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Standard Foods Corporation

Handbook for 2024 Annual Shareholders' Meeting

Jun. 19, 2024

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Chapter 1. Meeting Procedures

Standard Foods Corporation

Procedure of 2024 Annual Shareholders' Meeting

I. Call Meeting to Order

II. Chairman's Remarks

III. Reports

IV. Ratifications

V. Extempore Motions

VI. Adjournment

Chapter 2. Meeting Agenda

Standard Foods Corporation

Agenda of 2024 Annual Shareholders' Meeting

Meeting method: Physical venue

Time: 9:00 a.m., Wednesday, Jun. 19, 2024

Place: No.369, Section 1, Heping West Road, Dayuan District, Taoyuan City

(In our staff social hall of Dayuan Factory)

- I. Call Meeting to Order
- II. Chairman's Remarks
- III. Reports
 - (I) 2023 Business Report
 - (II) 2023 Audit Committee's Review Report
 - (III) Distribution Report of Compensation of Employees and Directors for 2023
 - (IV) 2023 Directors' Remuneration Report
- IV. Ratifications
 - (I) Adoption of the 2023 Business Report and Financial Statements
 - (II) Ratification of the 2023 Profit Distribution Plan

Ratification voting of various motions

- V. Extempore Motions
- VI. Adjournment

I. Reports

(I) **2023 Business Report, please refer to Attachment I.**

(II) **2023 Audit Committee's Review Report, please refer to Attachment II.**

(III) **Distribution Report of Compensation of the Employees and Directors for 2023:**

Unit: NT\$

Item	Distribution object	Amount to be distributed by resolution of the Board of Directors	Payment method
Compensation of employees	Employees of the Company	19,472,227	Cash
Remuneration of directors	Directors of the Company	8,113,428	Cash
Total		27,585,655	

(IV) 2023 Directors' Remuneration Report

1. The remuneration ratio for the Company's directors and managers is handled in accordance with Article 38 of the Company's Articles of Incorporation. If there is profit before tax before the distribution of remuneration to employees and directors, the Company may allocate not more than 0.75% of the profit before tax before the distribution of remuneration to directors by resolution of the Board of Directors.
2. Remuneration to the Company's directors (including independent directors) and managers are determined by taking into account their overall participation in the Company's operations and the performance evaluation. The annual performance of directors and managers is evaluated at the end of a fiscal year in accordance with the Company's "Remuneration Committee Charter". The aspects of evaluation include the implementation and business management abilities (e.g., practices of business philosophy, implementation of corporate culture and demonstration of leadership and management abilities) of company core values, financial and business performance indicators and comprehensive management indicators (e.g., financial and business performances, marketing leadership, innovation and risk management), continuous education, as well as their involvement in sustainable management. In consideration of improving the Company's annual strategic objectives, the achievement rate of the annual contribution and key performance indicator (KPI) of managers are included in the evaluation of performance bonus, which is reported to the Board meeting for approval prior to implementation.
3. Remuneration of general directors and independent directors:

Title	Name	Remuneration Paid to Directors								Ratio of total amount of A, B, C and D to after-tax net income (%) (Note 1)		Relevant Remuneration Received by Directors who Are Also Employees								Ratio of total amount of A, B, C, D, E, F and G to after-tax net income (%) (Note 1)		Remuneration received from investee enterprises other than subsidiaries or from the parent company
		Remuneration (A)		Severance Pay and Pension (B)		Remuneration of directors (C)		Business Execution Expenses (D)				Salary, bonus and special expenses etc. (E)		Severance Pay and Pension (F)		Compensation of employees (G)				The Company	All Companies in Consolidated Financial Statements	
		The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company		All Companies in Consolidated Financial Statements				
																Cash	Stock	Cash	Stock			
Chairman	Representative of Mu Te Investment Co., Ltd.: Ter-Fung Tsao	-	-	-	-	1,043	1,043	60	60	0.09	0.09	7,688	7,688	442	442	-	-	-	-	0.75	0.75	None
Directors	Representative of Mu Te Investment Co., Ltd.: Jason Hsuan	-	-	-	-	1,010	1,010	60	60	0.09	0.09	-	-	-	-	-	-	-	-	0.09	0.09	None
Directors	Representative of Mu Te Investment Co., Ltd.: Wendy Tsao	-	-	-	-	1,010	1,010	60	60	0.09	0.09	-	-	-	-	-	-	-	-	0.09	0.09	None
Directors	Representative of Chamg Hui Ltd. Arthur Tsao	-	-	-	-	1,010	1,010	60	60	0.09	0.09	4,692	4,692	159	159	-	-	-	-	0.48	0.48	None
Independent Director	Ben Chang	-	-	-	-	1,010	1,010	60	60	0.09	0.09	-	-	-	-	-	-	-	-	0.09	0.09	None
Independent Director	George Chou	-	-	-	-	1,010	1,010	60	60	0.09	0.09	-	-	-	-	-	-	-	-	0.09	0.09	None
Independent Director	Daniel Chiang	-	-	-	-	1,010	1,010	60	60	0.09	0.09	-	-	-	-	-	-	-	-	0.09	0.09	None
Independent Director	David Wang	-	-	-	-	1,010	1,010	60	60	0.09	0.09	-	-	-	-	-	-	-	-	0.09	0.09	None

