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Significant items subject to such estimates and assumptions include, but are not limited to, the allowance for doubtful receivables; the useful lives of property and equipment and intangible assets; impairment of long-lived assets; recoverability of the carrying amount of inventory; fair value of financial instruments; provisional amounts based on reasonable estimates for certain income tax effects of the Tax Cuts and Jobs Act (the “Tax Act”) and the assessment of deferred tax assets or liabilities. These estimates are often based on complex judgments and assumptions that management believes to be reasonable but are inherently uncertain and unpredictable. Actual results could differ from these estimates.

4



***Fair Value Measurement***

We apply ASC Topic 820, Fair Value Measurements and Disclosures which defines fair value, establishes a framework for measuring fair value and expands financial statement disclosure requirements for fair value measurements.

ASC Topic 820 defines fair value as the price that would be received from the sale of an asset or paid to transfer a liability (an exit price) on the measurement date in an orderly transaction between market participants in the principal or most advantageous market for the asset or liability.

ASC Topic 820 specifies a hierarchy of valuation techniques, which is based on whether the inputs into the valuation technique are observable or unobservable. The hierarchy is as follows:

Level 1 inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the assets or liability, either directly or indirectly, for substantially the full term of the financial instruments.

Level 3 inputs to the valuation methodology are unobservable and significant to the fair value. Unobservable inputs are valuation technique inputs that reflect our own assumptions about the assumptions that market participants would use in pricing an asset or liability.

Our management is responsible for determining the assets acquired, liabilities assumed and intangibles identified as of the acquisition date and considered a number of factors including valuations from an independent appraiser.

When available, we use quoted market prices to determine the fair value of an asset or liability. If quoted market prices are not available, we measure fair value using valuation techniques that use, when possible, current market-based or independently sourced market parameters, such as interest rates and currency rates.

As of December 31, 2022 and 2021, there are no assets or liabilities that are measured and reported at fair value on a recurring basis.

***Cash and Cash Equivalents***

Cash and cash equivalents include all cash on hand and cash in bank with no restrictions. The balance of cash as of December 31, 2022 and 2021 were $2,906,074 and $2,103,677, respectively.

***Accounts Receivable, Net***

Accounts receivable are stated at the original amount less an allowance for doubtful accounts, if any, based on a review of all outstanding amounts at period end. An allowance is also made when there is objective evidence that we will not be able to collect all amounts due according to the original terms of the receivables. We analyze the aging of the customer accounts, coverage of credit insurance, customer concentrations, customer credit-worthiness, historical and current economic trends and changes in its customer payment patterns when evaluating the adequacy of the allowance for doubtful accounts.

5



***Prepaid Expenses and Other Assets, Net***

Prepaid expense and other assets, net consist of receivable from prepaid rent, etc. Management reviews its receivable balance each reporting period to determine if an allowance for doubtful accounts is required. An allowance for doubtful account is recorded in the period in which loss is determined to be probable based on an assessment of specific evidence indicating doubtful collection, historical experience, account balance aging, and prevailing economic conditions. Bad debts are written off against the allowance after all collection efforts have ceased.

***Inventories***

Inventories are stated at lower of cost or net realizable value. Cost is determined using the weighted average method. Inventories include raw materials, work in progress and finished goods. The variable production overhead is allocated to each unit of product on the basis of the actual use of the production facilities. The allocation of fixed production overhead to the costs of conversion is based on the normal capacity of the production facilities.

Where there is evidence that the utility of inventories, in their disposal in the ordinary course of business, will be less than cost, whether due to physical deterioration, obsolescence, changes in price levels, or other causes, the inventories are written down to net realizable value.

***Property and Equipment, Net***

Property and equipment are stated at cost less accumulated depreciation. Cost represents the purchase price of the asset and other costs incurred to bring the asset into its existing use. Maintenance, repairs, and betterments, including replacement of minor items, are charged to expense; major additions to physical properties are capitalized.

Depreciation of property and equipment is provided using the straight-line method over their estimated useful lives, which are shown as follows.

|  |  |
| --- | --- |
|  | **Useful life** |
| Leasehold improvements | Shorter of the remaining lease terms and estimated useful lives |
| Furniture and fixture | 5 years |
| Equipment | 3 years |
| Machinery | 5 years |
| Vehicle | 5 years |

Upon sale or disposal, the applicable amounts of asset cost and accumulated depreciation are removed from the accounts and the net amount less proceeds from disposal are charged or credited to income.

6



***Business Combination***

For a business combination, the assets acquired, the liabilities assumed and any noncontrolling interest in the acquiree are recognized at the acquisition date and measured at their fair values as of that date. In a business combination achieved in stages, the identifiable assets and liabilities, as well as the noncontrolling interest in the acquiree, are recognized at the full amounts of their fair values. In a bargain purchase in which the total acquisition-date fair value of the identifiable net assets acquired exceeds the fair value of the consideration transferred plus any noncontrolling interest in the acquiree, that excess in earnings is recognized as a gain attributable to the acquirer.

Deferred tax liability and assets are recognized for the deferred tax consequences of differences between the tax bases and the recognized values of assets acquired and liabilities assumed in a business combination in accordance with Accounting Standards Codification (“ASC”) Topic 740-10.

***Variable Interest Entity***

A variable interest entity (“VIE”) is an entity (investee) is an entity in which the investor has obtained a controlling interest even if it has less than a majority of voting rights, according to the Financial Accounting Standards Board (FASB). A VIE is subject to consolidation if a VIE meets one of the following three criteria as elaborated in ASC Topic 810-10, Consolidation:

1. equity-at-risk is not sufficient to support the entity’s activities;
2. as a group, the equity-at-risk holders cannot control the entity; or
3. the economics do not coincide with the voting interest.

If a firm is the primary beneficiary of a VIE, the holdings must be disclosed on the balance sheet. The primary beneficiary is defined as the person or company with the majority of variable interests. A corporation formed, owned, and operated by two or more businesses (ventures) as a separate and discrete business or project (venture) for their mutual benefit is defined as a joint venture.

***Goodwill and Intangible Assets***

We recognize goodwill in accordance with ASC 350, *Intangibles—Goodwill and Other*. Goodwill is the excess of cost of an acquired entity over the amounts assigned to assets acquired and liabilities assumed in a business combination. Goodwill is not amortized. Goodwill is tested for impairment annually as of October 1st of each year, and is tested for impairment between annual tests if an event occurs or circumstances change that would indicate the carrying amount may be impaired. An impairment charge for goodwill is recognized only when the estimated fair value of a reporting unit, including goodwill, is less than its carrying amount.

We recognize intangibles assets in accordance with ASC 350, *Intangibles—Goodwill and Other*. Acquired intangible assets subject to amortization are stated at cost and are amortized using the straight-line method over the estimated useful lives of the assets. Intangible assets that are subject to amortization are reviewed for potential impairment whenever events or circumstances indicate that carrying amounts may not be recoverable. Assets not subject to amortization are tested for impairment at least annually.

The estimates of fair value are based on the best information available as of the date of the assessment, which primarily incorporates management assumptions about expected future cash flows. Although these assets are not currently impaired, there can be no assurance that future impairments will not occur.

***Share-Based Compensation***

We determine our share-based compensation in accordance with ASC 718, *Compensation—Stock Compensation* (ASC 718), which requires the measurement and recognition of compensation expense for all share-based payment awards made to employees based on the grant date fair value of the award.

7



Determining the appropriate fair value model and calculating the fair value of phantom award grants requires the input of subjective assumptions. We use the Black-Scholes pricing model to value our phantom awards. Share-based compensation expense is calculated using our best estimates, which involve inherent uncertainties and the application of management’s judgment. Significant estimates include our expected volatility. If different estimates and assumptions had been used, our phantom unit valuations could be significantly different and related share-based compensation expense may be materially impacted.

The Black-Scholes pricing model requires inputs such as the risk-free interest rate, expected term, expected volatility and expected dividend yield. We base the risk-free interest rate that we use in the Black-Scholes pricing model on zero coupon U.S. Treasury instruments with maturities similar to the expected term of the award being valued. The expected term of phantom awards is estimated from the vesting period of the award and represents the weighted average period that our phantom awards are expected to be outstanding. We estimated the volatility based on the historic volatility of our guideline companies, which we feel best represent our Company. We have never paid and do not anticipate paying any cash dividends in the foreseeable future and, therefore, we use an expected dividend yield of zero in the pricing model. We account for forfeitures as they occur.

***Commitments and Contingencies***

In the normal course of business, we are subject to contingencies, including legal proceedings and claims arising out of its business that relate to a wide range of matters, such as government investigations and tax matters. We recognize a liability for such contingency if it determines it is probable that a loss has occurred and a reasonable estimate of the loss can be made. We may consider many factors in making these assessments including historical and the specific facts and circumstances of each matter.

***Revenue Recognition***

We recognize revenues when our customer obtains control of promised goods or services, in an amount that reflects the consideration which it expects to receive in exchange for those goods. We recognize revenues following the five step model prescribed under ASU No. 2014-09. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that core principle, we apply the following steps:

* Step 1: Identify the contract (s) with a customer
* Step 2: Identify the performance obligations in the contract
* Step 3: Determine the transaction price
* Step 4: Allocate the transaction price to the performance obligation in the contract
* Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

We considered revenue is recognized when (or as) we satisfy performance obligations by transferring a promised goods and provide maintenance service to a customer. Revenue is measured at the transaction price which is based on the amount of consideration that we expect to receive in exchange for transferring the promised goods and providing maintenance service to the customer. Contracts with customers are comprised of invoices, and written contracts.

We do not have arrangements for returns from customers. We have no sales incentive programs.

8



We provide goods, maintenance service warranties for the goods sold with a period varying from 18 months to 72 months, with the majority of the periods being 18 months, and exclusive sales agency license to its customers. For performance obligation related to providing products, we expect to recognize the revenue according to the delivery of products. For performance obligation related to maintenance service warranties, we expect to recognize the revenue on a ratable basis using a time-based output method. The performance obligations are typically satisfied as services are rendered on a straight-line basis over the contract term, which is generally for 18 months as a majority of the maintenance service warranties periods provided are 18 months. For performance obligation related to exclusive agency license, we recognize the revenue ratably upon the satisfaction over the estimated economic life of the license.

We do not have amounts of contract assets since revenue is recognized as control of goods is transferred. The contract liabilities consist of advance payments from customers and deferred revenue. Advance payments from customers are expected to be recognized as revenue within 12 months. Deferred revenue is expected to be recognized as revenue within 12 months.

***Cost of Sales***

Cost of sales consists primarily of purchase cost of merchandise goods, material costs, labor costs, depreciation, and related expenses, which are directly attributable to the production of the product. Write-down of inventories to lower of cost or net realizable value is also recorded in cost of sales.

***Income Taxes***

We recognize deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred income taxes are recognized for the tax consequences in future years of differences between the tax bases of assets and liabilities and their financial reporting amounts at each period end based on enacted tax laws and statutory tax rates, applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

***Leases***

In February 2016, the FASB issued ASU 2016-12, Leases (ASC Topic 842), which amends the lease requirements in ASC Topic 840, Leases. Under the new lease accounting standard, a lessee will be required to recognize a right-of-use asset and lease liability for most leases on the balance sheet. The new standard also modifies the classification criteria and accounting for sales-type and direct financing leases, and enhances the disclosure requirements. Leases will continue to be classified as either finance or operating leases.

We adopted ASC Topic 842 using the modified retrospective transition method effective January 1, 2019. There was no cumulative effect of initially applying ASC Topic 842 that required an adjustment to the opening retained earnings on the adoption date nor revision of the balances in comparative periods. As a result of the adoption, we recognized a lease liability and right-of-use asset for each of our existing lease arrangement. The adoption of the new lease standard does not have a material impact on our consolidated income statement or our consolidated statement of cash flow.

***Uncertain Tax Positions***

We account for uncertainty in income taxes using a two-step approach to recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon settlement. Interest and penalties related to uncertain tax positions are recognized and recorded as necessary in the provision for income taxes. According to the PRC Tax Administration and Collection Law, the statute of limitations is three years if the underpayment of taxes is due to computational errors made by the taxpayer or the withholding agent. The statute of limitations is extended to five years under special circumstances, where the underpayment of taxes is more than RMB 100,000. In the case of transfer pricing issues, the statute of limitation is ten years. There is no statute of limitation in the case of tax evasion. We record interest and penalties on uncertain tax provisions as income tax expense. There are no uncertain tax positions as of December 31, 2022 and 2021, and we have no accrued interest or penalties related to uncertain tax positions. We do not believe that the unrecognized tax benefits will change over the next twelve months.

9



***Comprehensive (Loss) Income***

Comprehensive income or loss is comprised of our net (loss) income and other comprehensive income or loss. The component of other comprehensive income or loss consists solely of foreign currency translation adjustments, net of the income tax effect.

***Foreign Currency Translation and Transactions***

Our reporting currency is the United States dollar (“US$”). The functional currency of our VIE in Taiwan is Taiwan New Dollar (“TWD”), and the functional currency of our Hong Kong subsidiary is Hong Kong dollars (“HK$”). The functional currency of PRC companies is the Renminbi (“RMB”). In the consolidated financial statements, the financial information of our subsidiary and the consolidated VIE has been translated into US$. Assets and liabilities are translated at the exchange rates on the balance sheet date, equity amounts are translated at historical exchange rates, except for changes in accumulated deficit during the year which is the result of income statement translation process, and revenue, expense, gains or losses are translated using the average exchange rate during the year. Translation adjustments are reported as foreign currency translation adjustments and are shown as a separate component of other comprehensive income or loss in the consolidated statements of changes in equity and comprehensive (loss) income. The exchange rates as of December 31, 2022 and 2021 are 6.9646 and 6.4854, respectively. The annual average exchange rates for the year ended December 31, 2022 and 2021 are 6.7208 and 6.3700, respectively.

***(Loss) Earnings per Share***

Basic (loss) earnings per share is computed by dividing net (loss) income attributable to holders of common stock by the weighted average number of common shares outstanding during the year. Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted into common shares.

***Recently Issued Accounting Standards***

See Note 3 to the Consolidated Financial Statements included herewith.

**Results of Operations**

On November 30, 2022, the Company and Han-Chieh Shih (the “Purchaser”) entered into certain share purchase agreement (the “Disposition SPA”). Pursuant to the Disposition SPA, the Purchaser agreed to purchase 100% of the issued and outstanding shares of Xin Feng Construction Co., Ltd., a Taiwan limited liability company (“XFC”), which is controlled by the Company through a series of contractual agreements (the “VIE Agreements”), in exchange for cash consideration of $300,000 (the “Purchase Price”). Upon the closing of the transaction (the “Disposition”) contemplated by the Disposition SPA, the Purchaser will become the majority shareholder of XFC and as a result, assume all assets and liabilities of XFC. The transaction contemplated by the Purchase Agreement is hereby referred as the Disposal.

On March 29, 2022, management was authorized to approve and commit to a plan to sell XFC. On November 30, 2022, the parties completed all the share transfer registration procedure as required by the laws of Taiwan and all the other closing conditions have been satisfied. The Disposition closed on November 30, 2022.

In accordance with ASC 205-20, Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity, a disposal of a component of an entity or a group of components of an entity is required to be reported as discontinued operations if the disposal represents a strategic shift that has (or will have) a major effect on an entity’s operations and financial results when the components of an entity meets the criteria in paragraph 205-20-45-1E to be classified as held for sale. The disposition of XFC met the criteria in paragraph 205-20-45-1E and was reported as a discontinued operation.

10



The following table sets forth our consolidated statements of operations for the years ended December 31, 2022 and 2021.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Consolidated Statements of Operations** |  |  |  |  |  |  |  |
|  |  |  | **For the years ended December 31,** |
|  |  |  | **2022** |  |  | **2021** |  |
| Net Sales |  | $ | 14,102,138 |  | $ | 3,844,222 |  |
| Cost of sales |  |  | (13,846,172) |  | (3,770,412) |
| **Gross profit** |  |  | 255,966 |  |  | 73,810 |  |
|  |  |  |  |  |  |  |  |
| **Operating expenses** |  |  |  |  |  |  |  |
| General and administrative expenses |  |  | (2,772,102) |  | (10,205,821) |
| **Total operating expenses** |  |  | (2,772,102 | ) |  | (10,205,821 | ) |
|  |  |  |  |  |  |  |  |
| Other income (expense) |  |  | 417,999 |  | 309 |
| **Net loss from continuing operations before income taxes** |  |  | (2,098,137) |  |  | (10,131,702) |  |
|  |  |  |  |  |  |  |  |

Income tax (expense) benefit

**Net loss from continuing operations**



**Net loss (income) from discontinued operations**



Loss on disposal



(Loss) income from discontinued operations

**Net loss**



|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | 23,808 |  | (9,421) |
|  |  | (2,074,329) |  |  | (10,141,123) |  |
|  |  | (2,569,975) |  | – |
|  |  | (92,285) |  | 522,044 |  |
|  |  | (2,662,260 | ) |  | – |  |
|  | $ | (4,736,589 | ) | $ | (9,619,079 | ) |
|  |  |  |  |  |  |  |

**Comparison of Results of Operations for the years ended December 31, 2022 and December 31, 2021**

***Revenue***

The revenue of the company for the year ended December 31, 2022 was approximately $14.1 million compared to approximately $3.84 million for the comparable period in 2021. The revenue for the year ended December 31, 2022 was mostly generated from Meixin catering business and the fish trading business from NTB with the revenue of $1.6 million and $12.4 million respectively. The revenue for the year ended December 31, 2021 was generated from fish trading business from NTB. As of December 31, 2021, JC Development Co., Ltd. (“JCD”) and us have mutually agreed to terminate of the Regional Agency Cooperation Agreement dated as of September 2019, as amended by the Regional Agency Cooperation Supplementary Agreement dated as of May 31, 2020, by and between Grand Smooth Inc Ltd and JCD.

The disposition of XFC with $2.6 million loss can be attributed to various factors. In 2022, government measures and business decisions influenced construction services, resulting in project completions, cancellations, and budget reductions. This led to a decrease in cases and programs, which didn't meet our initial expectations for XFC's business development. Additionally, we strategically shifted our focus to fully develop a fish farm in Montgomery, Alabama, necessitating the sale of XFC. We determined the market value of the associated Class A building/construction license for the sale. These factors, including government measures, business decisions, and the strategic shift towards the fish farm, significantly contributed to the loss.

For the year ended December 31, 2022 and 2021, our foreign currency translation adjustment was $89,688 and $63,676 of sales and income, respectively.

11



***Gross profit***

Gross profit for the year ended December 31, 2022 was approximately $255,000, compared to approximately $73,000 for the comparable period in 2021. The gross profit for the year ended December 31, 2022 was mostly generated from Meixin catering business and the fish trading business from NTB with the revenue of $120,000 and $130,000, respectively. The increase of gross profit margin was mainly because in 2022, we had increased the fish trading business and the acquisition of Meixin of its catering business that leads to the increase of revenue recognition.

The operating loss incurred in NTB fish trading business is primarily attributed to administrative expenses, amounting to approximately $260,000. We are confident that profitability can be achieved by optimizing management expenses and enhancing profit margins.

***General and administrative expenses***

General and administrative expenses were $2.77 million, for the year ended December 31, 2022, compared to $10.2 million for the comparable period in 2021. The significant decrease was mainly because in 2021 we recognized significant share based compensation expenses to employees and consultants for professional services.

***Other income (expense***)

Other income of $417,999 for the year ended December 31, 2022, compared to other income were $309 for the comparable period in 2021. The income for the year ended December 31, 2022 was mainly due to the waiver of payables.

During the year ended December 31, 2022, we recorded an income tax benefit of $23,808 as compared to income tax expense of $9,421 for the comparable period in 2021.

***Loss (income) from discontinued operations***

In November 2022, we completed the termination of VIE agreements with XFC. The results of XFC, as a discontinued operation, for the years ended December 31, 2022 and 2021, are reported as components of net loss separate from the net loss of continuing operations. The details of composition of net loss from discontinued operations were as below.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | **As Restated** |  |  |  |
|  |  | **For the Years Ended** |
|  |  | **December 31,** |  |  |  |
|  |  | **2022** |  |  | **2021** |  |  |
| Revenue (a) | $ | 2,236,616 |  | $ | 6,101,103 |  |  |
| Cost of revenues (b) |  | (2,225,487) |  | (5,230,321) |
| General and administrative expenses (c) |  | (105,226) |  | (213,863) |
| Other (expenses) income |  | 1,812 |  | (4,364) |
| Income tax expenses (e) |  | – |  | (130,511) |
| **Net (loss) / profit income from discontinued operations** | **$** | **(92,285** | **)** | **$** | **522,044** |  |  |
|  |  |  |  |  |  |  |  |

1. ***Revenues.*** During the year ended December 31, 2022 and 2021, we recognized revenues of $2.2 million and $6.1 million from continuing constructionservices. The decrease was primarily due to government changed measures and business decisions influenced construction services in 2022, resulting in project completions, cancellations, and budget reductions. This led to a decrease in cases and programs.
2. ***Cost of revenues.*** The cost of revenues is comprised of cost of materials and labor cost. The decrease in cost of revenues was deduction of the projects.
3. ***General and administrative expenses.*** General and administrative expenses was mainly comprised of employee salary and welfare expenses, officerental expenses, marketing expenses and travel expenses. The decrease of general and administrative expenses was mainly attributable to the size of the project reduced and deduction of the employee.
4. ***Impairment of goodwill.*** For the year ended December 31, 2022, we accrued impairment of goodwill of $332,040 arising from acquisition of XFCwith we terminated VIE agreements.
5. ***Income tax expenses.*** For the year ended December 31, 2021, our discontinued operation incurred current income tax expenses of $130,511, becauseXFC generated taxable income during the period.