Note 1: Refers to the after-tax net income in 2023 individual financial statement.

II. Ratifications

Proposal I: (Proposed by the Board of Directors)

Subject: Adoption of the 2023 Business Report and Financial Statements.

Description:

- I. The Company's 2023 financial statements have been approved by the resolution of the Board of Directors and audited as well as certified by the CPA of Han-Ni Fang and Zhao-Yu Chen from Deloitte & Touche. The 2023 financial statements together with the Business Report have been reviewed by the Company's Audit Committee, for which the Review Report has been issued for filing.
- II. Please refer to Attachment I for the Business Report (Page 8 to Page 17); Please refer to Attachment III for the Auditor's Report and the 2023 Individual Financial Statements (Page 19 to Page 28); the Attachment IV for the Auditor's Report and the 2023 Consolidated Financial Statements (Page 29 to Page 38).
- III. The proposal is hereby submitted for ratification.

Resolution:

Proposal II: (Proposed by the Board of Directors)
Subject: Ratification of 2023 Profit Distribution Plan.
Description:

- I. The Company's profit distribution plan for 2023 is as follows:

Standard Foods Corporation 2023 Profit Distribution Statement		Unit: NT\$
Beginning balance of retained earnings		2,739,154,413
Net Income after tax	1,225,772,159	
Remeasurement of defined benefit plan recognized in retained earnings	(57,371,241)	
Disposal of investments in equity instruments at fair value through other comprehensive income, the cumulative gains and losses are directly transferred to retained earnings	13,171,862	
Net income after tax of the period and items other than net profits of the period included in the undistributed earnings of the year		1,181,572,780
Less: Legal reserve		(118,157,278)
Special reserve		-
Distributable earnings of the period (Note)		3,802,569,915
Distribution		
Cash dividends (NT\$ 1.25 per share)		(1,143,861,989)
Undistributed earnings after distribution		2,658,707,926

(Note) Articles of Incorporation 39, In case that when the Company made profit in a fiscal year, the profit shall be appropriated, less any paying taxes and deficit, 10% thereof as legal reserve, special reserve provided or reversed in accordance with the regulations, and 30% to 100% of the sum of the remainder and prior years' unappropriated earnings as dividends.

- II. After the foregoing distribution of cash dividends is passed by the shareholders' meeting, the Board of Directors is authorized to otherwise determine the distribution record date and distribution date.
- III. The distribution of the cash dividends shall be rounded off to the nearest New Taiwan Dollar, with the decimal places removed. The total rounded off amounts, are accounted as other income of the Company.
- IV. In the event that the number of the outstanding shares is affected due to changes to the laws, or change approved by the competent authority, the Company's buy-back of the treasury stock, the Company's other fund raising with issuance of new shares, transfer of treasury stock to the employee, or cancellation or other similar

events, the Board of Directors is authorized to adjust the distribution percentage based on the aggregate number of the common shares to be distributed approved by resolution, and the number of the Company's actual outstanding shares on the distribution record date.

- V. The proposal is hereby submitted for ratification.

Resolution:

III. Extempore Motions

IV. Adjournment

Chapter 3. Attachments

Attachment I 2023 Business Report

2023 Business Report of the Company

Dear Shareholders, Ladies and Gentlemen,

In 2023, as the public gradually emerges from pandemic restrictions and dining out and social activities resume, demand for fast-moving consumer goods has slowed down. Simultaneously, the retail landscape has entered a phase of intensified competition driven by consolidation, squeezing profit margins for companies. With concerted efforts from all employees, Standard Food Group continues to uphold high standards and specifications in research, development, and production processes, delivering innovative products that prioritize nutrition, health, and convenience for consumers. This commitment is a testament to our appreciation for the long-term support from the public.

Under the philosophy of "balanced nutrition is the foundation of health," Standard Food Group is unwavering in its commitment to quality. Through diverse distribution channels, we provide premium products essential from dawn to dusk, catering to the nutritional and health needs of every member of the family, from the young to the elderly. In pursuit of sustainable business practices, we continuously enhance environmental sustainability, social responsibility, and corporate governance with diligence, creativity, and compassion. Our aim is to strengthen satisfaction and trust among stakeholders, positioning ourselves as the most reliable food company.

Looking ahead to the year of 2024, while the overall supply chain is showing signs of stabilization, challenges stemming from geopolitical tensions and climate change adaptation persist. In adherence to the belief that "everyone has the right to nutritious and healthy products," Standard Food Group continues its dedication to new product development and product upgrades. We rigorously oversee every aspect of quality control processes to ensure that what reaches consumers is our professionally crafted, top-flavor, and safest balanced nutrition products. Serving as the "every family's nutrition and health partner" propels Standard Food Group growth, and we look forward to collectively forging a brighter future through concerted efforts, with the company's performance thriving day by day.

The shareholders' trust and support in the management team are highly appreciated.

We hereby outline 2023 consolidated operating results and 2024 business plan as follows:

I. 2023 Consolidated Business Results

1. Consolidated Revenue and Profit

Unit: NT\$1,000

Item	2023	%	2022	%	+/- %
Operating Revenue	27,804,118	100	28,922,800	100	-3.9
Operating Costs	21,514,418	77	22,564,224	78	-4.7
Gross Profit	6,289,700	23	6,358,576	22	-1.1
Operating Income	1,360,401	5	1,442,855	5	-5.7
Profit before Income Tax	1,603,314	6	1,611,079	5	-0.5
Net Profit	1,268,152	5	1,244,108	4	1.9
Total Comprehensive Income	1,012,773	4	1,135,782	4	-10.8

In 2023, Standard Food Group's consolidated operating income amounted to NT\$27.84 billion, marking a decrease of 3.9% compared to the previous year. This decline primarily stemmed from sluggish demand for electronic terminal products in subsidiary company. Furthermore, both domestic and international raw material prices gradually stabilized. The comprehensive income for the year of 2023 amounted to NT\$10.12 billion, reflecting a decrease of 10.8% compared to the previous year, representing a reduction of NT\$1.23 billion in terms of amount. Of this, the comprehensive income attributable to the company's owners stood at NT\$10.39 billion, indicating a decrease of 13.4% compared to the previous year, representing a reduction of NT\$160 million in terms of amount.

2. Research and Development

Our dedication to professionalism coupled with your feedback forms the cornerstone of Standard Food Group's research and development endeavors. In 2023, the company allocated a research and development budget of 1.84 billion. Grounded in scientific principles, our R&D team leverages innovative technologies and cutting-edge advancements to spearhead new product developments, conduct clinical trials, upgrade existing product processes and formulations. These efforts have led to the attainment of numerous specialized food certifications and awards. Furthermore, we have focused on developing lightweight and environmentally friendly packaging materials, thereby enhancing product recyclability, and gradually fulfilling our commitment to sustainable environmental practices.

II. 2024 Business Plan and Future Development Strategies

1. Business Directions

- (1) Deepening brand construction, Standard Food Group continues to adapt to the challenges posed by a declining birth rate and aging population. We remain steadfast in our commitment to understanding market dynamics, paying close attention to evolving dietary habits and nutritional trends among consumers. Leveraging cutting-edge innovation and technology, we develop professional, innovative, and effective diversified nutritional food and health products to meet the diverse needs of every family. While enhancing brand value and competitiveness, we remain committed to advancing towards sustainability, aiming to become a benchmark in the food industry for sustainability.
- (2) Strengthening resilience and transparency in value chain management, we rigorously control quality, manage costs, and enhance operational flexibility throughout the upstream and downstream supply chains to adapt to various risks effectively. We uphold the highest principle of minimal burden and no-additive preservatives, ensuring that what reaches consumers' hands is our best quality, finest taste, and safest products, providing peace of mind with every bite.
- (3) Through a systematic talent development program tailored to meet the needs of business growth, we emphasize cross-disciplinary expertise and cultural heritage. We construct diverse learning and development courses, promote employee engagement activities, and nurture a pool of diverse talents for long-term stability. By revitalizing internal

organizational structures, we lead our teams to keep pace with the times, enhancing organizational agility and flexibility in operations.