12



**Liquidity and Capital Resources; Going Concern**

We had net cash provided by operating activities for the year ended December 31, 2022 and the cash balance was $2.9 million as of December 31, 2022. As of December 31, 2022, we had an accumulated deficit of $14,747,461. In their audit report for the fiscal year ended December 31, 2022 included in this report, our auditors have expressed their concern as to our ability to continue as a going concern.

We continue to control our cash expenses as a percentage of expected revenue on an annual basis and thus may use its cash balances in the short-term to invest in revenue growth. Management is focused on growing our existing product offering, as well as our customer base, to increase our revenues. Our ability to continue as a going concern is dependent upon our ability to generate cashflows from operations and obtain financing. We cannot give assurance that we can increase our cash balances or limit our cash consumption and thus maintain sufficient cash balances for our planned operations or future acquisitions. Future business demands may lead to cash utilization at levels greater than recently experienced. We may need to raise additional capital in the future. However, we cannot assure that we will be able to raise additional capital on acceptable terms, or at all. Subject to the foregoing, however, management believes that our current cash balances coupled with anticipated cash flow from operating activities will be sufficient to meet our working capital requirements for at least one year from the date of issuance of the accompanying consolidated financial statements.

To date, we have funded our operations through revenues, loans from our officers, and the issuance of equity securities. We obtained a financial support letter from Mr. Yin-Chieh Cheng, the Chief Executive Officer, also the Chairman of the Board and our principal stockholder.

* On April 1, 2021, we entered in a securities purchase agreement with certain investors for an aggregate of 80,000 shares of its preferred stock at a per share purchase price of $2.50. As part of the transaction, the investors received one Class C warrant and one Class D warrant for the subscription of each preferred share. Each Class C warrant consist of the right to purchase up one share of common stock to at an exercise price of $3.75 per share exercisable for 36 months from the date of issuance. Each Class D warrants consist of the right to purchase one share of our common stock at an exercise price of $7.50 per share exercisable for 36 months from the date of issuance. The subscription was completed on August 10, 2021
* In August 2021, we issued 80,000 shares of preferred shares of $0.001 each at an issue price of $2.50 per share to certain investors credited as fully paid.
* On September 27, 2021, we entered into securities purchase agreements with investors, pursuant to which we issued in a registered direct offering, an aggregate of 32,000 shares of our common stock at a per share purchase price of $3.75. In addition, the investors also received one Class C Warrant and one Class D Warrant for the subscription of each preferred share. On December 31, 2021, we consummated a private offering of 278,667 units at a purchase price of $7.50 per unit to 28 investors for gross proceeds of $2,090,000. Each unit consisted of one share of the Company’s common stock and an “equity kicker” of one share of our common stock, for a total of 557,334 shares of common stock.
* On August 10, 2022, our Registration Statement relating to the Public Offering was declared effective by the SEC. The Public Offering consisted of 1,880,000 units at a public offering price of $3.50 per unit, with each unit consisting of (i) one (1) share of our common stock and (ii) a warrant to purchase two (2) shares of our common stock. We received total gross proceeds of $6.58 million from the Public Offering and after deducting the underwriting commissions, discounts and offering expenses, we received net proceeds of approximately $5.3 million. On August 11, 2022, the shares of our common stock began trading on The Nasdaq Stock Market LLC under the symbol “NCRA.” The Shares and the Warrants comprising the units were immediately separable and issued separately in the Public Offering, which closed on August 15, 2022. In connection with the Public Offering and pursuant to the underwriting agreement between the underwriters named therein and us, we granted the underwriters a 45-day option to purchase up to 282,000 additional shares of our common stock and warrants, equivalent to 15% of the units sold in the Public Offering, at the public offering price of $3.50 per unit, less underwriting discounts and commissions, to cover over-allotments, if any. On September 23, 2022, the underwriters exercised their option to purchase an additional 282,000 warrants from us for gross proceeds of $2,820. The warrants were issued to the underwriters on September 26, 2022.

13



|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| The following table provides detailed information about our net cash flows for the periods indicated: |  |  |  |  |  |  |
|  |  | **For the years ended December 31,** |
|  |  | **2022** |  |  | **2021** |  |
| Net cash provided by (used in) provided by operating activities | $ | (1,771,551) |  | $ | 203,103 |  |
| Net cash (used in) provided by investing activities |  | (4,030,834) |  | 25,067 |
| Net cash (used in) provided by financing activities |  | 6,288,391 |  | 1,203,833 |
| Net effect of the exchange rate change on cash and cash equivalents |  | (23,941) |  | (11,525) |
| Increase in cash and cash equivalents | $ | 462,065 |  | $ | 1,420,478 |  |
|  |  |  |  |  |  |  |

*Net cash provided by (used in) operating activities*

Net cash used in operating activities amounted to $1,771,551 for the year ended December 31, 2022. This reflected a net loss of $4,736,589, as adjusted for non-cash items primarily including loss on disposal of XFC of $2,569,975, depreciation of $66,907 and share-based compensation of $413,453, and offset by effect of changes in working capital including a decrease of $5,382 of inventories.

The decrease in our inventories by $1.2 million can primarily be attributed to the construction services provided by XFC. In accordance with industry practices, the construction in progress within the construction industry is categorized as inventories. Therefore, it is essential to differentiate the $6 million increase in sales from the $1.2 million decrease in inventories. The $6 million in sales predominantly originates from NTB fish trading business, officially commenced in November, 2021, and Meixin catering business which acquired in September, 2022 conducted by NTB, which officially commenced in November, 2021. It is worth noting that a portion of the $1.2 million decrease in inventories will be transferred into revenue once the construction projects are fully completed.

Net cash provided by operating activities amounted to $203,103 for the year ended December 31, 2021. This reflected a net loss of $9,619,079, as adjusted for non-cash items primarily including share-based compensation of $6,638,371, consultancy services settled by equities of $3,045,150 and offset by effect of changes in working capital including increase of accounts receivable in the amount of $693.

*Net cash (used in) provided by investing activities*

Net cash used in investing activities was $4,030,834 for the year ended December 31, 2022 which were primarily cash paid for acquisition of a subsidiary.

Net cash used in investing activities was $25,067 for the year ended December 31, 2021 which were primarily attributable to the purchase of equipment and intangible asset.

*Net cash (used in) provided by financing activities*

Net cash provided by financing activities amounted to $6,288,391 for the year ended December 31, 2022, which were primarily arising from proceeds from issuance of common stock and other borrowings during the year.

Net cash provided by financing activities amounted to $1,203,833 for the year ended December 31, 2021, which were primarily arising from proceeds from issuance of common stock and preferred stock during the year.

Since we plan to build our land-based fish farming demo sites in the U.S., Japan, and Thailand to promote our fish farming systems to the global market, we expect that we will require additional capital, which includes construction costs, marketing costs, operation costs, etc., to meet our long-term operating requirements. We expect to obtain financing from stockholders or raise additional capital through, among other things, the sale of equity or debt securities. The stockholders are committed to provide additional financing required when we try to raise additional capital from third party investors or banks. However, there can be no assurance that we will be successful in raising this additional capital.

**Recently Issued Accounting Pronouncements**

Please refer to the Note 3 to the Consolidated Financial Statements included herewith.

14



**ITEM 8. FINANCIAL STATEMENTS**

The financial statements immediately follow the signature page of this Form 10-K/A.

**PART IV**

**ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES**

1. Financial Statements: The following Financial Statements and Supplementary Data of Nocera, Inc. and the Report of Independent Registered Public Accounting Firm included in Part II, Item 8:
	* Balance Sheets at December 31, 2022 and 2021;
	* Statements of Operations for the years ended December 31, 2022 and 2021;
	* Statements of Changes in Stockholders’ Deficit for the years ended December 31, 2022 and 2021;
	* Statements of Cash Flows for the years ended December 31, 2022 and 2021; and
	* Notes to Financial Statements.
2. Exhibits:

**EXHIBIT INDEX**

|  |  |
| --- | --- |
| **Exhibit No.** | **Description** |
| 3.1 |  |  | [Amended and Restated Articles of Incorporation of the Registrant](http://www.sec.gov/Archives/edgar/data/1756180/000168316822001860/nocera_ex0302.htm) |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 3.2 |  |  | [Certificate of Amendment of Amended and Restated Articles of](http://www.sec.gov/Archives/edgar/data/1756180/000168316822001860/nocera_ex0306.htm) |
|  |  |  | [Incorporation of the Registrant](http://www.sec.gov/Archives/edgar/data/1756180/000168316822001860/nocera_ex0306.htm) |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 3.3 |  |  | [Certificate of Amendment of Articles of Incorporation of the Registrant](http://www.sec.gov/Archives/edgar/data/1756180/000168316822001860/nocera_ex0307.htm) |
| 3.4 |  |  | [Certificate of Change of the Registrant](http://www.sec.gov/Archives/edgar/data/1756180/000106594918000149/ex3_3.htm) |  |  |
| 3.5 |  |  | [Amended and Restated Bylaws of the Registrant](http://www.sec.gov/Archives/edgar/data/1756180/000168316822001304/nocera_ex0301.htm) |  |
| 3.6 |  |  | [Articles of Incorporation of GSI Acquisition Corp.](http://www.sec.gov/Archives/edgar/data/1756180/000106594919000015/ex3_3.htm) |  |
| 3.7 |  |  | [Articles of Association of Grand Smooth Inc Limited](http://www.sec.gov/Archives/edgar/data/1756180/000106594919000015/ex3_4.htm) |
|  |  |  |  |  |  |  |  |  |  |  |  |
| 3.8 |  |  | [Agreement and Plan of Merger, dated as of December 27, 2018, by and](http://www.sec.gov/Archives/edgar/data/1756180/000106594918000203/ex10_1.htm) |
|  |  |  | [among the Registrant, Grand Smooth Inc Limited and GSI Acquisition Corp.](http://www.sec.gov/Archives/edgar/data/1756180/000106594918000203/ex10_1.htm) |
|  |  |  |  |  |  |  |  |  |  |  |
| 3.9 |  |  | [Amended Agreement and Plan of Merger, dated as of December 27, 2018,](http://www.sec.gov/Archives/edgar/data/1756180/000106594919000015/ex2_1.htm) |
|  |  |  | [and effective as of December 31, 2018, by and among the Registrant, Grand](http://www.sec.gov/Archives/edgar/data/1756180/000106594919000015/ex2_1.htm) |
|  |  |  | [Smooth Inc Limited and GSI Acquisition Corp.](http://www.sec.gov/Archives/edgar/data/1756180/000106594919000015/ex2_1.htm) |
|  |  |  |  |  |  |  |  |  |  |
| 3.10 |  |  | [Statement of Merger – GSI Acquisition Corp. and Grand Smooth Inc Limited](http://www.sec.gov/Archives/edgar/data/1756180/000106594919000015/ex3_5.htm) |
| 4.1 |  |  | [Description of Nocera, Inc.’s securities registered under section 12 of the](https://www.sec.gov/Archives/edgar/data/1756180/000168316822001860/nocera_ex0401.htm) |
|  |  |  | [Securities Exchange Act of 1934, as amended](https://www.sec.gov/Archives/edgar/data/1756180/000168316822001860/nocera_ex0401.htm) |
|  |  |  |  |  |  |  |  |
| 10.1† |  | [2018 Nocera, Inc. Stock Option and Award Incentive Plan](http://www.sec.gov/Archives/edgar/data/1756180/000106594919000015/ex10_2.htm) |  |
| 10.2 |  |  | [Share Exchange Agreement](http://www.sec.gov/Archives/edgar/data/1756180/000106594919000015/ex10_1.htm) |
|  |  |  |  |  |  |
| 10.3† |  | [Consulting Agreement dated as of December 27, 2018, between Nocera, Inc.](http://www.sec.gov/Archives/edgar/data/1756180/000106594919000015/ex2_1.htm) |
|  |  |  | [and Yin-Chieh Cheng](http://www.sec.gov/Archives/edgar/data/1756180/000106594919000015/ex2_1.htm) |  |
| 10.4 |  |  | [Regional Agency Cooperation Agreement dated as of September 2019, by](http://www.sec.gov/Archives/edgar/data/1756180/000106594919000148/ex10_1.htm) |
|  |  |  | [and between Grand Smooth Inc Ltd and Jie Hao Development Co., Ltd.](http://www.sec.gov/Archives/edgar/data/1756180/000106594919000148/ex10_1.htm) |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

**Previously Filed and Incorporated by Reference Herein**

Filed as Exhibit 3.2 to Form 10-K filed on March 23, 2022.



Filed as Exhibit 3.6 to Form 10-K filed on March 23, 2022.

Filed as Exhibit 3.7 to Form 10-K filed on March 23, 2022. Filed as Exhibit 3.3 to Form 10-12G filed on October 19, 2018.

Filed as Exhibit 3.1 to Form 8-K filed on February 28, 2022. Filed as Exhibit 3.3 to Form 8-K12G3 filed on January 31, 2019.

Filed as Exhibit 3.4 to Form 8-K12G3 filed on January 31, 2019.

Filed as Exhibit 10.1 to Form 8-K filed on December 31, 2018.

Filed as Exhibit 2.1 to Form 8-K12G3 filed on January 31, 2019.

Filed as Exhibit 3.5 to Form 8-K12G3 filed on January 31, 2019.

Filed as Exhibit 4.1 to Form 10-K filed on March 23, 2022.

Filed as Exhibit 10.2 to Form 8-K12G3 filed on January 31, 2019.

Filed as Exhibit 10.1 to Form 8-K12G3 filed on January 31, 2019.

Filed as Exhibit 2.1 to Form 8-K12G3 filed on January 31, 2019.

Filed as Exhibit 10.1 to Form 8-K filed on October 30, 2019.

15



|  |  |  |  |
| --- | --- | --- | --- |
| 10.5 | [Procare International Co., Limited Project Contract](http://www.sec.gov/Archives/edgar/data/1756180/000106594920000002/ex10_1.htm) |  | Filed as Exhibit 10.1 to Form 8-K filed on January 10, 2020. |
| 10.6 | [Regional Agency Cooperation Supplementary Agreement dated as of May](http://www.sec.gov/Archives/edgar/data/1756180/000106594920000088/ex10_1.htm) | Filed as Exhibit 10.1 to Form 8-K filed on June 19, 2020. |
|  | [31, 2020, by and between Grand Smooth Inc Ltd and JC Development Co.,](http://www.sec.gov/Archives/edgar/data/1756180/000106594920000088/ex10_1.htm) |  |  |
|  | [Ltd.](http://www.sec.gov/Archives/edgar/data/1756180/000106594920000088/ex10_1.htm) |  |  |
| 10.7 | [Consulting Agreement dated as of May 15, 2020, between Nocera, Inc. and](http://www.sec.gov/Archives/edgar/data/1756180/000106594920000088/ex10_2.htm) | Filed as Exhibit 10.2 to Form 8-K filed on June 19, 2020. |
|  | [Atlanta Capital Partners, LLC](http://www.sec.gov/Archives/edgar/data/1756180/000106594920000088/ex10_2.htm) |  |  |  |
| 10.8 | [Settlement Agreement and Release dated as of October 8, 2020, by and](http://www.sec.gov/Archives/edgar/data/1756180/000168316820003919/nocera_10q-ex1004.htm) |  | Filed as Exhibit 10.4 to Form 10-Q filed on November 16, |
|  | [between Guizhou Wan Feng Hu Zhi Shui Chan Company, Ltd. and Nocera,](http://www.sec.gov/Archives/edgar/data/1756180/000168316820003919/nocera_10q-ex1004.htm) |  | 2020. |
|  | [Inc.](http://www.sec.gov/Archives/edgar/data/1756180/000168316820003919/nocera_10q-ex1004.htm) |  |  |
| 10.9 | [Exchange Agreement, Consent, and Representations dated as of December](http://www.sec.gov/Archives/edgar/data/1756180/000106594921000001/ex2_1.htm) | Filed as Exhibit 2.1 to Form 8-K filed on January 4, 2021. |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | [31, 2020 of the Registrant and Agreement and Plan of Share Exchange for](http://www.sec.gov/Archives/edgar/data/1756180/000106594921000001/ex2_1.htm) |  |
|  | [VIE Interest dated as of December 31, 2020, by and between Nocera, Inc.,](http://www.sec.gov/Archives/edgar/data/1756180/000106594921000001/ex2_1.htm) |  |  |
|  | [Xin Feng Construction Co. Ltd., and Shunda Feed Co. Ltd](http://www.sec.gov/Archives/edgar/data/1756180/000106594921000001/ex2_1.htm) |  |  |
| 10.10 | [Voting Rights Proxy Agreement dated as of December 31, 2020, by and](http://www.sec.gov/Archives/edgar/data/1756180/000106594921000001/ex10_1.htm) |  | Filed as Exhibit 10.1 to Form 8-K filed on January 4, 2021. |
|  | [among Hui-Min Tu, Wen-Chih Tsai, Ching-Yao Tsai, Ching-Chao Tsai,](http://www.sec.gov/Archives/edgar/data/1756180/000106594921000001/ex10_1.htm) |  |
|  | [Nocera, Inc. and Xin Feng Construction Co. Ltd.](http://www.sec.gov/Archives/edgar/data/1756180/000106594921000001/ex10_1.htm) |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 10.11 | [Exclusive Business Cooperation Agreement dated as of December 31, 2020,](http://www.sec.gov/Archives/edgar/data/1756180/000106594921000001/ex10_2.htm) | Filed as Exhibit 10.2 to Form 8-K filed on January 4, 2021. |
|  | [by and among Nocera, Inc. and Xin Feng Construction Co. Ltd.](http://www.sec.gov/Archives/edgar/data/1756180/000106594921000001/ex10_2.htm) |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 10.12 | [Equity Pledge Agreement dated as of December 31, 2020, by and among](http://www.sec.gov/Archives/edgar/data/1756180/000106594921000001/ex10_3.htm) |  | Filed as Exhibit 10.3 to Form 8-K filed on January 4, 2021. |
|  | [Hui-Min Tu, Wen-Chih Tsai, Ching-Yao Tsai, Ching-Chao Tsai, Nocera, Inc.](http://www.sec.gov/Archives/edgar/data/1756180/000106594921000001/ex10_3.htm) |  |  |
|  | [and Xin Feng Construction Co. Ltd.](http://www.sec.gov/Archives/edgar/data/1756180/000106594921000001/ex10_3.htm) |  |  |
| 10.13 | [Exclusive Call Option Agreement dated as of December 31, 2020, by and](http://www.sec.gov/Archives/edgar/data/1756180/000106594921000001/ex10_4.htm) | Filed as Exhibit 10.4 to Form 8-K filed on January 4, 2021. |
|  | [among Nocera, Inc., Hui-Min Tu, Wen-Chih Tsai, Ching-Yao Tsai, Ching-](http://www.sec.gov/Archives/edgar/data/1756180/000106594921000001/ex10_4.htm) |  |  |
|  | [Chao Tsai and Xin Feng Construction Co. Ltd.](http://www.sec.gov/Archives/edgar/data/1756180/000106594921000001/ex10_4.htm) |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 10.14 | [Subscription Agreement dated as of April 1, 2021, by and between Nocera,](http://www.sec.gov/Archives/edgar/data/1756180/000168316821002002/nocera_10q-ex1004.htm) |  | Filed as Exhibit 10.4 to Form 10-Q filed on May 17, 2021. |
|  | [Inc. and Han-Chieh Shih](http://www.sec.gov/Archives/edgar/data/1756180/000168316821002002/nocera_10q-ex1004.htm) |  |  |
| 10.15 | [Consulting Agreement dated as of November 15, 2021, by and between](http://www.sec.gov/Archives/edgar/data/1756180/000168316822001860/nocera_ex1015.htm) | Filed as Exhibit 10.15 to Form 10-K filed on March 23, 2022. |
|  | [Nocera, Inc. and Shih-Chung Lin](http://www.sec.gov/Archives/edgar/data/1756180/000168316822001860/nocera_ex1015.htm) |  |  |  |
| 10.16 | [Consulting Agreement dated as of November 15, 2021, by and between](http://www.sec.gov/Archives/edgar/data/1756180/000168316822001860/nocera_ex1016.htm) | Filed as Exhibit 10.16 to Form 10-K filed on March 23, 2022. |
|  | [Nocera, Inc. and Han-Chieh Shih](http://www.sec.gov/Archives/edgar/data/1756180/000168316822001860/nocera_ex1016.htm) |  |  |  |
| 10.17† | [Employment Agreement dated as of August 16, 2019, by and between](http://www.sec.gov/Archives/edgar/data/1756180/000168316822000455/filename9.htm) | Filed as Exhibit 10.18 to Form 10-K filed on March 23, 2022. |
|  | [Nocera, Inc. and Shun-Chih Chuang](http://www.sec.gov/Archives/edgar/data/1756180/000168316822000455/filename9.htm) |  |  |  |
| 10.18† | [Employment Agreement dated as of January 3, 2022, by and between](http://www.sec.gov/Archives/edgar/data/1756180/000168316822000131/nocera_ex1001.htm) | Filed as Exhibit 10.15 to Form S-1 filed on July 20, 2022. |
|  | [Nocera, Inc. and Gerald H. Lindberg](http://www.sec.gov/Archives/edgar/data/1756180/000168316822000131/nocera_ex1001.htm) |  |  |
|  |  |  |  |  |  |  |  |  |  |  |
| 10.19† | [Addendum, dated December 31, 2021, to that certain Employment](http://www.sec.gov/Archives/edgar/data/1756180/000168316822000131/nocera_ex1002.htm) | Filed as Exhibit 10.15 to Form S-1 filed on July 20, 2022. |
|  | [Agreement, dated August 16, 2019, between Nocera, Inc. and Shun-Chih](http://www.sec.gov/Archives/edgar/data/1756180/000168316822000131/nocera_ex1002.htm) |  |  |  |
|  | [Chuang](http://www.sec.gov/Archives/edgar/data/1756180/000168316822000131/nocera_ex1002.htm) |  |
|  |  |  |  |  |  |  |  |  |
| 10.20† | [Employment Agreement, dated September 1, 2022, between Nocera, Inc. and](https://www.sec.gov/Archives/edgar/data/1756180/000168316822006145/nocera_ex1001.htm) |  | Filed as Exhibit 10.1 to Form 8-K filed on September 1, |
|  | [Mr. Hong-Wen Ruan](https://www.sec.gov/Archives/edgar/data/1756180/000168316822006145/nocera_ex1001.htm) |  | 2022. |
| 10.21 | [VIE Purchase, dated September 7, 2022, between Nocera, Inc., Meixin](https://www.sec.gov/Archives/edgar/data/1756180/000168316822006310/nocera_ex1001.htm) |  | Filed as Exhibit 10.1 to Form 8-K filed on September 12, |
|  | [Institutional Food Development Co., Ltd., and the Selling Stockholder](https://www.sec.gov/Archives/edgar/data/1756180/000168316822006310/nocera_ex1001.htm) | 2022. |
|  |  |  |  |  |  |  |
| 10.22 | [Voting Rights Proxy Agreement, dated September 7, 2022, between Nocera,](https://www.sec.gov/Archives/edgar/data/1756180/000168316822006310/nocera_ex1002.htm) | Filed as Exhibit 10.1 to Form 8-K filed on September 12, |
|  | [Inc., the Selling Stockholder and Meixin Institutional Food Development](https://www.sec.gov/Archives/edgar/data/1756180/000168316822006310/nocera_ex1002.htm) |  | 2022. |
|  | [Co., Ltd.](https://www.sec.gov/Archives/edgar/data/1756180/000168316822006310/nocera_ex1002.htm) |  |
|  |  |  |  |  |  |
| 10.23 | [Exclusive Business Cooperation Agreement, September 7, 2022, between](https://www.sec.gov/Archives/edgar/data/1756180/000168316822006310/nocera_ex1003.htm) |  | Filed as Exhibit 10.1 to Form 8-K filed on September 12, |
|  | [Nocera, Inc. and Meixin Institutional Food Development Co., Ltd.](https://www.sec.gov/Archives/edgar/data/1756180/000168316822006310/nocera_ex1003.htm) | 2022. |
|  |  |  |  |  |
| 10.24 | [Equity Pledge Agreement, dated September 7, 2022, between Nocera, Inc.](https://www.sec.gov/Archives/edgar/data/1756180/000168316822006310/nocera_ex1004.htm) | Filed as Exhibit 10.1 to Form 8-K filed on September 12, |
|  |  |  |  |
|  | [the Selling Stockholder and Meixin Institutional Food Development Co., Ltd.](https://www.sec.gov/Archives/edgar/data/1756180/000168316822006310/nocera_ex1004.htm) | 2022. |
|  | 16 |  |  |  |  |  |  |  |

|  |  |  |  |
| --- | --- | --- | --- |
| 10.25 | [Exclusive Call Option Agreement, dated September 7, 2022, between](https://www.sec.gov/Archives/edgar/data/1756180/000168316822006310/nocera_ex1005.htm) |  | Filed as Exhibit 10.1 to Form 8-K filed on September 12, |
|  | [Nocera, Inc., the Selling Stockholder and Meixin Institutional Food](https://www.sec.gov/Archives/edgar/data/1756180/000168316822006310/nocera_ex1005.htm) |  | 2022. |
|  | [Development Co., Ltd.](https://www.sec.gov/Archives/edgar/data/1756180/000168316822006310/nocera_ex1005.htm) |  |  |
| 10.26 | [Real Estate Purchase Agreement, dated September 8, 2022](https://www.sec.gov/Archives/edgar/data/1756180/000168316822006348/nocera_ex1001.htm) | Filed as Exhibit 10.1 to Form 8-K filed on September 13, |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | 2022. |
| 10.27 | [Farmers Vending Co. Ltd. Purchase Agreement dated as of September 26,](https://www.sec.gov/Archives/edgar/data/1756180/000168316822006683/nocera_ex1002.htm) |  | Filed as Exhibit 10.2 to Form 8-K filed on September 30, |
|  | [2022, by and between Farmers Vending Machine Co. Ltd. and Nocera, Inc.](https://www.sec.gov/Archives/edgar/data/1756180/000168316822006683/nocera_ex1002.htm) | 2022. |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 10.28 | [Purchase of Business Agreement dated as of November 30, 2022, by and](https://www.sec.gov/Archives/edgar/data/1756180/000168316822008169/nocera_ex1001.htm) |  | Filed as Exhibit 10.1 to Form 8-K filed on December 2, 2022. |
|  | [between Nocera, Inc. and Han-Chieh Shih](https://www.sec.gov/Archives/edgar/data/1756180/000168316822008169/nocera_ex1001.htm) |  |
| 14.1 | [Code of Ethics](http://www.sec.gov/Archives/edgar/data/1668370/000149315218009821/ex14-1.htm) |  |  | Filed as Exhibit 14.1 to Form S-1 filed on July 20, 2022 |
| 21.1 | [List of Subsidiaries of Nocera, Inc.](https://www.sec.gov/Archives/edgar/data/1756180/000168316823002043/nocera_ex2101.htm) | Filed as Exhibit 21.1 to Form 10-K filed on March 31, 2023 |
|  |  |  |  |  |  |  |  |  |  |
| 31.1 | Rule 13a-14(a)/15d-14(a) Certification of the President and Chief Executive | \* |
|  | Officer of Nocera, Inc. |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 31.2 | Rule 13a-14(a)/15d-14(a) Certification of the Chief Financial Officer of |  | \* |
|  | Nocera, Inc. |  |
|  |  |  |  |  |  |  |  |  |
| 32.1 | Section 1350 Certification of the President and Chief Executive Officer of | \*\* |
|  | Nocera, Inc. |  |  |
|  |  |  |  |  |  |  |  |
| 32.2 | Section 1350 Certification of the Chief Financial Officer of Nocera, Inc. | \*\* |
| 99.1 | [Audit Committee Charter](http://www.sec.gov/Archives/edgar/data/1756180/000168316822002274/nocera_ex9901.htm) |  |  | Filed as Exhibit 99.1 to Form S-1 filed on July 20, 2022. |
| 99.2 | [Compensation Committee Charter](http://www.sec.gov/Archives/edgar/data/1756180/000168316822002274/nocera_ex9902.htm) | Filed as Exhibit 99.2 to Form S-1 filed on July 20, 2022. |
|  |  |  |  |  |
| 99.3 | [Nominating and Corporate Governance Committee Charter](http://www.sec.gov/Archives/edgar/data/1756180/000168316822002274/nocera_ex9903.htm) |  | Filed as Exhibit 99.3 to Form S-1 filed on July 20, 2022. |
| 101 | Interactive Data Files | \* |
| 101.INS | Inline XBRL Instance Document | \* |
| 101.SCH | Inline XBRL Schema Document | \* |
| 101.CAL | Inline XBRL Calculation Linkbase Document | \* |
| 101.DEF | Inline XBRL Definition Linkbase Document | \* |
| 101.LAB | Inline XBRL Label Linkbase Document | \* |
| 101.PRE | Inline XBRL Presentation Linkbase Document | \* |

1. Cover Page Interactive Data File (formatted as Inline XBRL and contained in \* Exhibit 101).

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

* Filed herewith.
* Furnished herewith and not to be incorporated by reference into any filing of Nocera, Inc. under the Securities Act of 1933, as amended, or the

Securities Exchange Act of 1934, as amended, whether made before or after the date of this Amendment No. 2 to the Annual Report on Form 10-K/A.

* Management contract or compensatory plan.

17



**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

|  |  |
| --- | --- |
|  | **NOCERA, INC.** |
| */s/ Andy Chin-An Jin* |  | September 6, 2023 |
| Andy Chin-An Jin |  |  |
| Chief Executive Officer |  |  |
| */s/ Shun-Chih Chuang* |  | September 6, 2023 |
| Shun-Chih Chuang |  |  |
| Chief Financial Officer |  |  |

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

|  |  |
| --- | --- |
| */s/ Andy Chin-An Jin* | September 6, 2023 |
| Andy Chin-An Jin |  |
| Chief Executive Officer |  |
| */s/ Shun-Chih Chuang* | September 6, 2023 |
| Shun-Chih Chuang |  |
| Chief Financial Officer |  |
| */s/ Gerald H. Lindberg* | September 6, 2023 |
| Gerald H. Lindberg |  |
| Corporate Secretary and Director |  |
| */s/ Thomas A. Steele* | September 6, 2023 |
| Thomas A. Steele |  |
| Director |  |
| */s/ Hui Ying Zhuang* | September 6, 2023 |
| Hui Ying Zhuang |  |
| Director |  |
|  | 18 |

**NOCERA, INC.**

**CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  | Pages |
| Reports of Independent Registered Public Accounting Firm (PCAOB ID 2769) | F 2-4 |
|  |  |  |  |  |  |  |  |
| Consolidated Balance Sheets as of December 31, 2022 and 2021 |  | F-5 |
| Consolidated Statements of Operations and Comprehensive Loss for the Years ended December 31, 2022, and 2021 |  | F-6 |
| Consolidated Statements of Changes in Equity for the Years ended December 31, 2022, and 2021 |  | F-7 |
| Consolidated Statements of Cash Flows for the Years ended December 31, 2022, and 2021 |  | F-8 |
| Notes to the Consolidated Financial Statements for the Years ended December 31, 2022 and 2021 |  | F-9 |

F-1



**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Shareholders and the Board of Directors of Nocera, Inc.:

**Opinion on the Financial Statements**

We have audited the accompanying consolidated balance sheet of Nocera, Inc. and its subsidiaries (the “Group”) as of December 31, 2022 and 2021, the related consolidated statements of operations, comprehensive income (loss), changes in equity, and cash flows, for the year then ended, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group at December 31, 2022 and 2021, and the results of its operations and its cash flows for the year then ended, in conformity with the U.S. generally accepted accounting principles.

**Basis for Opinion**

These consolidated financial statements are the responsibility of the Group’s management. Our responsibility is to express an opinion on the Group’s financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Group in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

**Critical Audit Matter**

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

*Critical Audit Matter Description*

As at December 31 2022, the Company had goodwill of approximately $4 million relating to the acquisition of Meixin Institutional Food Development Company Limited. Management performs the annual goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. Management’s valuation method is an income approach using a discounted cash flow model. The discounted cash flow model requires projections of revenue, gross margin, operating expenses, working capital investment and fixed asset additions over a multi-year period, and a discount rate based upon a weighted-average cost of capital.

The principal considerations for our determination that performing procedures relating to the goodwill impairment test is a critical audit matter are (i) the significant judgment by management when developing the fair value of the Automated Transmission reporting unit; (ii) a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating the significant assumptions related to projections of revenue and projections of gross margin; and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

F-2



*How the Critical Audit Matter Was Addressed in the Audit*

Our audit procedures included but were not limited to:

* Testing management’s process for developing the fair value.
* Evaluating the appropriateness of the discounted cash flow model, testing the completeness and accuracy of underlying data used in the discounted cash flow model, and evaluating the reasonableness of significant assumptions used by management related to projections of revenue and projections of gross margin.
* Evaluating management’s assumptions related to projections of revenue and projections of gross margin involved evaluating whether the assumptions used by management were reasonable considering
	1. the current and past performance of the Catering Business reporting unit and
	2. the consistency with external market and industry data. Professionals with specialized skill and knowledge were used to assist in the evaluation of the appropriateness of the Company’s discounted cash flow model

/s/ Centurion ZD CPA & Co.

Centurion ZD CPA & Co.

We have served as the Group's auditor since 2020.

Hong Kong, China

March 31, 2023

PCAOB ID 2769

F-3



**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM** To the Stockholders and the Board of Directors of Nocera, Inc.

**Opinion on the Financial Statements**

We have audited the accompanying consolidated balance sheets of Nocera, Inc. (the Company) as of December 31, 2022 and 2021, the related consolidated

statements of operations, stockholders’ equity (deficit) and cash flows for the years then ended, and the related notes(collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

**Restatement of 2022 Financial Statements**

As discussed in Note 1 to the consolidated financial statements, the accompanying 2022 and 2021 consolidated financial statements have been restated to correct certain misstatements. Our opinion is not modified with respect to this matter.

**Basis for Opinion**

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Centurion ZD CPA & Co.

Centurion ZD CPA & Co.

We have served as the Group’s auditor since 2020.

Hong Kong, China

September 6, 2023 except for the effects of the restatement as described in Note 1, as to which the date is March 31, 2023

PCAOB ID 2769

F-4



**NOCERA, INC.**

**CONSOLIDATED BALANCE SHEETS**

**(Stated in US Dollars)**

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | **December 31, 2022** | **December 31, 2021** |
|  |  |  |  |  |  |  |  |  |
| **ASSETS** |  |  |  |  |  |  |  |  |
| Current assets |  |  |  |  |  |  |  |  |
| Cash and cash equivalents | $ | 2,906,074 | $ | 2,103,677 |  |
| Accounts receivable, net |  |  | 209,777 |  | 114,515 |
| Inventories, net |  |  | 91,781 |  | 97,163 |
| Advance to suppliers |  |  | 1,732 |  | 1,732 |  |
| Prepaid expenses and other assets, net |  |  | 27,470 |  | 75,686 |
| Due from related parties |  |  | – |  | (6,893) |
| Assets of disposal group |  |  | – |  | 4,460,637 |  |
| Total current assets |  |  | 3,236,834 |  |  | 6,846,517 |  |  |
| Retention receivables |  |  | – |  |  | – |  |
| Deferred tax assets, net |  |  | 22,703 |  | – |
| Property and equipment, net |  |  | 844,613 |  | 24,132 |
| Intangible assets - customer relations |  |  | 130,434 |  | – |
| Goodwill |  |  | 3,905,735 |  | – |
| **Total assets** |  | $ | 8,140,319 |  | $ | 6,870,649 |  |  |
| **LIABILITIES AND EQUITY** |  |  |  |  |  |  |  |  |
| **Liabilities** |  |  |  |  |  |  |  |  |
| Current liabilities | $ |  |  | $ |  |  |  |
| Notes payable |  |  | – |  | – |
| Accounts payable |  |  | 2,631 |  | – |
| Other payables and accrued liabilities |  |  | 38,388 |  | 12,407 |
| Advance receipts |  |  | 42,880 |  | – |
| Due to related parties |  |  | 18,919 |  | 39,341 |
| Warrant liability |  |  | 1,179,768 |  | 312,320 |  |
| Long-term secured other borrowing – current portion |  |  | 214,913 |  | – |
| Dividend payable |  |  | 22,312 |  | 6,312 |  |
| Income tax payable |  |  | 1,920 |  | 6,632 |  |
| Bank borrowing |  |  | – |  | – |
| Disposal VIE liabilities |  |  | – |  | 1,723,673 |  |
| **Total current liabilities** |  |  | 1,521,731 |  |  | 2,100,685 |  |  |
| Deferred tax liabilities, net |  |  | – |  |  | – |  |
| Long-term secured other borrowing |  |  | 436,341 |  | – |
| **Total liabilities** |  |  | 1,958,072 |  | 2,100,685 |  |
| **Commitments and contingencies** |  |  | – |  |  | – |  |
| **Equity** |  |  |  |  |  |  |  |  |
| Common stock ($0.001 par value; authorized 200,000,000 shares; 9,243,587 shares and 7,071,920 |  |  |  |  |  |  |  |  |
| shares issued and outstanding as of December 31, 2022 and 2021, respectively) (1) |  |  | 9,243 |  | 7,071 |  |
| Preferred stock ($0.001 par value; authorized 10,000,000 shares; Series A Preferred Stock, 2,000,000 |  |  |  |  |  |  |  |  |
| authorized, 80,000 shares issued and outstanding as of December 31, 2022 and 2021, respectively) |  |  | 80 |  | 80 |  |
| Additional paid-in capital (1) |  |  | 20,484,518 |  | 14,476,241 |
| Statutory and other reserves |  |  | 191,219 |  | 191,219 |  |
| (Accumulated losses) retained earnings |  |  | (14,747,461) |  | (9,918,553) |
| Accumulated other comprehensive loss |  |  | 103,594 |  | 13,906 |
| **Total Nocera, Inc.’s stockholders’ equity** |  |  | 6,041,193 |  |  | 4,769,964 |  |  |
| Non-controlling interests |  |  | 141,054 |  | – |
| **Total equity** |  |  | 6,182,247 |  |  | 4,769,964 |  |  |
| **Total liabilities and equity** |  | $ | 8,140,319 |  | $ | 6,870,649 |  |  |
|  |  |  |  |  |  |  |  |  |

1. On August 11, 2022, the Company effected a 2:3 reverse stock split for each share of common stock issued and outstanding. All shares and associated amounts have been retroactively restated to reflect the stock split.

See notes to the consolidated financial statements which are an integral part of these audited financial statements

F-5



**NOCERA, INC.**

**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**

**(Expressed in U.S. dollars, except share and per share data)**

**As Restated**



**For the years ended**

**December 31,**



**2022** **2021**

Revenue



Cost of revenues

**Gross profit**



**Operating expenses**



General and administrative expenses

**Total operating expenses**



**Other (expenses) income, net**



Interest (expenses) income, net



Equity investment loss

Impairment of deposits for property and equipment



Impairment of long-term investments

Other (expenses) income

**Total other (expenses) income, net**



**Net loss from continuing operations before income taxes**



Income tax expenses



**Net loss from continuing operations**



**Net loss from discontinued operations**



Loss on disposal

(Loss) income from discontinued operations

**Net (loss) income from discontinued operations**



**Net loss**



Less: Net loss (income) attributable to non-controlling interests

**Net loss attributable to Nocera Shareholders**



|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| $ | 14,102,138 | $ | 3,844,222 |  |  |
|  | (13,846,172) |  | (3,770,412) |
|  | 255,966 |  |  | 73,810 |  |  |
|  | (2,772,102) |  | (10,205,821) |
|  | (2,772,102 | ) |  | (10,205,821 | ) |
|  | – |  | – |
|  | – |  | – |
|  | – |  | – |
|  | – |  | – |
|  | 417,999 |  | 309 |  |
|  | 417,999 |  |  | 309 |  |
|  | (2,098,137) |  | (10,131,702) |
|  | 23,808 |  | (9,421) |
|  | (2,074,329) |  |  | (10,141,123) |  |  |
|  | (2,569,975) |  | – |
|  | (92,285) |  | 522,044 |  |  |
|  | (2,662,260 | ) |  | 522,044 |  |  |
|  | (4,736,589) |  | (9,619,079) |
|  | (76,319) |  | – |
|  | (4,812,908 | ) |  | (9,619,079 | ) |
|  |  |  |  |  |  |  |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Other Comprehensive loss** |  |  |  |  |  |  |
| Foreign currency translation adjustment |  | (89,688) |  | (63,676) |
| **Comprehensive loss** | $ | (4,826,277 | ) | $ | (9,682,755 | ) |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| Less: Total comprehensive loss (income) attributable to non-controlling interests |  | (76,319) |  | – |
| **Comprehensive loss attributable to Nocera Shareholders** | $ | (4,902,596 | ) | $ | (9,682,755 | ) |
|  |  |  |  |  |  |  |
| **Loss per share - basic and diluted** |  | (0.6111) |  | (1.5749) |
| Net loss per share from continuing operations – basic and diluted |  | (0.2731) |  | (1.6604) |
| Net (loss) income per share from discontinued operations – basic and diluted |  | (0.3380) |  | 0.0855 |
|  |  |  |  |  |  |  |
| **Weighted Average Shares Outstanding - Basic and Diluted** |  | 7,876,367 |  | 6,107,727 |

See notes to the consolidated financial statements which are an integral part of these audited financial statements.