2. Expected sales volume and important production and sales policies

With an estimated consolidated sales volume of 436,594 tons for the year of 2024, the future production and sales policies are outlined as follows:

(1) Production

- In response to the group's future development strategy and objectives, we are optimizing various aspects of research and development, capital expenditure, and production scheduling to ensure stable, efficient production and provide products that meet the nutritional needs of every family.
- Strengthening value chain management, we carefully select diverse suppliers and distribution channel partners, fostering mutual trust and close cooperation. We adhere to the highest standards of food safety, implementing traceability management and quality policies to maximize the overall efficiency of the supply chain.
- Adhering to our responsibility for trusted quality, we rigorously oversee all production processes. In addition to meeting various quality specifications and standards, we reduce greenhouse gas emissions by improving equipment efficiency and implementing energy-saving and carbon-reduction measures. Moreover, we strive to produce high-quality products that prioritize safety, efficacy, and convenience, meeting high standards and specifications.

(2) Sales

- By closely monitoring market trends and listening to consumer demands, we integrate natural nutrition into every product. Furthermore, we continuously expand our range of dietary supplements tailored to specific health needs and offer comprehensive balanced nutrition supplements to meet the diverse needs of consumers, aspiring to become the trusted "nutritional and health partner" for more families.
- The oil supply in China Standard Food is stabilizing, with plans to accelerate efforts in strengthening previously underserved markets through increased sales outlets and the development of new distribution channels. Additionally, the company aims to expand its range of health products surrounding kitchen essentials.
- Through data-enabled digital transformation and strategic partnerships, we aim to accurately understand market dynamics and consumer behavior. By adopting an omni-channel marketing strategy and closely collaborating with various distribution channels, we seek to enhance brand synergy, increase product visibility, penetration, and market share.
- Through the official website of Standard Food Group, the Health GO sales platform, interactions on social media, and other collaborative platforms, we engage directly with consumers, providing product information and recommendations. This enables consumers to enjoy a one-stop shopping experience.

III. Impact of External Competitive Environment, Legal Environment, and Overall Business Environment

1. External competitive environment

In the face of changing demographics, the rise of diverse distribution channels, intensified competition following retail consolidation, the entry of international brands, and the continuous emergence of new brands, Standard Food Group, as a leading market brand, maintains its competitive edge by continually innovating its product offerings. It remains attuned to consumer behavior and trends across different age groups, channel characteristics, and developments. Through professional and innovative research and development, we adhere to high specifications and standards in producing various products, ensuring strict quality control to deliver delicious and nutritious food that guarantees peace of mind with every bite.

2. Regulatory environment

Standard Food Group is dedicated to being the "every family's nutritional and health partner" adhering to government regulations on food safety and upholding high standards of quality control to fulfill our commitment to consumers' food safety. Recognizing the importance of environmental sustainability, we not only comply with environmental regulations and disclose climate-related information but also actively engage in energy conservation, carbon reduction management, water resource recycling, pollution prevention, the use of eco-friendly materials, and reducing packaging material consumption in our daily operations. We strategically aim to minimize our production's impact on the environment.

3. Overall business environment

Influenced by global political and economic conditions, information and cybersecurity, climate change, and countries' climate policies aiming for net-zero emissions, risks and opportunities will impact business operations. Looking ahead, Standard Food Group, under the premise of sustainable operation, will not only balance financial profitability and corporate governance but also deepen its impact on the environment and society. Through digital technology empowerment, we aim to enhance operational efficiency, organizational agility, and value chain resilience. By understanding consumer trends and demands, we will introduce a diverse range of high-quality products and align with global standards to internationalize Taiwanese brands, meeting the balanced nutritional needs of more families worldwide.

With Standard Food Group companionship, we aspire to enable everyone to "A Lifetime of Well-being!"

IV. Overview of Business Operations

(I) Business Scope:

1. Mainly engaged in manufacturing and sales of nutritious foods, edible oil, dairy products, and beverages.
2. Main products and business percentage

	2023
Product Category	Percentage
Nutritious Foods	37%
Cooking products Food	53%
Others	10%
Total	100%

(II) Industry Overview:

1. Current State and Development of the Industry

Based on the data published by the DGBAS, the economic growth rate of 2023 was only 1.31%, a noticeable decline from the previous year and the lowest in the past years. In addition to the depressed end market demand, the rising inflation rate has influenced consumer willingness to buy, leading to a conservative buying power. As a result, although the overall performance of food industry is better than pre-pandemic levels, the sales of most products declined.