F-6



**NOCERA, INC.**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

**(Stated in US Dollars)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | Total |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  | Statutory |  |  | Accumulated | Nocera Inc.’s |  |  | Total |  |
|  |  |  |  |  |  |  |  |  |  | Additional | and |  |  | Other | Stockholders’ | Non- | Stockholders’ |  |
|  | Common Stock | Preferred stock |  |  | Paid-in | other | Retained | Comprehensive | Equity | controlling | Equity |  |
|  | Stock(1) | Amount(1) |  | Stock | Amount |  |  | Capital(1) | Reserves | Earnings | Loss | (Deficit) | Interests | (Deficit) |  |
|  |  |  | $ |  |  |  | $ |  |  | $ |  | $ |  | $ |  | $ |  | $ |  | $ |  | $ |  |  |
| Balance, January 1, |  |  |  |  | **–** |  | **–** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 2021 | 6,088,343 | 6,088 |  | 2,696,017 | 191,219 | (293,162) | (49,770) | 2,550,392 | – | 2,550,392 |  |
| Common stock and |  |  |  |  | **–** |  | **–** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| warrant issuance | 32,000 | 32 |  | 2,848 | – | – | – | 2,880 | – | 2,880 |  |
| Preferred stock and |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| warrant issuance | – | – | 80,000 |  | 80 | 29,520 | – | – | – | 29,600 | – | 29,600 |  |
| Changes in fair value |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| of warranty |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| liabilities | – | – | – |  | – | (24,800) | – | – | – | (24,800) | – | (24,800) |  |
| Issuance of new |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| shares upon private |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| placement | 557,334 | 557 | – |  | – | 2,089,443 | – | – | – | 2,090,000 | – | 2,090,000 |  |
| Consultancy services |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| settled by equities | 336,667 | 337 | – |  | – | 3,044,813 | – | – | – | 3,045,150 | – | 3,045,150 |  |
| Share-based |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| compensation | 57,576 | 58 | – |  | – | 6,638,399 | – | – | – | 6,638,457 | – | 6,638,457 |  |
| Foreign currency |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| translation |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Adjustments | – | – | – |  | – | – | – | – | 63,676 | 63,676 | – | 63,676 |  |
| Preferred stock |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| dividend | – | – | – |  | – | – | – | (6,312) | – | (6,312) | – | (6,312) |  |
| Net loss | – | – | – |  | – | – | – | (9,619,079) | – | (9,619,079) | – | (9,619,079) |  |
| Balance, December |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 31, 2021 | 7,071,920 | 7,072 | 80,000 |  | 80 | 14,476,240 | 191,219 | (9,918,553) | 13,906 | 4,769,964 | – | 4,769,964 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Balance, January 1, |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 2022 | 7,071,920 | 7,072 | 80,000 |  | 80 | 14,476,240 | 191,219 | (9,918,553) | 13,906 | 4,769,964 | – | 4,769,964 |  |
| Common stock |  |  |  |  | **–** |  | **–** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| issuance | 1,880,000 | 1,880 |  | 4,799,616 | – | – | – | 4,801,496 | – | 4,801,496 |  |
| Purchase of non- |  |  |  |  |  |  |  | **–** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| controlling interest | – | – | – |  | – | – | – | – | – | 64,735 | 64,735 |  |
| Consultancy services |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| settled by equities | 291,667 | 291 | – |  | – | 795,209 | – | – | – | 795,500 | – | 795,500 |  |
| Share-based |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| compensation | – | – | – |  | – | 413,453 | – | – | – | 413,453 | – | 413,453 |  |
| Foreign currency |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| translation |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Adjustments | – | – | – |  | – | – | – | – | 89,688 | 89,688 | – | 89,688 |  |
| Preferred stock |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| dividend | – | – | – |  | – | – | – | (16,000) | – | (16,000) | – | (16,000) |  |
| Net loss | – | – | – |  | – | – | – | (4,812,908) | – | (4,812,908) | 76,319 | (4,736,589) |  |
| Balance, December |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 31, 2022 | 9,243,587 | 9,243 | 80,000 |  | 80 | 20,484,518 | 191,219 | (14,747,461) | 103,594 | 6,041,193 | 141,054 | 6,182,247 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

1. *On August 11, 2022, the Company effected a 2:3 reverse stock split for each share of common stock issued and outstanding. All shares and associated amounts have been retroactively restated to reflect the stock split.*

See notes to the consolidated financial statements which are an integral part of these audited financial statements.

F-7



**NOCERA, INC.**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

**(Stated in US Dollars)**

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | **December 31,** | **December 31,** |
|  |  | **2022** |  |  | **2021** |  |
|  |  | $ |  |  | $ |  |
| Cash flows from operating activities: |  |  |  |  |  |
| Net loss | (4,736,589) |  | (9,619,079) |
| Less: net (loss) income from discontinued operations | (2,662,260) |  | 522,044 |
| Net loss from continuing operations | (2,074,329) |  |  | (10,141,123) |  |
| Adjustments to reconcile net loss to net cash provided by operating activities: |  |  |  |  |  |
| Depreciation expenses | 66,907 |  | 6,127 |
| Amortization | 4,891 |  | – |
| Loss on disposal of XFC | 2,569,975 |  | – |
| Deferred income tax | (22,703) |  | 2,258 |
| Changes in fair value of warranty liabilities | – | 24,800 |
| Consultancy services settled by equities | 795,500 |  | 3,045,150 |
| Share-based compensation | 413,453 |  | 6,638,371 |
| Changes in operating assets and liabilities: |  |  |  |  |  |
| Accounts receivable, net | (95,262) |  | (693) |
| Inventories | 5,382 |  | 18,210 |
| Advance to suppliers | – | – |
| Prepaid expenses and other assets, net | (1,989,716) |  | 1,549,585 |
| Retention receivables | (130,434) |  | – |
| Notes payable | – | – |
| Accounts payable | 2,631 |  | (18,801) |
| Other payables and accrued liabilities | (54,526) |  | 49,463 |
| Income tax payable | (4,712) |  | 6,632 |
| Advance receipts | 42,880 |  | – |
| Net cash (used in) provided by operating activities from continuing operations | (470,063) |  |  | 1,179,979 |  |
| Net cash used in operating activities from discontinued operations | (1,301,488) |  | (976,876) |
| Net cash (used in) provided by operating activities | (1,771,551 | ) |  | 203,103 |  |
|  |  |  |  |  |  |  |
| Cash flows from investing activities |  |  |  |  |  |
| Purchase of property and equipment | – | 25,067 |
| Proceeds from disposal of XFC | 300,082 |  | – |
| Cash acquired from merger | 7,824 |  | – |
| Cash disposed upon termination of VIE | (46,564) |  | – |
| Net cash outflow upon acquisition of a subsidiary | (4,292,176) |  | – |
| Net cash used in investing activities from continuing operations | (4,030,834) |  |  | 25,067 |  |
| Net cash used in investing activities from discontinued operations | – | – |
| Net cash (used in) provided by investing activities | (4,030,834 | ) |  | 25,067 |  |
|  |  |  |  |  |  |  |
| Cash flows from financing activities: |  |  |  |  |  |
| Proceeds from related parties | – | (1,596,150) |
| Proceeds from common stock and warrant issuance | – | 120,000 |
| Proceeds from preferred stock and warrant issuance | – | 200,000 |
| Proceeds from issuance of common stock | 5,666,124 |  | 2,090,000 |
| Proceeds from issuance of IPO warrant | 2,820 |  | – |
| Proceeds from secured other borrowings | 619,447 |  | – |
| Repayment of short-term bank loan | – | (487,826) |
| Net cash provided by financing activities from continuing operations | 6,288,391 |  |  | 326,024 |  |
| Net cash provided by financing activities from discontinued operations | – | 877,809 |
| Net cash provided by financing activities | 6,288,391 |  |  | 1,203,833 |  |
|  |  |  |  |  |  |  |

Effect of exchange rate changes on cash and cash equivalents from continuing operations



Effect of exchange rate changes on cash and cash equivalents from discontinued operations

Net effect of exchange rate changes on cash and cash equivalents

|  |  |  |
| --- | --- | --- |
| (985,097) | 406,630 |  |
| 961,156 | (418,155) |
| (23,941 | ) | (11,525 | ) |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  |  |  |  |
| Increase in cash and cash equivalents from continuing operations | 802,397 | 1,937,700 |
| Decrease in cash and cash equivalents from discontinued operations | (340,332) | (517,222) |
| Net increase in cash and cash equivalents | 462,065 |  | 1,420,478 |  |
|  |  |  |  |  |
| Cash and cash equivalents from continuing operations, beginning of year | 2,103,677 | 165,977 |
| Cash and cash equivalents from discontinued operations, beginning of year | 340,332 | 857,554 |
| Cash and cash equivalents at beginning of year | 2,444,009 |  | 1,023,531 |  |
|  |  |  |  |  |
| Cash and cash equivalents at end of year | 2,906,074 | 2,444,009 |
| Less: Cash and cash equivalents from discontinued operations, end of year | – | (340,332) |
|  |  |  |  |  |

Cash and cash equivalents form continuing operations, end of year 2,906,074 2,103,677



See notes to the consolidated financial statements which are an integral part of these audited financial statements.

F-8



**NOCERA, INC.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**Note 1. RESTATEMENT OF PREVIOUSLY ISSUED CONSOLIDATED FINANCIAL STATEMENTS**

On June 5, 2023, the Staff of the U.S. Securities and Exchange Commission released a statement highlighting a number of financial reporting considerations for 2022 Annual report (“10-K”) (the “SEC Staff Statement”). The SEC Staff Statement highlighted potential accounting implications of certain terms that should separately disclosed the discontinued operations and continued operations financials in both consolidated statement of operations and comprehensive loss and the cash flow. The SEC Staff Statement clarified guidance for disclosure for discontinued operations and continued operations financial at each reporting period.

In light of the SEC Staff Statement, the Company reevaluated the accounting treatment of the discontinued operations and continued operations on the consolidated statement of operations and comprehensive loss and the cash flow as of December 31, 2022. The Company determined that the VIE disposal in the last month of the year did not need to separately disclose. However, the guidance stated that the company should be classified as discontinued operations.

With this restatement, the consolidated statements are now appropriately classified as discontinued operation and continued operation on the Company’s consolidated statement of operations and comprehensive loss and the cash flow as of December 31, 2022.

The adjustments related to the discontinued operations and continued operations had a non-cash impact; as such, the statement of cash flows for the year ended December 31, 2022 reflects an adjustment to separately disclose the financial impact on continued operations and discontinued operations.

The following presents a reconciliation of the impacted financial statement line items as filed to the restated amounts as of December 31, 2022 and for the year then ended. The previously reported amounts reflect those included in the Original Filing of our Annual Report on Form 10-K as of and for the years ended December 31, 2022 filed with the SEC on March 31, 2023. These amounts are labeled as “As Filed” in the tables below. The amounts labeled “Restatement Adjustments” represent the effects of this restatement due to the change in classification of discontinued operation on the balance sheet, with subsequent changes in disclosure recognized in the statement of operations at each reporting date. Also included in the amounts labeled “Adjustment” is the effect reallocated from original financial to separate discontinued operations and continued operations in the statement.

F-9



**NOCERA, INC.**

**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**

**(Expressed in U.S. dollars, except share and per share data)**

|  |  |  |  |
| --- | --- | --- | --- |
|  |  |  | **For the Year Ended December 31, 2022** |
|  |  |  |  |  |  | **Restatement** |  |  |  |  |
|  |  |  | **As Filed** |  | **Adjustment** |  |  | **As Restated** |
|  |  |  |  |  |  |  |  |  |  |  |  |
| Revenue | $ | 16,338,754 | $ | (2,236,616) | $ | 14,102,138 |
| Cost of revenues |  |  | (16,071,659) |  | 2,225,487 |  |  | (13,846,172) |
| **Gross profit** |  |  | 267,095 |  |  | (11,129 | ) |  |  | 255,966 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |
| **Operating expenses** |  |  |  |  |  |  |  |  |  |  |  |
| General and administrative expenses |  |  | (5,447,303) |  | 2,675,201 |  |  | (2,772,102) |
| **Total operating expenses** |  |  | (5,447,303 | ) |  | 2,675,201 |  |  |  | (2,772,102 | ) |
| **Loss from operations** |  |  | (5,180,208) |  |  | 5,180,208 |  |  |  | – |  |
| Other income (expense) |  |  | 419,811 |  | (419,811) |  |  | – |
| **Loss before income taxes** |  |  | (4,760,397) |  | 4,760,397 |  |  | – |
| Income tax benefit |  |  | 23,808 |  | (23,808) |  |  | – |
| **Net loss** |  |  | (4,736,589) |  | 4,736,589 |  |  | – |
| Less: Net income attributable to non-controlling interests |  |  | (76,319) |  | 76,319 |  |  | – |
| **Net loss attributable to the company** |  |  | (4,812,908) |  | 4,812,908 |  |  | – |
|  |  |  |  |  |  |  |  |  |  |  |  |
| **Other (expenses) income, net** |  |  |  |  |  |  |  |  |  |  |  |
| Interest (expenses) income, net |  |  | – |  | – |  |  | – |
| Equity investment loss |  |  | – |  | – |  |  | – |
| Impairment of deposits for property and equipment |  |  | – |  | – |  |  | – |
| Impairment of long-term investments |  |  | – |  | – |  |  | – |
| Other (expenses) income |  |  | – |  | 417,999 |  |  | 417,999 |
| **Total other (expenses) income, net** |  |  | – |  |  | 417,999 |  |  |  | 417,999 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |
| **Net loss from continuing operations before income taxes** |  |  | – |  | (2,098,137) |  |  | (2,098,137) |
|  |  |  |  |  |  |  |  |  |  |  |  |

Income tax expenses

**Net loss from continuing operations**

**Net loss from discontinued operations**

Loss on disposal

(Loss) income from discontinued operations

**Net (loss) income from discontinued operations**

|  |  |  |  |
| --- | --- | --- | --- |
| – | 23,808 | 23,808 |  |
| – |  | (2,074,329) |  | (2,074,329) |  |
| – | (2,569,975) | (2,569,975) |
| – | (92,285) | (92,285) |
| – |  | (2,662,260 | ) | (2,662,260 | ) |



|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |
| **Net loss** |  | – |  | (4,736,589) |  | (4,736,589) |
| Less: Net loss (income) attributable to non-controlling interests |  | – |  | (76,319) |  | (76,319) |
| **Net loss attributable to Nocera Shareholders** | $ | – |  | $ | (4,812,908 | ) | $ | (4,812,908 | ) |
|  |  |  |  |  |  |  |  |  |  |

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Other Comprehensive loss** |  |  |  |  |  |  |  |  |  |  |  |
| Foreign currency translation adjustment |  |  | (89,688) |  | – |  |  | (89,688) |
| **Comprehensive loss** |  |  | (4,826,277) |  |  | – |  |  |  | (4,826,277) |  |
| Less: Total comprehensive loss (income) attributable to non-controlling interests |  |  | (76,319) |  | – |  |  | (76,319) |
| **Comprehensive loss attributable to Nocera Shareholders** |  | $ | (4,902,596 | ) | $ | – |  |  | $ | (4,902,596 | ) |
|  |  |  |  |  |  |  |  |  |  |  |  |
| **Loss per share – basic and diluted** |  |  | (0.6111) |  | – |  |  | (0.6111) |
| Net loss per share from continuing operations – basic and diluted |  |  | (0.2731) |  | – |  |  | (0.2731) |
| Net (loss) income per share from discontinued operations – basic and diluted |  |  | (0.3380) |  | – |  |  | (0.3380 |
|  |  |  |  |  |  |  |  |  |  |  |  |
| **Weighted Average Shares Outstanding – Basic and Diluted** |  |  | 7,876,367 |  | – |  |  | 7,876,367 |

F-10



**NOCERA, INC.**

**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**

**(Expressed in U.S. dollars, except share and per share data)**

|  |  |  |  |
| --- | --- | --- | --- |
|  |  |  | **For the Year Ended December 31, 2021** |
|  |  |  |  |  |  | **Restatement** |  |  |  |  |
|  |  |  | **As Filed** |  | **Adjustment** |  |  | **As Restated** |
|  |  |  |  |  |  |  |  |  |  |  |  |
| Revenue | $ | 9,945,325 | $ | (6,101,103) | $ | 3,844,222 |
| Cost of revenues |  |  | (9,000,733) |  | 2,869,679 |  |  | (3,770,412) |
| **Gross profit** |  |  | 944,592 |  |  | (870,782 | ) |  |  | 73,810 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |
| **Operating expenses** |  |  |  |  |  |  |  |  |  |  |  |
| General and administrative expenses |  |  | (10,419,684) |  | 213,863 |  |  | (10,205,821) |
| **Total operating expenses** |  |  | (10,419,684 | ) |  | 213,863 |  |  |  | (10,205,821 | ) |
| **Loss from operations** |  |  | (9,475,092) |  |  | (9,475,092) |  |  |  | – |  |
| Other income (expense) |  |  | (4,055) |  | (4,055) |  |  | – |
| **Loss before income taxes** |  |  | (9,479,147) |  | (9,479,147) |  |  | – |
| Income tax benefit |  |  | (139,932) |  | (139,932) |  |  | – |
| **Net loss** |  |  | (9,619,079) |  | (9,619,079) |  |  | – |
| Less: Net income attributable to non-controlling interests |  |  | – |  | – |  |  | – |
| **Net loss attributable to the company** |  |  | (9,619,079) |  | (9,619,079) |  |  | – |
|  |  |  |  |  |  |  |  |  |  |  |  |
| **Other (expenses) income, net** |  |  |  |  |  |  |  |  |  |  |  |
| Interest (expenses) income, net |  |  | – |  | – |  |  | – |
| Equity investment loss |  |  | – |  | – |  |  | – |
| Impairment of deposits for property and equipment |  |  | – |  | – |  |  | – |
| Impairment of long-term investments |  |  | – |  | – |  |  | – |
| Other (expenses) income |  |  | – |  | 309 |  |  | 309 |
| **Total other (expenses) income, net** |  |  | – |  |  | 309 |  |  |  | 309 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |
| **Net loss from continuing operations before income taxes** |  |  | – |  | (10,131,702) |  |  | (10,131,702) |
|  |  |  |  |  |  |  |  |  |  |  |  |
| Income tax expenses |  |  | – |  | (9,421) |  |  | (9,421) |
| **Net loss from continuing operations** |  |  | – |  |  | (10,141,123) |  |  |  | (10,141,123) |  |
|  |  |  |  |  |  |  |  |  |  |  |  |
| **Net loss from discontinued operations** |  |  |  |  |  |  |  |  |  |  |  |
| Loss on disposal |  |  | – |  | – |  |  | – |
| (Loss) income from discontinued operations |  |  | – |  | 522,044 |  |  | 522,044 |
| **Net (loss) income from discontinued operations** |  |  | – |  |  | 522,044 |  |  |  | 522,044 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |
| **Net loss** |  |  | – |  | (9,619,079) |  |  | (9,619,079) |
| Less: Net loss (income) attributable to non-controlling interests |  |  | – |  | – |  |  | – |
| **Net loss attributable to Nocera Shareholders** |  | $ | – |  | $ | (9,619,079 | ) |  | $ | (9,619,079 | ) |
|  |  |  |  |  |  |  |  |  |  |  |  |
| **Other Comprehensive loss** |  |  |  |  |  |  |  |  |  |  |  |
| Foreign currency translation adjustment |  |  | (63,676) |  | – |  |  | (63,676) |
| **Comprehensive loss** |  |  | (9,682,755) |  |  | – |  |  |  | (9,682,755) |  |
| Less: Total comprehensive loss (income) attributable to non-controlling interests |  |  | – |  | – |  |  | – |
| **Comprehensive loss attributable to Nocera Shareholders** |  | $ | (9,682,755 | ) | $ | – |  |  | $ | (9,682,755 | ) |
|  |  |  |  |  |  |  |  |  |  |  |  |
| **Loss per share – basic and diluted** |  |  | (1.0757) |  | (0.4992) |  |  | (1.5749) |
| Net loss per share from continuing operations – basic and diluted |  |  | (1.0757) |  | (0.5847) |  |  | (1.6604) |
| Net (loss) income per share from discontinued operations – basic and diluted |  |  | 0.0855 |  | – |  |  | 0.0855 |
|  |  |  |  |  |  |  |  |  |  |  |  |
| **Weighted Average Shares Outstanding – Basic and Diluted** |  |  | 6,107,727 |  | – |  |  | 6,107,727 |

F-11



**NOCERA, INC.**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

**(Stated in US Dollars)**

|  |  |
| --- | --- |
|  | **For the Year Ended December 31, 2022** |
|  |  |  | **Restatement** |  |  |
|  | **As Filed** | **Adjustment** | **As Restated** |
|  | **$** |  | **$** |  | **$** |  |
|  |  |  |  |  |  |  |
| Cash flows from operating activities: |  |  |  |  |  |  |
| Net loss | (4,736,589) | – | (4,736,589) |
| Less: net (loss) income from discontinued operations | – | (2,662,260) | (2,662,260) |
| Net loss from continuing operations | – | (2,074,329) | (2,074,329) |
| Adjustments to reconcile net loss to net cash provided by operating activities: |  |  |  |  |  |  |
| Depreciation expenses | 66,907 | – | 66,907 |
| Amortization | 4,891 | – | 4,891 |
| Loss on disposal of XFC | 2,569,975 | – | 2,569,975 |
| Deferred income tax | (22,703) | – | (22,703) |
| Changes in fair value of warranty liabilities | – | – | – |
| Consultancy services settled by equities | 795,500 | – | 795,500 |
| Share-based compensation | 413,453 | – | 413,453 |
| Changes in operating assets and liabilities: |  |  |  |  |  |  |
| Accounts receivable, net | 89,801 | (185,063) | (95,262) |
| Inventories | 1,221,285 | (1,215,903) | 5,382 |
| Advance to suppliers | (69,229) | 69,229 | – |
| Prepaid expenses and other assets, net | (384,239) | (1,605,477) | (1,989,716) |
| Retention receivables | 67,587 | (198,021) | (130,434) |
| Notes payable | (89,591) | 89,591 | – |
| Accounts payable | (612,494) | 615,125 | 2,631 |
| Other payables and accrued liabilities | 96,506 | (151,032) | (54,526) |
| Income tax payable | (342,563) | 337,851 | (4,712) |
| Advance receipts | (979,474) | 1,022,354 | 42,880 |
| Net cash (used in) provided by operating activities from continuing operations | – |  | (470,063) |  | (470,063) |  |
| Net cash used in operating activities from discontinued operations | – | (1,301,488) | (1,301,488) |
| Net cash (used in) provided by operating activities | (1,910,977 | ) | 139,426 |  | (1,771,551 | ) |
|  |  |  |  |  |  |  |
| Cash flows from investing activities |  |  |  |  |  |  |
| Purchase of property and equipment | – | – | – |
| Proceeds from disposal of XFC | 300,082 | – | 300,082 |
| Cash acquired from merger | 7,824 | – | 7,824 |
| Cash disposed upon termination of VIE | (46,564) | – | (46,564) |
| Net cash outflow upon acquisition of a subsidiary | (4,292,176) | – | (4,292,176) |
| Net cash used in investing activities from continuing operations | – |  | (4,030,834) |  | (4,030,834) |  |
| Net cash used in investing activities from discontinued operations | – | – | – |
| Net cash (used in) provided by investing activities | (4,030,834 | ) | – |  | (4,030,834 | ) |
|  |  |  |  |  |  |  |
| Cash flows from financing activities: |  |  |  |  |  |  |
| Proceeds from related parties | – | – | – |
| Proceeds from common stock and warrant issuance | – | – | – |
| Proceeds from preferred stock and warrant issuance | – | – | – |
| Proceeds from issuance of common stock | 5,666,124 | – | 5,666,124 |
| Proceeds from issuance of IPO warrant | 2,820 | – | 2,820 |
| Proceeds from secured other borrowings | 619,447 | – | 619,447 |
| Repayment of short-term bank loan | – | – | – |
| Net cash provided by financing activities from continuing operations | – |  | 6,288,391 |  | 6,288,391 |  |
| Net cash provided by financing activities from discontinued operations | – | – | – |
| Net cash provided by financing activities | 6,288,391 |  | – |  | 6,288,391 |  |
|  |  |  |  |  |  |  |

Effect of exchange rate changes on cash and cash equivalents from continuing operations



Effect of exchange rate changes on cash and cash equivalents from discontinued operations

Net effect of exchange rate changes on cash and cash equivalents

|  |  |  |
| --- | --- | --- |
| – | (985,097) | (985,097) |
| – | 961,156 | 961,156 |  |
| 115,485 |  | (139,426 | ) | (23,941 | ) |
|  |  |  |  |  |  |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |
| Increase in cash and cash equivalents from continuing operations | – | 802,397 | 802,397 |
| Decrease in cash and cash equivalents from discontinued operations | – | (340,332) | (340,332) |
| Net increase in cash and cash equivalents | 462,065 | – | 462,065 |
|  |  |  |  |  |  |  |
| Cash and cash equivalents from continuing operations, beginning of year | – | 2,103,677 | 2,103,677 |
| Cash and cash equivalents from discontinued operations, beginning of year | – | 340,332 | 340,332 |
| Cash and cash equivalents at beginning of year | 2,444,009 |  | – |  | 2,444,009 |  |

Cash and cash equivalents at end of year

Less: Cash and cash equivalents from discontinued operations, end of year Cash and cash equivalents form continuing operations, end of year

|  |  |  |
| --- | --- | --- |
| 2,906,074 | – | 2,906,074 |
| – | – | – |
| – |  | 2,906,074 |  | 2,906,074 |
|  |  |  |  |  |



F-12



**NOCERA, INC.**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

**(Stated in US Dollars)**

|  |  |
| --- | --- |
|  | **For the Year Ended December 31, 2021** |
|  |  |  | **Restatement** |  |  |
|  | **As Filed** | **Adjustment** | **As Restated** |
|  | **$** |  | **$** |  | **$** |  |
| Cash flows from operating activities: |  |  |  |  |  |  |
| Net loss | (9,619,079) | – | (9,619,079) |
| Less: net (loss) income from discontinued operations | – | 522,044 | 522,044 |
| Net loss from continuing operations | – | (10,141,123) | (10,141,123) |
| Adjustments to reconcile net loss to net cash provided by operating activities: |  |  |  |  |  |  |
| Depreciation expenses | 6,127 | – | 6,127 |
| Amortization | – | – | – |
| Loss on disposal of XFC | – | – | – |
| Deferred income tax | 2,258 | – | 2,258 |
| Changes in fair value of warranty liabilities | 24,800 | – | 24,800 |
| Consultancy services settled by equities | 3,045,150 | – | 3,045,150 |
| Share-based compensation | 6,638,371 | – | 6,638,371 |
| Changes in operating assets and liabilities: |  |  |  |  |  |  |
| Accounts receivable, net | (252,338) | 251,645 | (693) |
| Inventories | 278,100 | 259,890 | 18,210 |
| Advance to suppliers | (40,563) | (40,563) | – |
| Prepaid expenses and other assets, net | (66,232) | 1,615,817 | 1,549,585 |
| Retention receivables | 395,579 | 395,579 | – |
| Notes payable | (99,106) | (99,106) | – |
| Accounts payable | 10,092 | (28,893) | (18,801) |
| Other payables and accrued liabilities | 103,599 | (54,136) | 49,463 |
| Income tax payable | 92,346 | (85,714) | 6,632 |
| Advance receipts | (267,375) | (267,375) | – |
| Net cash (used in) provided by operating activities from continuing operations | – |  | 1,179,979 |  | 1,179,979 |  |
| Net cash used in operating activities from discontinued operations | – | (976,876) | (976,876) |
| Net cash (used in) provided by operating activities | 251,729 |  | (48,626 | ) | 203,103 |  |
|  |  |  |  |  |  |  |
| Cash flows from investing activities |  |  |  |  |  |  |
| Purchase of property and equipment | (25,067) | – | 25,067 |
| Proceeds from disposal of XFC | – | – | – |
| Cash acquired from merger | – | – | – |
| Cash disposed upon termination of VIE | – | – | – |
| Net cash outflow upon acquisition of a subsidiary | – | – | – |
| Net cash used in investing activities from continuing operations | – |  | 25,067 |  | 25,067 |  |
| Net cash used in investing activities from discontinued operations | – | – | – |
| Net cash (used in) provided by investing activities | (25,067 | ) | – |  | 25,067 |  |
|  |  |  |  |  |  |  |
| Cash flows from financing activities: |  |  |  |  |  |  |
| Proceeds from related parties | (718,341) | (877,809) | (1,596,150) |
| Proceeds from common stock and warrant issuance | 120,000 | – | 120,000 |
| Proceeds from preferred stock and warrant issuance | – | 200,000 | 200,000 |
| Proceeds from issuance of common stock | 2,090,000 | – | 2,090,000 |
| Proceeds from issuance of IPO warrant | – | – | – |
| Proceeds from secured other borrowings | – | – | – |
| Repayment of short-term bank loan | (487,826) | – | (487,826) |
| Net cash provided by financing activities from continuing operations | – |  | 326,024 |  | 326,024 |  |
| Net cash provided by financing activities from discontinued operations | – | 877,809 | 877,809 |
| Net cash provided by financing activities | 1,203,833 |  | – |  | 1,203,833 |  |
|  |  |  |  |  |  |  |

Effect of exchange rate changes on cash and cash equivalents from continuing operations



Effect of exchange rate changes on cash and cash equivalents from discontinued operations

Net effect of exchange rate changes on cash and cash equivalents

|  |  |  |  |
| --- | --- | --- | --- |
| – | 406,630 | 406,630 |  |
| – | (418,155) | (418,155) |
| (10,017 | ) | (1,508 | ) | (11,525 | ) |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |
| Increase in cash and cash equivalents from continuing operations | – | 1,937,700 | 1,937,700 |
| Decrease in cash and cash equivalents from discontinued operations | – | (517,222) | (517,222) |
| Net increase in cash and cash equivalents | 1,420,478 | – | 1,420,478 |
|  |  |  |  |  |  |  |
| Cash and cash equivalents from continuing operations, beginning of year | – | 165,977 | 165,977 |
| Cash and cash equivalents from discontinued operations, beginning of year | – | 857,554 | 857,554 |
| Cash and cash equivalents at beginning of year | 1,023,531 |  | – |  | 1,023,531 |  |
|  |  |  |  |  |  |  |

Cash and cash equivalents at end of year



Less: Cash and cash equivalents from discontinued operations, end of year Cash and cash equivalents form continuing operations, end of year

F-13



|  |  |  |  |
| --- | --- | --- | --- |
| 2,444,009 | – | 2,444,009 |  |
| – | (340,332) | (340,332) |
| 2,444,009 |  | (340,332 | ) | 2,103,677 |  |
|  |  |  |  |  |  |

**Note 2 PRINCIPAL ACTIVITIES AND ORGANIZATION**

The consolidated financial statements include the financial statements of Nocera, Inc. (“Nocera” or the “Company”) and its subsidiaries, Grand Smooth Inc. Limited (“GSI”) and Guizhou Grand Smooth Technology Ltd. (“GZ GST” or “WFOE”), and Meixin Institutional Food Development Co., Ltd. (“Meixin”) that is controlled through contractual arrangements. The Company, GSI, GZ GST and Mexin are collectively referred to as the “Company”.

Nocera was incorporated in the State of Nevada on February 1, 2002 and is based in New Taipei City, Taiwan (R.O.C.). It did not engage in any operations and was dormant from its inception until its reverse merger of GSI on December 31, 2018.

*Reverse merger*

Effective December 31, 2018, Nocera completed a reverse merger transaction (the “Transaction”) pursuant to an Agreement and Plan of Merger (the “Agreement”), with (i) GSI, (ii) GSI’s stockholders, Yin-Chieh Cheng and Zhang Bi, who together owned shares constituting 100% of the issued and outstanding ordinary shares of GSI (the “GSI Shares”) and (iii) GSI Acquisition Corp. Under the terms of the Agreement, the GSI Stockholders transferred to Nocera all of the GSI Shares in exchange for the issuance of 10,000,000 shares (the “Shares”) of Nocera’s common stock (the “Share Exchange”). As a result of the reverse merger, GSI became Nocera’s wholly-owned subsidiary and Yin-Chieh Cheng and Zhang Bi, the former stockholders of GSI, became Nocera’s controlling stockholders. The share exchange transaction with GSI was treated as a reverse merger, with GSI as the accounting acquirer and Nocera as the acquired party.

GSI is a limited company established under the laws and regulations of Hong Kong on August 1, 2014, and is a holding company without any operation.

GZ WFH was incorporated in Xingyi City, Guizhou Province, People’s Republic of China (PRC) on October 25, 2017, and is engaged in providing fish farming containers service, which integrates sales, installments, and maintenance of aquaculture equipment. The registered capital of GZ WFH is RMB$5,000,000 (equal to US$733,138).

On November 13, 2018, GSI incorporated GZ GST in PRC with registered capital of US$15,000.

*Divestiture*

On September 21, 2020, the Company filed a Current Report on Form 8-K outlining the lack of communication that led to the termination by Nocera, Inc. of its relationship with Guizhou Wan Feng Hu Intelligent Aquatic Technology Co. Limited (“GZ WFH”) and its management, and termination of the Variable Interest Entity agreements between the parties.

Subsequently on October 8, 2020, Zhang Bi and GZ WFH entered into a Settlement Agreement and Release with Nocera, Inc. wherein all claims as to GZ WFH’s debt (claim to shares in Nocera, Inc. or GZ GST) were compromised, settled, and otherwise resolved as to any and all claims or causes of action whatsoever against Nocera for any matter, action, or representation as to Nocera, and any debt to ownership of Nocera or GZ GST up to the date of the agreement. The consideration for the agreement was mutual waiver of any and all claims against each other and GZ GST, and GZ WFH (including Zhang Bi) waives any claims to Nocera stock, meaning the 4,750,000 shares of common stock of Nocera owned by Zhang Bi were cancelled as part of the agreement. The Settlement Agreement and Release is attached hereto as Exhibit 10.8.

F-14



*The VIE Agreements with XFC*

On December 31, 2020, we exchanged 466,667 (post-split) shares of our restricted common stock to stockholders of Xin Feng Construction Co., Ltd., a Taiwan limited liability company (“XFC”), in exchange for 100% controlling interest in XFC. We also entered into contractual arrangements with a stockholder of XFC, that enabled us to have the power to direct the activities that most significantly affects the economic performance of XFC and receive the economic benefits of XFC that could be significant to XFC. On November 30, 2022, we entered into a Purchase of Business Agreement with Han-Chieh Shih (the “Purchaser”), in which we sold our controlling interest of XFC, to the Purchaser for a total purchase cash price of $300,000 (the “XFC Sale”). The closing of the XFC Sale occurred on November 30, 2022 and the XFC variable interest entity (“VIE”) agreements were terminated in connection with the XFC Sale.

*The VIE Agreements with Meixin*

On September 7, 2022, we entered into a series of contractual agreements (collectively, the “Meixin VIE Agreements”) with the majority stockholder (the “Selling Stockholder”) of Meixin Institutional Food Development Co., Ltd., a Taiwan corporation and a food processing and catering company (“Meixin”), and Meixin, of which we purchased 80% controlling interest of Meixin for $4,300,000. The Meixin VIE Agreements essentially confer control and management of Meixin as well as substantially all of the economic benefits of the Selling Stockholder in Meixin to us.

**Note 3** **GOING CONCERN**

The Company had net loss of $4.7 million for the year ended December 31, 2022, which raise substantial doubt as to the Company’s ability to continue as a going concern. Management believes that it has developed a liquidity plan, as summarized below, that, if executed successfully, would enable to meet presently anticipated cash needs for at least the next 12 months after the date that the financial statements are issued and it has prepared the consolidated financial statements on a going concern basis.

1. The Company is continuing to improve and develop its scale of operations. After listing onto Nasdaq, the Company had raised sufficient fund for its operation development and the Company had a good level of cash position to meet its liabilities. The Company also has ability to raise additional funds from Nasdaq for the future development.
2. The Company obtained a financial support letter from Mr. Yin-Chieh Cheng, the chief executive officer, also the Chairman of the Board and a principal shareholder of the Company.

However, the Company continues to have ongoing obligations and it expects that it will require additional capital in order to execute its longer-term business plan. If the Company encounters unforeseen circumstances that place constraints on its capital resources, management will be required to take various measures to conserve liquidity, which could include, but not necessarily be limited to, curtailing the Company’s business development activities, suspending the pursuit of its business plan, controlling overhead expenses and seeking to further dispose of non-core assets. Management cannot provide any assurance that the Company will raise additional capital if needed.

F-15



**Note 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICY**

***Change of Reporting Entity and Basis of Presentation***

As a result of the Share Exchange on December 31, 2018, GSI became a wholly owned subsidiary of Nocera, Inc. The former GSI’s stockholders owned a majority of the common stock of the Company. The Transaction was regarded as a reverse merger whereby GSI was considered to be the accounting acquirer as its stockholders retained control of the Company after the Share Exchange, although Nocera, Inc. is the legal parent company. The Share Exchange was treated as a recapitalization of the Company.

As a result, the assets and liabilities and the historical operations that will be reflected in the Nocera’s financial statements after consummation of the Transaction will be those of GSI and will be recorded at the historical cost basis of GSI. Nocera’s assets, liabilities and results of operations will be consolidated with the assets, liabilities and results of operations of GSI upon consummation of the Transaction. As such, GSI is the continuing entity for financial reporting purpose. In a reverse merger, the historical stockholder’s equity of the accounting acquirer prior to the merger is retroactively reclassified (a recapitalization) for the equivalent number of shares received in the merger after giving effect to any difference in par value of the registrant’s and the accounting acquirer’s stock by an offset in paid-in-capital. Therefore, the financial statements have been prepared as if GSI had always been the reporting company and then on the share exchange date, had changed its name and reorganized its capital stock.

The accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America (“U.S. GAAP”) and pursuant to the rules and regulations of the United States Securities and Exchange Commission (“SEC”) for interim financial information.

The consolidated financial statements included the financial statements of all subsidiaries and the VIE of the Company. All transactions and balances between the Company and its subsidiary and VIE have been eliminated in consolidation. Minority interests are recorded as a noncontrolling interest. A qualitative approach is applied to assess the consolidation requirement for VIEs.

***Reclassification***

Certain prior period amounts have been reclassified to conform with current year presentation.

***Use of Estimates***

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Significant items subject to such estimates and assumptions include, but are not limited to, the allowance for doubtful receivables; the useful lives of property and equipment and intangible assets; impairment of long-lived assets; recoverability of the carrying amount of inventory; fair value of financial instruments; provisional amounts based on reasonable estimates for certain income tax effects of the Tax Act and the assessment of deferred tax assets or liabilities. These estimates are often based on complex judgments and assumptions that management believes to be reasonable but are inherently uncertain and unpredictable. Actual results could differ from these estimates.

***Concentrations of Credit Risk***

Financial instruments that potentially expose the Company to concentrations of credit risk consist primarily of accounts receivable. The Company conducts credit evaluations of its customers and suppliers, and generally does not require collateral or other security from them. The Company evaluates its collection experience and long outstanding balances to determine the need for an allowance for doubtful accounts. The Company conducts periodic reviews of the financial condition and payment practices of its customers to minimize collection risk on accounts receivable.

F-16



There was four customers who represented 49.62% of the Company’s total revenue during the years ended December 31, 2022. There was one customer who represented 58.22% of the Company’s total revenue during the years ended December 31, 2021.

The following table sets forth a summary of single customers who represent 10% or more of the Company’s total accounts receivable, net:

|  |  |  |
| --- | --- | --- |
|  | **December 31,** | **December 31,** |
|  | **2022** |  | **2021** |  |
|  |  |  |  |  |
| Percentage of the Company’s accounts receivable |  |  |  |  |
| Customer A | 50.83% | 16.37% |
| Customer B | 14.73% | – |
| Customer C | 31.82% | – |
| Customer D | – | 59.53% |
| Customer E | – | 16.30% |
|  | 97.38% |  | 92.20% |  |
|  |  |  |  |  |
| The following table sets forth a summary of single suppliers who represent 10% or more of the Company’s total purchase: |  |  |
|  | **For the years ended December 31,** |
|  | **2022** |  | **2021** |  |
|  |  |  |  |  |
| Percentage of the Company’s purchase |  |  |  |  |
| Supplier A | – | 48.76% |
| Supplier B | 18.60% | 15.14% |
| Supplier C | – | 14.26% |
|  | 18.60% |  | 78.16% |  |
|  |  |  |  |  |

***Fair Value Measurement***

The Company applies ASC Topic 820, Fair Value Measurements and Disclosures which defines fair value, establishes a framework for measuring fair value and expands financial statement disclosure requirements for fair value measurements.

ASC Topic 820 defines fair value as the price that would be received from the sale of an asset or paid to transfer a liability (an exit price) on the measurement date in an orderly transaction between market participants in the principal or most advantageous market for the asset or liability.

ASC Topic 820 specifies a hierarchy of valuation techniques, which is based on whether the inputs into the valuation technique are observable or unobservable. The hierarchy is as follows:

Level 1 inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the assets or liability, either directly or indirectly, for substantially the full term of the financial instruments.

Level 3 inputs to the valuation methodology are unobservable and significant to the fair value. Unobservable inputs are valuation technique inputs that reflect the Company’s own assumptions about the assumptions that market participants would use in pricing an asset or liability.

Management of the Company is responsible for determining the assets acquired, liabilities assumed and intangibles identified as of the acquisition date and considered a number of factors including valuations from an independent appraiser.

When available, the Company uses quoted market prices to determine the fair value of an asset or liability. If quoted market prices are not available, the Company measures fair value using valuation techniques that use, when possible, current market-based or independently sourced market parameters, such as interest rates and currency rates.

As of December 31, 2022 and 2021, there are no assets or liabilities that are measured and reported at fair value on a recurring basis.

F-17



***Cash and Cash Equivalents***

Cash and cash equivalents include all cash on hand and cash in bank with no restrictions. The balance of cash as of December 31, 2022 and 2021 were $2,906,074 and $2,444,009, respectively.

***Accounts Receivable, Net***

Accounts receivable are stated at the original amount less an allowance for doubtful accounts, if any, based on a review of all outstanding amounts at period end. An allowance is also made when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The Company analyzes the aging of the customer accounts, coverage of credit insurance, customer concentrations, customer credit-worthiness, historical and current economic trends and changes in its customer payment patterns when evaluating the adequacy of the allowance for doubtful accounts.

***Prepaid Expenses and Other Assets, Net***

Prepaid expense and other assets, net consist of receivable from investment, prepaid rent and etc. Management reviews its receivable balance each reporting period to determine if an allowance for doubtful accounts is required. An allowance for doubtful account is recorded in the period in which loss is determined to be probable based on an assessment of specific evidence indicating doubtful collection, historical experience, account balance aging, and prevailing economic conditions. Bad debts are written off against the allowance after all collection efforts have ceased.

***Inventories, net***

Inventories are stated at lower of cost or net realizable value. Cost is determined using the weighted average method. Inventories include raw materials, work in progress and finished goods. The variable production overhead is allocated to each unit of product on the basis of the actual use of the production facilities. The allocation of fixed production overhead to the costs of conversion is based on the normal capacity of the production facilities.

Where there is evidence that the utility of inventories, in their disposal in the ordinary course of business, will be less than cost, whether due to physical deterioration, obsolescence, changes in price levels, or other causes, the inventories are written down to net realizable value.

***Property and Equipment, Net***

Property and equipment are stated at cost less accumulated depreciation. Cost represents the purchase price of the asset and other costs incurred to bring the asset into its existing use. Maintenance, repairs, and betterments, including replacement of minor items, are charged to expense; major additions to physical properties are capitalized.

Depreciation of property and equipment is provided using the straight-line method over their estimated useful lives, which are shown as follows.

|  |  |
| --- | --- |
|  | **Useful life** |
| Leasehold improvements | Shorter of the remaining lease terms and estimated useful lives |
| Furniture and fixture | 5 years |
| Equipment | 3 years |
| Machinery | 5 years |
| Vehicle | 5 years |

Upon sale or disposal, the applicable amounts of asset cost and accumulated depreciation are removed from the accounts and the net amount less proceeds from disposal is charged or credited to income.

F-18



***Business Combination***

For a business combination, the assets acquired, the liabilities assumed and any noncontrolling interest in the acquiree are recognized at the acquisition date and measured at their fair values as of that date. In a business combination achieved in stages, the identifiable assets and liabilities, as well as the noncontrolling interest in the acquiree, are recognized at the full amounts of their fair values. In a bargain purchase in which the total acquisition-date fair value of the identifiable net assets acquired exceeds the fair value of the consideration transferred plus any noncontrolling interest in the acquiree, that excess in earnings is recognized as a gain attributable to the acquirer.

Deferred tax liability and assets are recognized for the deferred tax consequences of differences between the tax bases and the recognized values of assets acquired and liabilities assumed in a business combination in accordance with Accounting Standards Codification (“ASC”) Topic 740-10.

***Variable Interest Entity***

Variable interest entities (“VIEs”) are entities in which equity investors lack the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support. VIEs are consolidated by the primary beneficiary. The primary beneficiary is the party who has the power to direct the activities of a variable interest entity that most significantly impact the entity’s economic performance and who has an obligation to absorb losses of the entity or a right to receive benefits from the entity that could potentially be significant to the entity.

We initially determine whether we are the primary beneficiary of a VIE upon our initial involvement with the VIE. We reassess whether we are the primary beneficiary of a VIE on an ongoing basis. Our determination of whether we are the primary beneficiary of a VIE is based upon the facts and circumstances for each VIE and requires significant judgment. In determining whether we are the party with the power to direct the VIE’s most significant activities, we first identify the activities of the VIE that most significantly impact its economic performance. Our considerations in determining the VIE’s most significant activities primarily include, but are not limited to, the VIE’s purpose and design and the risks passed through to investors. We then assess whether we have the power to direct those significant activities. Our considerations in determining whether we have the power to direct the VIE’s most significant activities include, but are not limited to, voting interests of the VIE, management, service and/ or other agreements of the VIE, involvement in the VIE’s initial design and the existence of explicit or implicit financial guarantees. In situations where we have determined that the power over the VIE’s most significant activities is shared, we assess whether we are the party with the power over the majority of the significant activities. If we are the party with the power over the majority of the significant activities, we meet the “power” criteria of the primary beneficiary. If we do not have the power over a majority of the significant activities or we determine that decisions require consent of each sharing party, we do not meet the “power” criteria of the primary beneficiary.

On September 7, 2022, Nocera and Meixin Institutional Food Development Co., Ltd (“Meixin”), a domestic funded limited liability company registered in Taiwan (R.O.C), entered into a series of contractual agreements (“VIE Agreements”) whereby Nocera, Inc. agreed to provide technical consulting and related services to Meixin. As a result, Nocera has been determined to be the primary beneficiary of Meixin and XFC became a VIE (Variable Interest Entity) of Nocera.

On September 7, 2022, Nocera paid $4,300,000 to Shareholders of Meixin in exchange for 80% controlling interest in Meixin.

*Exclusive Business Cooperation Agreement*

Pursuant to the Exclusive Business Cooperation Agreements, Nocera agrees to provide technical consulting and services including management consulting services, general and financial advisory services, and various general and administrative service, for the specific content thereof (hereinafter referred to as the “Target Business”) to the Meixin as the technical consulting and service provider of the Meixin in accordance with the conditions set forth herein during the term of this Agreement. Meixin agrees to accept the technical consulting and services provided by Nocera. Meixin further agrees that, without the prior written consent of Nocera, during the term of this Agreement, it shall not accept any technical consulting and services identical or similar to Target Business that are provided by any third party.

F-19



*Exclusive Option Agreement*

Meixin and its stockholders, Mr. Shih, Han-Chieh, Ms. Lu, Chiung-Hua, Mr. Chang, Chen-Chun, have entered into an Exclusive Call Option Agreement with Nocera. Under the Exclusive Call Option Agreement, the Meixin stockholders irrevocably granted Nocera (or its designee) an exclusive option to purchase, to the extent permitted under Taiwan (R.O.C.) law, part or all of their equity interests in Meixin. According to the Exclusive Call Option Agreement, the purchase price shall be the minimum price permitted by applicable Taiwan (R.O.C.) Law at the time when such share transfer occurs.

*Equity Pledge Agreement*

Under the Equity Interest Pledge Agreement between Nocera and Mr. Shih, Han-Chieh, Ms. Lu, Chiung-Hua, Mr. Chang, Chen-Chun, the stockholder of Meixin, stockholder pledged all of his equity interests in Meixin to Nocera to guarantee the performance of Meixin’s obligations under the Exclusive Business Cooperation Agreement. Under the terms of the agreement, in the event that Meixin or stockholders breach their respective contractual obligations under the Exclusive Business Cooperation Agreement, Nocera, as pledge, will be entitled to certain rights, including, but not limited to, the right to collect dividends generated by the pledged equity interests. Shih, Han-Chieh also agreed that upon the occurrence of any event of default, as set forth in the Equity Interest Pledge Agreement, Nocera is entitled to claim indemnity.

*Timely Reporting Agreement*

To ensure VIEs promptly provide all of the information that the Company need to file various reports with the SEC, a Timely Reporting Agreement was entered between Meixin and Company. Under the Timely Reporting Agreement, VIEs each agreed that it is obligated to make its officers and directors available to the Company and promptly provide all information required by the Company so that the Company can file all necessary SEC and other regulatory reports as required.

Although it is not explicitly stipulated in the Timely Reporting Agreement, the parties agreed its term shall be the same as that of the Exclusive Business Cooperation Agreement.

*Power of Attorney*

Under the Power of Attorney, Mr. Shih, Han-Chieh, Ms. Lu, Chiung-Hua, Mr. Chang, Chen-Chun (Existing Stockholders) hereby irrevocably undertake that they authorize Nocera or the individual then designated by Nocera (“Attorney”) to exercise, on his behalf, the following rights available to them in their capacity as a stockholder of the Meixin under the then effective articles of association of the Meixin (collectively, “Powers”): (a) to propose the convening of, and attend, stockholders’ meetings in accordance with the articles of association of the Meixin on behalf of the Existing Stockholder; (b) to exercise voting rights on behalf of the Existing Stockholder on all matters required to be deliberated and resolved by the stockholders’ meeting, including without limitation the appointment and election of the directors and other executives to be appointed and removed by the stockholders, of the Meixin the sale or transfer of all or part of the equity held by stockholders in the Meixin; (c) to exercise other stockholders’ voting rights under the articles of association of the Meixin (including any other stockholders’ voting rights stipulated upon an amendment to such articles of association); (d) other voting rights that stockholders shall enjoy under the Taiwan (R.O.C.) laws, as amended, revised, supplemented and re-enacted, no matter whether they take effect before or after the conclusion of this Agreement. The Existing Stockholders shall not revoke the authorization and entrustment accorded to the Attorney other than in the case where Nocera gives the Existing Stockholders a written notice requesting the replacement of the Attorney, in which event the Existing Stockholders shall immediately appoint such other person as then designated by Nocera to exercise the foregoing Powers and such new authorization and entrustment shall supersede, immediately upon its grant, the original authorization, and entrustment.

Although it is not explicitly stipulated in the Power of Attorney, the term of the Power of Attorney shall be the same as the term of that of the Exclusive Option Agreement.

F-20



This Power of Attorney is coupled with an interest and shall be irrevocable and continuously valid from the date of execution of this Power of Attorney, so long as equity holders of VIEs are shareholders of Company.

The VIE Agreements became effective immediately upon their execution.

We assess our variable interests in a VIE both individually and in aggregate to determine whether we have an obligation to absorb losses of or a right to receive benefits from the VIE that could potentially be significant to the VIE. The determination of whether our variable interest is significant to the VIE requires significant judgment. In determining the significance of our variable interest, we consider the terms, characteristics and size of the variable interests, the design and characteristics of the VIE, our involvement in the VIE and our market-making activities related to the variable interests. Our variable interests in VIEs include debt and equity interests, commitments and certain fees. Our involvement with VIEs arises primarily from:

1. power to direct activities of a VIE that most significantly impact the entity’s economic performance, and
2. obligation to absorb losses of the entity that could potentially be significant to the VIE or right to receive benefits from the entity that could potentially be significant to the VIE.

Pursuant to the VIE Agreements, Nocera is entitled to receive 100% of expected residual returns from VIE. The VIE Agreements are designed so that VIEs operate for the benefit of the Company. Accordingly, the accounts of VIEs are consolidated in the accompanying financial statements pursuant to ASC 810-10, Consolidation. In addition, their financial positions and results of operations are included in the Company’s consolidated financial statements.

Since the VIE agreements with XFC were terminated in November 30, 2022, and XFC was accounted for a discontinued operations for the year ended December, 2022, the following financial statement balances and amounts reflect the financial position and financial performances of Meixin and XFC respectively, which were included in the consolidated financial statements as of December 31, 2022 and 2021, and for the years ended December 31, 2022 and 2021, after elimination of intercompany transactions and balances:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  | **December 31,** |  | **December 31,** |
|  |  |  | **2022** |  |  | **2021** |  |
| Cash |  | $ | 42,800 |  |  | 340,332 |  |
| Account receivables |  |  | 100,302 |  | – |
| Other receivables |  |  | – |  | 1,622,110 |
| Prepayment |  |  | – |  | 72,995 |
| Inventories |  |  | 1,303 |  | 1,391,518 |
| Property and equipment, net |  |  | 820,579 |  | 47,113 |
| Other noncurrent assets |  |  | – |  | 69,489 |
| **Total Assets** |  | **$** | **946,984** |  |  | **3,543,557** |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
| Other liabilities |  |  | – |  | 1,723,672 |
| Total Liabilities |  | **$** | **–** |  |  | **1,723,672** |  |
|  |  |  |  |  |  |  |  |
|  |  |  | **December 31,** |  | **December 31,** |
|  |  |  | **2022** |  |  | **2021** |  |
| Revenue | $ | 1,688,453 |  | $ | 6,101,103 |  |
| Net (loss) / profit |  |  | (381,593) |  | 522,044 |

F-21



***Discontinued operation***

***(v)***

In accordance with ASU No. 2014-08, Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity, a disposal of a component of an entity or a group of components of an entity is required to be reported as discontinued operations if the disposal represents a strategic shift that has (or will have) a major effect on an entity’s operations and financial results when the components of an entity meets the criteria in paragraph 205-20-45-1E to be classified as held for sale. When all of the criteria to be classified as held for sale are met, including management, having the authority to approve the action, commits to a plan to sell the entity, the major current assets, other assets, current liabilities, and noncurrent liabilities shall be reported as components of total assets and liabilities separate from those balances of the continuing operations. At the same time, the results of all discontinued operations, less applicable income taxes (benefit), shall be reported as components of net income (loss) separate from the net income (loss) of continuing operations in accordance with ASC 205-20-45.

On November 30, 2022, the Company, XFC and Han-Chieh Shih (the “Purchaser”) entered into certain share purchase agreement (the “Disposition SPA”). Pursuant to the Disposition SPA, the Purchaser agreed to purchase XFC 100% controlling interest in exchange of cash purchase price of $300,000 (the “Consideration”). The transaction contemplated by the Purchase Agreement is hereby referred as the Disposal. On March 29, 2022, management was authorized to approve and commit to a plan to sell XFC. On November 30, 2022, the parties completed all the share transfer registration procedure as required by the laws of Taiwan and all the other closing conditions have been satisfied, as a result, the Disposal contemplated by the Purchase Agreement is completed and the VIE agreements were terminated.

***Goodwill and Intangible Assets***

We recognize goodwill in accordance with ASC 350, *Intangibles—Goodwill and Other*. Goodwill is the excess of cost of an acquired entity over the amounts assigned to assets acquired and liabilities assumed in a business combination. Goodwill is not amortized. Goodwill is tested for impairment

annually as of December 31st of each year, and is tested for impairment between annual tests if an event occurs or circumstances change that would indicate the carrying amount may be impaired. An impairment charge for goodwill is recognized only when the estimated fair value of a reporting unit, including goodwill, is less than its carrying amount.

We recognize intangibles assets in accordance with ASC 350, *Intangibles—Goodwill and Other*. Acquired intangible assets subject to amortization are stated at cost and are amortized using the straight-line method over the estimated useful lives of the assets. Intangible assets that are subject to amortization are reviewed for potential impairment whenever events or circumstances indicate that carrying amounts may not be recoverable. Assets not subject to amortization are tested for impairment at least annually.

The estimates of fair value are based on the best information available as of the date of the assessment, which primarily incorporates management assumptions about expected future cash flows. Although these assets are not currently impaired, there can be no assurance that future impairments will not occur.

F-22



***Share-Based Compensation***

We determine our share-based compensation in accordance with ASC 718, *Compensation—Stock Compensation* (ASC 718), which requires the measurement and recognition of compensation expense for all share-based payment awards made to employees based on the grant date fair value of the award.

Determining the appropriate fair value model and calculating the fair value of phantom award grants requires the input of subjective assumptions. We use the Black-Scholes pricing model to value our phantom awards. Share-based compensation expense is calculated using our best estimates, which involve inherent uncertainties and the application of management’s judgment. Significant estimates include our expected volatility. If different estimates and assumptions had been used, our phantom unit valuations could be significantly different and related share-based compensation expense may be materially impacted.

The Black-Scholes pricing model requires inputs such as the risk-free interest rate, expected term, expected volatility and expected dividend yield. We base the risk-free interest rate that we use in the Black-Scholes pricing model on zero coupon U.S. Treasury instruments with maturities similar to the expected term of the award being valued. The expected term of phantom awards is estimated from the vesting period of the award and represents the weighted average period that our phantom awards are expected to be outstanding. We estimated the volatility based on the historic volatility of our guideline companies, which we feel best represent our company. We have never paid and do not anticipate paying any cash dividends in the foreseeable future and, therefore, we use an expected dividend yield of zero in the pricing model. We account for forfeitures as they occur.

***Impairment of Long-lived Assets***

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may no longer be recoverable. When these events occur, the Company measures impairment by comparing the carrying value of the long-lived assets to the estimated undiscounted future cash flows expected to result from the use of the assets and their eventual disposition. If the sum of the expected undiscounted cash flow is less than the carrying amount of the assets, the Company would recognize an impairment loss, which is the excess of carrying amount over the fair value of the assets.

***Commitments and Contingencies***

In the normal course of business, the Company is subject to contingencies, including legal proceedings and claims arising out of its business that relate to a wide range of matters, such as government investigations and tax matters. The Company recognizes a liability for such contingency if it determines it is probable that a loss has occurred and a reasonable estimate of the loss can be made. The Company may consider many factors in making these assessments including historical and the specific facts and circumstances of each matter.

***Revenue Recognition***

We recognize revenues when our customer obtains control of promised goods or services, in an amount that reflects the consideration which it expects to receive in exchange for those goods. We recognize revenues following the five step model prescribed under ASU No. 2014-09. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that core principle, we apply the following steps:

* + - Step 1: Identify the contract (s) with a customer
	+ Step 2: Identify the performance obligations in the contract
		- * Step 3: Determine the transaction price
* Step 4: Allocate the transaction price to the performance obligation in the contract
* Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

The Company considered revenue is recognized when (or as) the Company satisfies performance obligations by transferring a promised goods and provide maintenance service to a customer. Revenue is measured at the transaction price which is based on the amount of consideration that the Company expects to receive in exchange for transferring the promised goods and providing maintenance service to the customer. Contracts with customers are comprised of invoices and written contracts.

F-23



The Company does not have arrangements for returns from customers and does not have any future obligations directly or indirectly related to services resale by customers. The Company has no sales incentive programs.

The Company provides goods, maintenance service warranties for the goods sold with a period varying from 18 months to 72 months, which majority are 18 months, and exclusive sales agency license to its customers. For performance obligation related to providing products, the Company expects to recognize the revenue according to the delivery of products. For performance obligation related to maintenance service warranties, the Company expects to recognize the revenue on a ratable basis using a time-based output method. The performance obligations are typically satisfied as services are rendered on a straight-line basis over the contract term, which is generally for 18 months as majority of the maintenance service warranties periods provided are 18 months. For performance obligation related to exclusive agency license, the Company recognizes the revenue ratably upon the satisfaction over the estimated economic life of the license.

The Company does not have amounts of contract assets since revenue is recognized as control of goods is transferred. The contract liabilities consist of advance payments from customers and deferred revenue. Advance payments from customer are expected to be recognized as revenue within 12 months. Deferred revenue is expected to be recognized as revenue within 12 months.

***Cost of Sales***

Cost of sales consists primarily of material costs, labor costs, depreciation, and related expenses, which are directly attributable to the production of the product. Write-down of inventories to lower of cost or net realizable value is also recorded in cost of sales.

***Income Taxes***

The Company recognizes deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred income taxes are recognized for the tax consequences in future years of differences between the tax bases of assets and liabilities and their financial reporting amounts at each period end based on enacted tax laws and statutory tax rates, applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

***Leases***

In February 2016, the FASB issued ASU 2016-12, Leases (ASC Topic 842), which amends the leases requirements in ASC Topic 840, Leases. Under the new lease accounting standard, a lessee will be required to recognize a right-of-use asset and lease liability for most leases on the balance sheet. The new standard also modifies the classification criteria and accounting for sales-type and direct financing leases, and enhances the disclosure requirements. Leases will continue to be classified as either finance or operating leases.

The Company adopted ASC Topic 842 using the modified retrospective transition method effective January 1, 2019. There was no cumulative effect of initially applying ASC Topic 842 that required an adjustment to the opening retained earnings on the adoption date nor revision of the balances in comparative periods. As a result of the adoption, The Company recognized a lease liability and right-of-use asset for each of our existing lease arrangement. The adoption of the new lease standard does not have a material impact on our consolidated income statement or our consolidated statement of cash flow.

***Uncertain Tax Positions***

The Company accounts for uncertainty in income taxes using a two-step approach to recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon settlement. Interest and penalties related to uncertain tax positions are recognized and recorded as necessary in the provision for income taxes. According to the PRC Tax Administration and Collection Law, the statute of limitations is three years if the underpayment of taxes is due to computational errors made by the taxpayer or the withholding agent. The statute of limitations is extended to five years under special circumstances, where the underpayment of taxes is more than RMB 100,000. In the case of transfer pricing issues, the statute of limitation is ten years. There is no statute of limitation in the case of tax evasion. The Company records interest and penalties on uncertain tax provisions as income tax expense. There are no uncertain tax positions as of December 31, 2022 and 2021, and the Company has no accrued interest or penalties related to uncertain tax positions. The company does not believe that the unrecognized tax benefits will change over the next twelve months.

F-24



***Comprehensive (Loss) Income***

Comprehensive income or loss is comprised of the Company’s net (loss) income and other comprehensive income or loss. The component of other comprehensive income or loss consists solely of foreign currency translation adjustments, net of the income tax effect.

***Foreign Currency Translation and Transactions***

The Company’s reporting currency is the U.S. dollar (“US$”). The functional currency of the Company’s subsidiary and the consolidated VIE is RMB. In the consolidated financial statements, the financial information of the Company’s subsidiary and the consolidated VIE has been translated into US$. Assets and liabilities are translated at the exchange rates on the balance sheet date, equity amounts are translated at historical exchange rates, except for changes in accumulated deficit during the year which is the result of income statement translation process, and revenue, expense, gains or losses are translated using the average exchange rate during the year. Translation adjustments are reported as foreign currency translation adjustments and are shown as a separate component of other comprehensive income or loss in the consolidated statements of changes in equity and comprehensive (loss) income. The exchange rates as of December 31, 2022 and 2021 are 6.9646 and 6.4854, respectively. The annual average exchange rates for the year ended December 31, 2022 and 2021 are 6.7208 and 6.3700, respectively.

***(Loss) Earnings per Share***

Basic (loss) earnings per share is computed by dividing net (loss) income attributable to holders of common stock by the weighted average number of common shares outstanding during the year. Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted into common shares.

**Recent Accounting Pronouncements**

Recent accounting pronouncements issued by the Financial Accounting Standards Board, its Emerging Issues Task Force, the American Institute of Certified Public Accountants, and the Securities and Exchange Commission did not or are not believed by management to have a material impact on the Company’s present or future financial statements.

F-25



**Note 5** **ACCOUNTS RECEIVABLE, NET**

As of December 31, 2022 and 2021, accounts receivable consisted of the following:

Accounts receivable



Less: Allowance for doubtful accounts

**Total**



|  |  |
| --- | --- |
| **December 31,** | **December 31,** |
| **2022** |  | **2021** |
| $ |  | $ |
| 209,777 | 114,515 |
| – | – |
| 209,777 |  | 114,515 |
|  |  |  |

For the years ended December 31, 2022 and 2021, the Company has recorded provision for doubtful accounts of nil and nil, respectively.

**Note 6 INVENTORIES, NET**

As of December 31, 2022 and 2021, inventories consisted of the following:

Raw materials



Work in process

**Total**



|  |  |
| --- | --- |
| **December 31,** | **December 31,** |
| **2022** |  | **2021** |
| $ |  | $ |
| 91,781 | 97,163 |
| – | – |
| 91,781 |  | 97,163 |
|  |  |  |

The inventory write downs were $nil and $nil for the years ended December 31, 2022 and December 31, 2021, respectively.

**Note 7** **ADVANCE TO SUPPLIERS**

Balances of advances to suppliers were $1,732 and $1,732 as of December 31, 2022 and 2021, respectively, which represented prepayments to suppliers for raw materials.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Note 8 PREPAID EXPENSES AND OTHER ASSETS, NET** |  |  |  |  |  |
|  | **December 31,** | **December 31,** |
|  | **2022** |  | **2021** |  |  |
|  | $ |  | $ |  |  |
| Other receivables from third party | 27,470 | 75,686 |  |
| **Prepaid expenses and other assets, net** | 27,470 |  | 75,686 |  |  |
|  |  |  |  |  |  |

F-26



**Note 9 PROPERTY AND EQUIPMENT, NET**

As of December 31, 2022 and December 31, 2021, property and equipment consisted of the following:

Equipment



Less: Accumulated depreciation

**Property and equipment, net**



|  |  |
| --- | --- |
| **December 31,** | **December 31,** |
| **2022** |  | **2021** |  |
| $ |  | $ |  |
| 903,867 | 24,725 |  |
| (59,254) | (593) |
| 844,613 |  | 24,132 |  |
|  |  |  |  |

Depreciation expenses for the years ended December 31, 2022 and 2021 were $66,907 and $6,127, respectively.

**Note 10 GOODWILL AND OTHER INTANGIBLE ASSETS**

As of December 31, 2022 and December 31, 2021, goodwill and other intangible assets consisted of the followings:

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Goodwill** |  |  |  |  |  |  |  |  |  |
|  |  |  |  | **December 31,** |  | **December 31,** |  |
|  |  |  |  | **2022** |  |  | **2021** |  |  |
|  |  |  |  | $ |  |  | $ |  |  |
| Goodwill – XFC |  |  | – |  | – |  |
| Goodwill – Meixin |  |  | 3,905,735 |  | – |  |
| Less: Impairment |  |  | – |  | – |  |
| **Balance at end of year** |  |  | 3,905,735 |  |  | – |  |  |
| **Customer relations** |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  | **December 31,** |  | **December 31,** |  |
|  |  |  |  | **2022** |  |  | **2021** |  |  |
|  |  |  |  | $ |  |  | $ |  |  |
| Acquisitions |  |  | 135,325 |  | – |  |
| Translation/ Adjustments |  |  | – |  | – |  |
| Less: Accumulated amortization |  |  | (4,891) |  | – |  |
| Less: Impairment |  |  | – |  | – |  |
| **Balance at end of year** |  |  | 130,434 |  |  | – |  |  |
| **Note 11** | **OTHER BORROWINGS** |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
| Others loans consisted of the following: |  |  |  |  |  |  |  |  |
|  |  |  |  | **For the years ended December 31,** |  |
|  |  |  |  | **2022** |  |  | **2021** |  |  |
|  |  |  |  |  |  |  |  |  |  |
| Secured loan from Chailease Finance Co., Ltd wholly repayable within 1 year | $ | 214,913 | $ | – |  |
| Total secured loan wholly repayable within 1 year |  |  | 214,913 |  |  | – |  |  |
|  |  |  |  |  |  |  |
| Secured loan from Chailease Finance Co., Ltd wholly repayable more than 1 year |  |  | 436,341 |  | – |  |
| Total |  |  | $ | 651,254 |  | $ | – |  |  |
|  |  |  |  |  |  |  |  |  |  |

As of December 31, 2022, the outstanding loan from Chailease Finance Co., Ltd of $651,254 (or TWD 20,000,000) with annual interest rate of 6% was secured by pledging the timely deposit in Sunny Bank (Xizhi Brench) of 500,000, and denominated in TWD for a term of 24 months. This facility of credit limit of TWD 20,000,000 was obtained on December 19, 2022 and will be expired on December 16, 2024.

F-27



**Note 12** **WARRANTS**

On April 1, 2021, the Company entered in a securities purchase agreement with certain investors for an aggregate of 80,000 shares of its preferred stock at a per share purchase price of $2.50. As part of the transaction, the investors received one Class C warrant and one Class D warrant for the subscription of each preferred share. The Class C warrants consist of the right to purchase up to 80,000 shares of the Company’s common stock at an exercise price of $2.50 per share exercisable for 36 months from the date of inception. The Class D warrants consist of the right to purchase up to 80,000 shares of the Company’s common stock at an exercise price of $5.00 per share exercisable for 36 months from the date of inception. The subscription was completed on August 10, 2021.

On September 27, 2021 the Company entered into another securities purchase agreement with the same investors, pursuant to which the Company issued in a registered direct offering, an aggregate of 48,000 shares of common stock of the Company at a per share purchase price of $2.50. In addition, the investors also received one Class C warrant and one Class D warrant for the subscription of each preferred share. The Class C warrants consist of the right to purchase up to 80,000 shares of the Company’s common stock at an exercise price of $2.50 per share exercisable for 36 months from the date of inception. The Class D warrants consist of the right to purchase up to 80,000 shares of the Company’s common stock at an exercise price of $5.00 per share exercisable for 36 months from the date of inception.

In connection with the Public Offering and pursuant to a registration statement on Form S-1, amended (File No. 333-264059), originally filed with the Securities and Exchange Commission (the “SEC”) on April 1, 2022, and declared effective by the SEC on August 10, 2022 (the “Registration Statement”), the public offering price of each Unit was $3.50, and each unit consisting of one share of common stock and a warrant to purchase two shares of common stock from the date of issuance until the fifth anniversary of the date of issuance. The Shares and the Warrants comprising the Units were immediately separable and issued separately in the Offering, which closed on August 15, 2022.

In connection with the Public Offering and pursuant to the underwriting agreement between us and the underwriters named therein, we granted the underwriters a 45-day option to purchase up to 282,000 additional shares of common stock and warrants, equivalent to 15% of the Units sold in the Public Offering, at the public offering price per Unit, less underwriting discounts and commissions, to cover over-allotments, if any. On September 23, 2022, the underwriters exercised their option to purchase an additional 282,000 warrants from us for gross proceeds of $2,820. The warrants were issued to the underwriters on September 26, 2022.

The exercise price of the Warrants shall be decreased to the reset price, which means the greater of (i) 50% of the exercise price and (ii) 100% of the last volume weighted average price immediately preceding the 90th calendar day following the initial issuance date (the greater of (i) and (ii), the “Reset Price”) if, on the date that is 90 calendar days immediately following the initial issuance date, the Reset Price is less than the exercise price on that date.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  |  | **C Warrant** | **D Warrant** |
|  |  |  | **August 10,** | **August 10,** |
| **Appraisal Date (Inception Date)** | **2021** |  | **2021** |  |
|  |  |  | **$** |  | **$** |  |
| Market price per share (USD/share) | 1.47 | 0.66 |
| Exercise price (USD/price) | 2.50 | 5.00 |
| Risk free rate | 0.14% | 0.14% |
| Dividend yield | 0.00% | 0.00% |
| Expected term/ Contractual life (years) | 1.39 | 1.39 |
| Expected volatility | 56.36% | 56.36% |
|  | F-28 |  |  |

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | **C Warrant** | **D Warrant** |
|  |  | **September 27,** | **September 27,** |
| **Appraisal Date (Inception Date)** | **2021** |  |  | **2021** |  |
|  |  | **$** |  |  | **$** |  |
| Market price per share (USD/share) | 1.71 |  | 0.73 |
| Exercise price (USD/price) | 2.50 |  | 5.00 |
| Risk free rate | 0.15% |  | 0.15% |
| Dividend yield | 0.00% |  | 0.00% |
| Expected term/ Contractual life (years) | 1.26 |  | 1.26 |
| Expected volatility | 52.93% |  | 52.93% |
|  |  |  |  |  | **IPO Warrant** |
|  |  |  |  |  | **September 26,** |
| **Appraisal Date (Inception Date)** |  |  |  | **2022** |  |
|  |  |  |  |  | **$** |  |
| Market price per share (USD/share) |  |  |  | 1.28 |
| Exercise price (USD/price) |  |  |  | 1.925 |
| Risk free rate |  |  |  | 4.03% |
| Dividend yield |  |  |  | 0.00% |
| Expected term/ Contractual life (years) |  |  |  | 4.65 |
| Expected volatility |  |  |  | 46.10% |

The following is a reconciliation of the beginning and ending balances of warrants liability measured at fair value on a recurring basis using Level 3 inputs:

Balance at the beginning of period



Warrants issued to investors



Warrants issued to underwriter

Fair value change of warrants included in earnings

**Total**



|  |  |
| --- | --- |
| **December 31,** | **December 31,** |
| **2022** |  | **2021** |
| $ |  | $ |
| 312,320 | – |
| 754,303 | 287,520 |
| 113,145 | – |

–24,800

1,179,768312,320



F-29



|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| The following is a summary of the warrant activity: |  |  |  |  |  |  |
|  |  |  |  |  | **Weighted** |
|  |  |  |  |  | **Average** |
|  |  |  |  |  | **Remaining** |
|  |  |  |  |  | **Contractual** |
|  | **Number of** | **Average** | **Term in** |
|  | **Warrants** | **Exercise Price** | **Years** |
|  |  |  |  |  |  |  |
| Outstanding at January 1, 2021 | – | – | – |
| Exercisable at January 1, 2021 | – | – | – |
| Granted | 256,000 | 3.75 | 3.00 |
| Exercised / surrendered | – | – | – |
| Expired | – | – | – |
| Outstanding at December 31, 2021 | 256,000 | 3.75 | 2.66 |
| Exercisable at December 31, 2021 | 256,000 | 3.75 | 2.66 |
|  |  |  |  |  |  |  |
| Outstanding at January 1, 2022 | 256,000 | 3.75 | 2.66 |
| Exercisable at January 1, 2022 | 256,000 | 3.75 | 2.66 |
| Granted | 2,162,000 | 1.93 | 4.98 |
| Exercised / surrendered | – | – | – |
| Expired | – | – | – |
| Outstanding at December 31, 2022 | 2,418,000 | 2.12 | 4.73 |
| Exercisable at December 31, 2022 | 2,418,000 | 2.12 | 4.73 |
| **Note 13 LEASES** |  |  |  |  |  |  |

The Company has two non-cancelable lease agreements for certain office and accommodation as well as fish farming containers for research and develop advanced technology for water circulation applying in fishery with original lease periods expiring between 2022 and 2023. The lease terms may include options to extend or terminate the lease when it is reasonably certain the Company will exercise that option. The Company recognizes rental expense on a straight-line basis over the lease term.

The components of lease expenses for the year ended December 31, 2022 and December 31, 2021 were as follows:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  | **For the year ended** | **For the year ended** |  |
|  | **Statement of Income Location** | **December 31, 2022** | **December 31, 2021** |  |
| **Lease Costs** |  |  | **$** |  | **$** |  |  |  |
|  |  |  |  |  |  |  |  |
| Operating lease expense | General and administrative expenses | 51,227 | 4,424 |  |  |
| Total net lease costs |  |  | 51,227 |  | 4,424 |  |  |  |
|  |  |  |  |  |  |  |  |  |

Maturity of lease liabilities under our non-cancelable operating leases as of December 31, 2022 and December 31, 2021 are US$ nil.

F-30



**Note 14 OTHER PAYABLES AND ACCRUED LIABILITIES**

VAT payable



Salary payable



Others

**Total**

**Note 15 TAXATION**

The Company and its subsidiary, and the consolidated VIE file tax returns separately.

1. Value-added tax (“VAT”)

*PRC*

|  |  |
| --- | --- |
| **December 31,** | **December 31,** |
| **2022** |  | **2021** |
| $ |  | $ |
| – | – |
| 861 | – |
| 37,527 | 12,407 |
| 38,388 |  | 12,407 |
|  |  |  |

Pursuant to the Provisional Regulation of the PRC on VAT and the related implementing rules, all entities and individuals (“taxpayers”) that are engaged in the sale of products in the PRC are generally required to pay VAT, at a rate of which was changed from 16% to 13% on April 1, 2019 of the gross sales proceeds received, less any deductible VAT already paid or borne by the taxpayers. GZ WFH also subjected to 10% for the installment service provided.

Taiwan

Pursuant to the Value-added and Non-value-added Business Tax Act and the related implementing rules, all entities and individuals (“taxpayers”) that are engaged in the sale of products in the Taiwan are generally required to pay VAT, at a rate of 5%.

2) Income tax

*United States*

On December 22, 2017, the Tax Cuts and Jobs Act (the “Tax Act”) was signed into legislation. The 2017 Tax Act significantly revises the U.S. corporate income tax by, among other things, lowering the statutory corporate tax rate from 34% to 21%, imposing a mandatory one-time tax on accumulated earnings of foreign subsidiaries, introducing new tax regimes, and changing how foreign earnings are subject to U.S. tax.

On December 22, 2017, Staff Accounting Bulletin No. 118 (“SAB 118”) was issued to provide guidance on accounting for the tax effects of the Tax Act. SAB 118 provides a measurement period that should not extend beyond one year from the Tax Act enactment date for companies to complete the accounting under ASC 740. The Company has completed the assessment of the income tax effect of the Tax Act and there were no adjustments recorded to the provisional amounts.

F-31



The Coronavirus Aid, Relief and Economy Security (CARES) Act (the “CARES Act, H.R. 748”) was signed into law on 27 March 2020. The CARES Act temporarily eliminates the 80% taxable income limitation (as enacted under the Tax Cuts and Jobs Act of 2017) for NOL deductions for 2018-2020 tax years and reinstated NOL carrybacks for the 2018-2020 tax years. Moreover, the CARES Act also temporarily increases the business interest deduction limitations from 30% to 50% of adjusted taxable income for the 2019 and 2020 taxable year. Lastly, the Tax Act technical correction classifies qualified improvement property as 15-year recovery period, allowing the bonus depreciation deduction to be claimed for such property retroactively as if it was included in the Tax Act at the time of enactment. The Company does not anticipate a significant tax impact on its financial statements and will continue to examine the impact the CARES Act may have on its business.

The Company evaluated the Global Intangible Low Taxed Income (“GILTI”) inclusion on current earnings and profits of greater than 10% owned foreign controlled corporations. The Company has evaluated whether it has additional provision amount resulted by the GILTI inclusion on current earnings and profits of its foreign controlled corporations. The law also provides that corporate taxpayers may benefit from a 50% reduction in the GILTI inclusion, which effectively reduces the 21% U.S. corporate tax rate on the foreign income to an effective rate of 10.5%. The GILTI inclusion further provides for a foreign tax credit in connection with the foreign taxes paid. In 2019, the Company recorded a GILTI inclusion of $152,829. The Company has elected to treat the financial statement impact of GILTI as current period expenses.

The reverse merger was completed on December 31, 2018 and the tax losses of US subsidiary was not in the scope as of December 31, 2018. As of December 31, 2019, net operating loss carried forward which was available to offset future taxable income for the Company in the United States was $99,817. There is a full valuation allowance applied against these loss carry forward as management determined it was not more likely than not that these net operating losses would be utilized in the foreseeable future.

*Taiwan*

The Company’s loss before income taxes is primarily derived from the operations in Taiwan and income tax expense is primarily incurred in Taiwan.

As a result of amendments to the “Taiwan Income Tax Act” enacted by the Office of the President of Taiwan on February 7, 2018, the statutory income tax rate increased from 17% to 20% and the undistributed earning tax, or a surtax, decreased from 10% to 5% effective from January 1, 2018. As a result, the statutory income tax rate in Taiwan is 20% for the years ended December 31, 2022 and 2021. An additional surtax, of which rate was reduced from 10% to 5% being applied to the Company starting from September 1, 2018, is assessed on undistributed income for the entities in Taiwan, but only to the extent such income is not distributed or set aside as a legal reserve before the end of the following year. The 5% surtax is recorded in the period the income is earned, and the reduction in the surtax liability is recognized in the period the distribution to stockholders or the setting aside of legal reserve is finalized in the following year.

*Hong Kong*

The HK tax reform has introduced two-tiered profits tax rates for corporations. Under the two-tiered profits tax rates regime, the profits tax rate for the first HK$2 million (approximately $257,931) of assessable profits will be lowered to 8.25% (half of the rate specified in Schedule 8 to the Inland Revenue Ordinance (IRO)) for corporations. Assessable profits above HK$2 million (approximately $257,931) will continue to be subject to the rate of 16.5% for corporations. The Company assessed that the HK entity will not earn a profit greater than HK$2 million (approximately $257,931), it is subject to a corporate income tax rate of 8.25%.

As of December 31, 2022, The Company’s subsidiary in Hong Kong had net operating loss carry forwards available to offset future taxable income. The net operating losses will be carryforward indefinitely under Hong Kong Profits Tax regulation. There is a full valuation allowance applied against these loss carry forward as management determined it was not more likely than not that these net operating losses would be utilized in the foreseeable future.

F-32



*PRC*

WFOE and the consolidated VIE established in the PRC are subject to the PRC statutory income tax rate of 25%, according to the PRC Enterprise Income Tax (“EIT”) law.

In accordance with the relevant tax laws and regulations of the PRC, a company registered in the PRC is subject to income taxes within the PRC at the applicable tax rate on taxable income. All the PRC subsidiaries were subject to income tax at a rate of 25% for the year ended December 31, 2021 and 2020. According to PRC tax regulations, the PRC net operating loss can generally carry forward for no longer than five years starting from the year subsequent to the year in which the loss was incurred.

The components of the income tax (benefit) expense are:

**For the years ended December 31,**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **2022** |  |  | **2021** |  |
|  | $ |  |  | $ |  |
| Current | 23,808 | (9,421) |
| Deferred | – | – |
| **Total income tax expense (benefit)** |  | 23,808 |  | (9,421 | ) |
|  |  |  |  |  |  |

The reconciliation of income taxes expenses computed at the TW statutory tax rate (2021: at PRC statutory tax rate) applicable to income tax expense is as follows:

|  |  |
| --- | --- |
|  | **For the years ended December 31,** |
|  | **2022** |  | **2021** |  |  |
| Taiwan (2021 – PRC) income tax statutory rate | 20.00% |  | 20.00% |  |  |
| Tax effect of non-deductible expense | (13.48)% | (6.78)% |  |
| Tax effect of stock-based compensation | (8.69)% | (14.71)% |  |
| Tax effect of non-taxable income | 2.54% | – |
| Tax effect of different tax rates in other jurisdictions | (0.01)% | 1.07% |  |
| Others | 0.12% | – |
| Changes in valuation allowance | (0.49)% | (1.01)% |  |
| **Effective tax rate** | (0.01)% |  | (1.43)% |  |  |
|  |  |  |  |  |  |

F-33



3) Deferred tax assets (liabilities), net

The tax effects of temporary differences representing deferred income tax assets and liabilities result principally from the following:

|  |  |  |
| --- | --- | --- |
|  | **December 31, 2022** | **December 31, 2021** |
|  | $ |  | $ |  |
| **Deferred tax assets** |  |  |  |  |
| Tax loss carried forward | 23,391 | – |
| Allowance for doubtful receivables | – | – |
| Total deferred tax assets | 23,391 |  | – |  |
| Valuation allowance | – | – |
| **Total deferred tax assets, net** | 23,391 |  | – |  |
|  |  |  |  |  |
| **Deferred tax liabilities** |  |  |  |  |
| Property and equipment, difference in depreciation | – | – |
|  |  |  |  |  |
| **Deferred tax liabilities, net** | – |  | – |  |
|  |  |  |  |  |

The valuation allowance as of December 31, 2022 and 2021 was primarily provided for the deferred income tax assets if it is more likely than not that these items will expire before the Company is able to realize its benefits, or that the future deductibility is uncertain. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible or utilizable. Management considers projected future taxable income and tax planning strategies in making this assessment. The movement for the valuation allowance is as following.

|  |  |  |  |
| --- | --- | --- | --- |
|  | **December 31, 2022** | **December 31, 2021** |  |
|  | $ |  | $ |  |  |
| **Balance at beginning of the year** | 95,844 | – |  |
| Additions of valuation allowance | – | 95,844 |  |
| Reductions of valuation allowance | – | – |  |
| **Balance at the end of the year** | 95,844 |  | 95,844 |  |  |
| **PRC Withholding Tax on Dividends** |  |  |  |  |  |
|  |  |  |  |  |

The current PRC Enterprise Income Tax Law imposes a 10% withholding income tax for dividends distributed by foreign-invested enterprises to their immediate holding companies outside the PRC. A lower withholding tax rate will be applied if there is a tax treaty arrangement between the PRC and the jurisdiction of the foreign holding company. Distributions to holding companies in Hong Kong that satisfy certain requirements specified by PRC tax authorities, for example, will be subject to a 5% withholding tax rate.

As of December 31, 2022 and 2021, the Company had not recorded any withholding tax on the retained earnings of its foreign-invested enterprises in the PRC, since the Company intends to reinvest its earnings to potentially continue its business in mainland China, namely the manufacturing of the RASs through GZ GST, and its foreign-invested enterprises do not intend to declare dividends to their immediate foreign holding companies.

F-34



**Note 16** **RELATED PARTY BALANCES AND TRANSACTIONS**

***Due to related parties***

The balance due to related parties was as following:

Mountain Share Transfer, LLC (1)



***Due from a related party***

The balance due from a related party was as following:

Taisi Electrical & Plumbing Co. Pte Ltd. (2)



**Total**

|  |  |
| --- | --- |
| **December 31,** | **December 31,** |
| **2022** |  | **2021** |
| $ |  | $ |
| 39,341 | 39,341 |

|  |  |
| --- | --- |
| **December 31,** | **December 31,** |
| **2022** |  | **2021** |
| $ |  | $ |
| – | 1,615,217 |
| – |  | 1,615,217 |
|  |  |  |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| ***Sales*** |  |  |  |  |  |  |  |
| The balance of sales with a related party was as following: |  |  |  |  |  |  |  |
|  |  |  |  | **December 31,** | **December 31,** |
|  |  | **Related Party Categories** | **2022** |  | **2021** |  |  |
|  |  |  |  | $ |  | $ |  |  |
| 鉉順企業有限公司 (3) | Same director | 993,918 | – |
| **Total** |  |  | 993,918 |  | – |  |
|  |  |  |  |  |  |  |  |  |

The sales prices and payment terms to related parties were not significantly different from those of sales to third parties. For other related party transactions, price and terms were determined in accordance with mutual agreements

Note:

1. Mountain Share Transfer, LLC is company 100% controlled by Erik S. Nelson, the corporate secretary and director of the Company. The balances represented the amount paid on behalf of the Company for its daily operation purpose.
2. Mr. Tsai Wen-Chih is the director of XFC and has control power over Taisi Electrical & Plumbing Co. Pte Ltd. The Company took over the receivable amount of $877,809 from acquisition of XFC in December 2020. None of the receivables have been impaired and it is expected that the full contractual amounts can be collected.
3. 鉉順企業有限公司 chairman is Mr. Yin-Chieh Cheng (“Mr. Cheng”) same with Company. 鉉順企業有限公司 will purchase goods from Company and re-sell it. All the terms were not significantly different from those of sales to third parties.

F-35



**Note 17 COMMON STOCK**

The Company’s authorized number of common stock is 200,000,000 shares with par value of $0.001 each. On August 11, 2022, the Company effected a 2:3 reverse stock split for each share of common stock issued and outstanding. As a result of reverse stock split, the Company’s common stock issued and outstanding decreased from 10,707,150 shares to 7,138,587 shares. All shares and associated amounts have been retroactively restated to reflect the stock split on August 11, 2022. As of December 31, 2022 and 2021, issued common stock were 9,243,587 shares and 7,071,920, respectively.

On August 11, 2022, the Company’s common stock commenced trading on The Nasdaq Capital Market under the symbol “NCRA” on a post-reverse stock split basis. During the public offering, 1,880,000 common stocks, at par value $0.001 each, were issued at the offering price $3.5 each. The Company received total gross proceeds of $6.58 million from the public offering and after deducting the underwriting commissions, discounts and offering expenses, the Company received net proceeds of approximately $5.3 million .

All number of shares, share amounts and per share data presented in the accompanying consolidated financial statements and related notes have been retroactively restated to reflect the reverse merger transaction and subsequent issuance of shares stated above, except for authorized common shares, which were not affected.

**Note 18** **SHARE-BASED COMPENSATION**

On December 27, 2018, Nocera granted Mr. Yin-Chieh Cheng quarterly option awards of 250,000 Series “A” Warrants for 20 quarters (5 years) for a total of 5,000,000 Series “A” Warrants with exercise price of $0.50 per share, subject to continued employment for services as Chairman of the Board and a Director.

On June 1, 2020, Nocera granted Mr. Shun-Chih Chuang and Mr. Hsien-Wen Yu 50,000 shares of Class A warrants and 60,000 shares of Class A warrants separately, each with exercise price of $0.50 per share, for serving as the Company’s Chief Financial Officer and Chief Operating Officer. The Company also granted 2 employees 50,000 shares of Class A warrants with exercise price of $0.50 per share. The Class A warrants consist of the right to purchase one share for $0.50 per share from the date of issuance until April 23, 2026.

On June 1, 2020, Nocera granted Mr. Michael A. Littman 50,000 shares of Class A warrants with exercise price of $0.50 per share and 50,000 shares of Class B warrants with exercise price of $1.00 per share. Mr. Littman exercised 50,000 shares of Class A warrants and 50,000 shares of Class B warrants on August 11, 2021. The Class B warrants consist of the right to purchase one share for $1.00 per share separately from the date of issuance until April 23, 2026.

On December 1, 2021, Nocera granted Mr. Shun-Chih Chuang and Mr. Hsien-Wen Yu 75,000 shares of Class A warrants and 60,000 shares of Class A warrants separately, each with exercise price of $0.50 per share, for serving as the Company’s Chief Financial Officer and Chief Operating Officer. The Company also granted 2 employees 70,000 shares of Class A warrant with exercise price of $0.50 per share.

On December 31, 2021, the Company issued an aggregate of 505,000 shares of common stock to Mr. Shun-Chih Chuang and a total of five consultants in consideration for services rendered.

On December 22, 2022, the Company issued 150,000 and 75,000 shares of common stock to Chen-Chun Chung and TraDigital respectively in consideration for services rendered.

F-36



The estimated fair value of share-based compensation for employees is recognized as a charge against income on a ratable basis over the requisite service period, which is generally the vesting period of the award. The fair value of stock option grant was estimated on the date of grant using the Black-Scholes option pricing model under the following assumptions:

|  |  |  |
| --- | --- | --- |
|  | **December 31,** | **December 31,** |
|  | **2022** |  | **2021** |  |
|  |  |  |  |  |
| Dividend yield | N/A | N/A |
| Risk-free interest rate | 1.16% |  | 1.16% |  |
| Expected term (in years) | 4.31 |  | 4.31 |  |
| Volatility | 48.15% |  | 48.15% |  |

The Company estimated the grant date fair value of time-based stock option awards using the Black-Scholes option valuation model, which requires assumptions involving an estimate of the fair value of the underlying common stock on the date of grant, the expected term of the options, volatility, discount rate and dividend yield. The Company calculated expected option terms based on the “simplified” method for “plain vanilla” options due to the limited exercise information. The “simplified method” calculates the expected term as the average of the vesting term and the original contractual term of the options. The Company calculated volatility using the average adjusted volatility of quick companies feature of Capital IQ for a period of time reflective of the expected option term, while the discount rate was estimated using the interest rate for a treasury note with the same contractual term as the options granted. Dividend yield is estimated at our current dividend rate, which adjustments for any known future changes in the rate.

For the years ended December 31, 2022 and December 31, 2021, $413,453 and $6,638,371 share-based compensation expenses was recognized into additional paid-in capital of the Company, respectively.

As of December 31, 2022, total unrecognized compensation cost related to unvested share-based compensation awards was $11,114,097. This amount is expected to be recognized as stock-based compensation expense in the Company’s consolidated statements of operations and comprehensive income over the remaining vesting period of 1.99 years.

**Note 19** **PREFERRED STOCK**

In August 2021, the Company issued 80,000 shares of preferred shares of $1.00 each at an issue price of $2.50 per share to certain investors credited as fully paid. The preferred shares are non-voting and non-redeemable. The holder of the preferred shares will have priority over the holders of ordinary shares of the Company on the assets and funds of the Company available for distribution in a distribution of assets on liquidation, winding up or dissolution of the Company. The holder of the preferred shares shall not have the right to attend or vote at any general meeting of the Company (except a general meeting for winding up of the Company or a resolution is to be proposed which if passed would vary or abrogate the rights or privileges of such holder).

On August 11, 2022, the Company effected a 2:3 reverse stock split for each share of common stock issued and outstanding. As a result of reverse stock split, the shares of common stock issuable upon the conversion of Series A Preferred Stock decreased from 80,000 shares to 53,334 shares.

F-37



**Note 20** **(LOSS) INCOME PER SHARE**

The following table sets forth the computation of basic and diluted (loss) earnings per common share for the years ended December 31, 2022 and 2021.

|  |  |  |  |
| --- | --- | --- | --- |
|  |  |  | For the years ended December 31, |
|  |  |  | **2022** |  | **2021** |  |
| Net loss |  | $ | (4,812,908) |  | (9,619,079) |  |
| Net loss from continuing operations |  |  | (2,074,329) | (10,141,123) |
| Net (loss) income from discontinued operations |  |  | (2,662,260) | 522,044 |
|  |  |  |  |  |  |  |
| Weighted Average Shares Outstanding – Basic and Diluted |  |  | 7,876,367 | 6,107,727 |  |
|  |  |  |  |  |  |  |
| Loss per share – basic and diluted |  |  | (0.6111) | (1.5749) |
| Net loss per share from continuing operations – basic and diluted (1) |  |  | (0.2731) | (1.6604) |
| Net (loss) income per share from discontinued operations – basic and diluted (1) |  |  | (0.3380 | ) | 0.0855 |  |
|  |  |  |  |  |  |  |

Basic (loss) income per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. Diluted (loss) per income share is the same as basic loss per share due to the lack of dilutive items in the Company for the years ended December 31, 2022 and 2021. The number of warrants is excluded from the computation as the anti-dilutive effect.

1. *On August 11, 2022, the Company effected a 2:3 reverse stock split for each share of common stock issued and outstanding. All shares and associated amounts have been retroactively restated to reflect the stock split.*

**Note 21** **DISPOSAL OF XIN FENG CONSTRUCTION CO., LTD (“XFC”)**

On December 31, 2020, we exchanged 466,667 (post-split) shares of our restricted common stock to stockholders of Xin Feng Construction Co., Ltd., a Taiwan limited liability company (“XFC”), in exchange for 100% controlling interest in XFC. We also entered into contractual arrangements with a stockholder of XFC, that enabled us to have the power to direct the activities that most significantly affects the economic performance of XFC and receive the economic benefits of XFC that could be significant to XFC. On November 30, 2022, the Company, XFC and Han-Chieh Shih (the “Purchaser”) entered into certain Share Purchase Agreement (the “Purchase Agreement”). Pursuant to the Purchase Agreement, the Purchaser agreed to purchase XFC 100% controlling interest in exchange of cash purchase price of $300,000 (the “Consideration”). The transaction contemplated by the Purchase Agreement is hereby referred as the Disposal. On March 29, 2022, management was authorized to approve and commit to a plan to sell XFC. On November 30, 2022, the parties completed all the share transfer registration procedure as required by the laws of Taiwan and all the other closing conditions have been satisfied, as a result, the Disposal contemplated by the Purchase Agreement is completed and the VIE agreements were terminated.

In accordance with ASC 205-20-45, XFC met the criteria as a discontinued operation. As of November 30, 2022, the assets relevant to the sale of XFC with a carrying value of $2.6 million were classified as assets held, the liabilities relevant to the sale of XFC with a carrying value of $71,168 were classified as liabilities held for sale, and the cumulative translation adjustments relevant to the sale of XFC of $1.8 million was removed from the equity component and was reported as a gain on the sale of XFC. A net loss of $2.8 million was recognized as the net loss from disposal of discontinued operation in the year ended December 31, 2022.

F-38



The following is a reconciliation of the amounts of major classes of income from operations classified as discontinued operations in the consolidated statements of operations and comprehensive loss for the years ended December 31, 2022 and 2021:

|  |  |  |  |
| --- | --- | --- | --- |
|  |  |  | **For the Years Ended** |
|  |  |  | **December 31,** |  |  |  |
|  |  |  | **2022** |  |  | **2021** |  |  |
| **Discontinued Operations:** |  |  |  |  |  |  |  |  |
| Revenue | $ | 2,236,616 | $ | 6,101,103 |  |
| Cost of revenues |  |  | (2,225,487) |  | (5,230,321) |
| Selling expenses |  |  | – |  | – |
| General and administrative expenses |  |  | (105,226) |  | (213,863) |
| Other revenue |  |  | 1,812 |  | 1,455 |  |
| Other expenses |  |  | – |  | (5,819) |
| Income tax |  |  | – |  | (130,511) |
| Net gain from discontinued operations |  |  | – |  | – |
| **Net income (loss) from discontinued operations** |  | $ | (92,285 | ) | $ | 522,044 |  |  |
|  |  |  |  |  |  |  |  |  |

**Note 22 COMMITMENTS AND CONTINGENCIES**

Capital commitments

As of December 31, 2022 and 2021, the Company’s capital commitments contracted but not yet reflected in the consolidated financial statements amounted to $nil.

Contingencies

In the ordinary course of business, the Company may be subject to legal proceeding regarding contractual and employment relationships and a variety of other matters. The Company records contingent liabilities resulting from such claims when a loss is assessed to be probable and the amount of the loss is reasonably estimable.

The Company has no significant pending litigation for the year ended December 31, 2022 and 2021.

F-39



**Note 23** **BUSINESS COMBINATION**

Meixin Institutional Food Development Company Limited

On September 7, 2022, the Company acquired 80% shares of Meixin. The fair values of assets acquired and liabilities assumed were as follows:

|  |  |  |  |
| --- | --- | --- | --- |
| Cash and bank balance | $ | 7,824 |  |
| Trade receivables |  | 10,646 |
| Inventory |  | 14,225 |
| Plant and equipment, net |  | 872,939 |  |
| Intangible assets – customer relations |  | 169,156 |  |
| Other payables and accrued liabilities |  | (581,959) |
| Net assets value |  | 492,831 |  |  |
| Net assets acquired @ 80% |  | 394,265 |  |  |
| Goodwill |  | 3,905,735 |  |
| Purchases price | $ | 4,300,000 |  |  |
|  |  |  |  |  |

Xin Feng Construction Co., Ltd.

On November 30, 2022, the Company terminated the VIE agreements with and settled all debt claims as to XFC. The fair values of assets and liabilities of

XFC were as follows:

|  |  |  |
| --- | --- | --- |
| Cash and bank balance | $ | 46,564 |
| Trade receivables |  |  | 378,798 |
| Inventory |  |  | 144,968 |
| Prepaid expenses and other current assets |  |  | 2,000,452 |
| Plant and equipment, net |  |  | 38,402 |
| Bank borrowing |  |  | (19,054) |
| Other payables and accrued liabilities |  |  | (19,839) |
| Income tax payable |  |  | (32,274) |
| Goodwill |  |  | 332,040 |
| Net assets acquired |  | $ | 2,870,057 |  |
| Consideration received |  |  | (300,082 | ) |
| Loss on disposal of subsidiary |  | $ | 2,569,975 |  |
|  |  |  |  |  |
|  | F-40 |  |  |

**Note 24** **SUBSEQUENT EVENTS**

***Purchases of Real Estate***

On September 8, 2022, Nocera, Inc. (“Nocera” or the “Company”) entered into a real estate purchase agreement (the “Agreement”) with an unaffiliated third party (the “Seller”) pursuant to which the Company agreed to purchase 229 contiguous acres of land located in Montgomery County, Alabama. The Company paid an earnest deposit of $10,000 on the land with the balance of $865,000 payable at closing. The Company is in the process of obtaining financing from local banking institutions expected to finance approximately 85% of the remaining purchase price.

On February 16, 2023, the Land Acquisition was completed. The Company paid $875,000 to the Seller, which was funded through available cash in the amount of $225,000 and loan proceeds in the amount of $650,000 from the unaffiliated Taiwan financial company, of which bears interest at a rate of 6% per annum payable every month for a term of two years (the “Loan”). The Company, through Nocera Taiwan Branch, an unincorporated division of the Company, pledged a certificate of deposit in the amount of $500,000 as security for the Loan.

F-41



**Exhibit 31.1**

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER**

**PURSUANT TO RULES 13a-14(a) AND 15d-14(a)**

**OF THE SECURITIES EXCHANGE ACT OF 1934**

I, Andy-Chin-An Jin, President and Chief Executive Officer of Nocera, Inc. (the “Company”), certify that:

1. I have reviewed the Amendment No. 2 to the Annual Report on Form 10-K/A for the fiscal year ended December 31, 2022;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in the report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods represented in this report;
4. The Company’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
	1. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which the report is being prepared;
	2. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
	3. evaluated the effectiveness of the Company’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
	4. disclosed in this report any change in the Company’s internal control over financial reporting that occurred during the Company’s most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting; and
5. The Company’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company’s auditors and to the Audit Committee of the Board of Directors (or persons fulfilling the equivalent function):
	1. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company’s ability to record, process, summarize and report financial information; and
	2. any fraud, whether or not material, that involves management or other employees who have a significant role in the Company’s internal control over financial reporting.

September 6, 2023

*/s/ Andy Chin-An Jin*



Andy Chin-An Jin

Chief Executive Officer

(Principal Executive Officer)

**Exhibit 31.2**

**CERTIFICATION OF CHIEF FINANCIAL OFFICER**

**PURSUANT TO RULES 13a-14(a) AND 15d-14(a)**

**OF THE SECURITIES EXCHANGE ACT OF 1934**

I, Shun-Chih Chuang, Chief Financial Officer of Nocera, Inc. (the “Company”), certify that:

1. I have reviewed the Amendment No. 2 to the Annual Report on Form 10-K/A for the fiscal year ended December 31, 2022;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in the report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods represented in this report;
4. The Company’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
	1. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which the report is being prepared;
	2. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
	3. evaluated the effectiveness of the Company’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
	4. disclosed in this report any change in the Company’s internal control over financial reporting that occurred during the Company’s most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting; and
5. The Company’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company’s auditors and to the Audit Committee of the Board of Directors (or persons fulfilling the equivalent function):
	1. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company’s ability to record, process, summarize and report financial information; and
	2. any fraud, whether or not material, that involves management or other employees who have a significant role in the Company’s internal control over financial reporting.

September 6, 2023

*/s/ Shun-Chih Chuang*



Shun-Chih Chuang

Chief Financial Officer

(Principal Financial Officer)

**Exhibit 32.1**

**CERTIFICATION PURSUANT TO**

**18 U.S.C. SECTION 1350,**

**AS ADOPTED PURSUANT TO**

**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Amendment No. 2 to the Annual Report on Form 10-K/A of Nocera, Inc. (the “Company”) for the year ended December 31, 2022, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned, Andy Chin-An Jin, Chief Executive Officer of the Company hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

September 6, 2023

*/s/ Andy Chin-An Jin*



Andy Chin-An Jin

Chief Executive Officer

(Principal Executive Officer)

**Exhibit 32.2**

**CERTIFICATION PURSUANT TO**

**18 U.S.C. SECTION 1350,**

**AS ADOPTED PURSUANT TO**

**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Amendment No. 2 to the Annual Report on Form 10-K/A of Nocera, Inc. (the “Company”) for the year ended December 31, 2022, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned, Shun-Chih Chuang, Chief Financial Officer of the Company hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company. September 6, 2023

*/s/ Shun-Chih Chuang*



Shun-Chih Chuang

Chief Financial Officer

(Principal Financial Officer)