Despite the post-pandemic normalization, consumers' changed behavior and improved idea about health have raised the demand for nutritious and healthy food, not to mention the formation of an aged society. It then has pushed more companies to join the market and speed up their innovation and development of differentiated healthy products featuring more functions, and consequently form various business models. The national output of healthy and nutritious food grows continuously while being followed by a more competitive market.

Under the pressure of market competition and cost, capitalization of innovative smart technology, emphasis on food safety and environmental sustainability, innovative development of green, convenient, and effective products will help the sales growth of all categories of products and enhance brand competitiveness. As the population is aging with a low birth rate, we will constantly introduce diverse products addressing the demands for health, tastiness, high quality, and quick effects, discover new customer segments and explore new markets, and provide a faster and handy online/offline two-way communication channel for the growth opportunities of the industry in the future.

2. Correlation with up-, mid-, and downstream sections of the industry

- (1) Upstream: agriculture, animal husbandry, food packaging materials industry, bio-technology raw materials, etc.

- (2) Midstream: R&D, food manufacturing, drink manufacturing, inspection, etc.
 - (3) Downstream: transportation, storage, sales channels, and platforms, etc.
3. Trends in the development of various products
- (1) In the post-pandemic era, people in Taiwan have gained a better sense of health care and disease prevention, so the number of consumers who hope to improve their immune system or maintain a healthy body through dietary supplements has increased, resulting in the growth momentum of healthy food. With regard to product development, we shall focus on innovative R&D to develop convenient supplements with special features and quick effects and dietary supplement products for certain groups to catch customers' attention.
 - (2) After life is back to normal, consumer demand for healthy products has leaned towards high quality, safety, and ease of use. As a result of the changed demography and buying behavior, youthfulness, small package, ease to eat, taste and nutrition are now mainstream to product design. Such products are also popular among small families and youth, who thus have become the major consumer groups.
 - (3) Aiming at the global goal of net-zero carbon emissions, enterprises that care about climate change and practice environmental sustainability will certainly gain more support and trust from consumers. Therefore, we put more emphasis on high quality and safe green products that are made with green procurement, green production process and green package and are pure, natural, light, free of additives, and extra clean.
4. Competitive situation
- (1) With the enhanced concept of disease prevention and health care and in the pursuit of a healthy lifestyle, the output of healthy and nutritious food sees a constant growth, thus attracting more companies to explore opportunities in this strange category with more resources put into production and sales in order to take some share of the nutritious and healthy food market, hence the severe market competition. Through innovative technology, we keep developing new products, upgrading existing products and adjusting product mix to satisfy the demands of various consumer groups and maintain our market visibility and advantage.
 - (2) Coping with rapidly changing business models and shifted consumer habits in the maturing environment of digitalization, companies are forced to be open to changes caused by technology and put in more resources. We have been active in developing and improving our sales and production model by making good use of intelligent technology and setting the base on food

science. We have established a two-way communication model with consumers, which provides more applications and enhancement of digital technology, such as online buying experience, through digital creative marketing. It is extremely important for industry development.

- (3) After the integration of retail channels, market competition has been in the heat of a battle, where the frequency of price wars among similar products is increasing. The private label products of channels have joined the battle at the same time to challenge the market development. We have built strategic partnership with upstream and downstream vendors to strengthen the relationship maintenance, communication, and value creation with stakeholders to secure our market standing.
- (4) Impacted by factors such as inflation, cost pressure, geopolitics, and climate changes, the entire supply chain has been endlessly facing various uncertainties and challenges, so enterprises shall react with agility, innovate solutions, formulate diverse procurement strategy, and boost the resilience and risk management of supply chain so as to minimize the impact and ensure normal operations.

(III) Technology and R&D Overview

1. R&D expenses incurred in the previous year and as of the date of publication of the annual report.

Unit: NT\$ thousand

	2023	As of April 30, 2024
Amount	184,427	62,807

2. Technologies and products that have been successfully developed with R&D expenses incurred in the most recent year and as of the date of publication of the annual report:

(1) Launch of new products

Standard Foods applies the top technology and skills, and is committed to research and develop new products, innovative research and development of various products, and provide the whole family with nutritious foods and health supplements that meet various needs; (1) Quaker Milk Powder series: various new functional products with more comprehensive nutrient contents; (2) Complete Nutrition Food series: continuous introduction of new products featuring new formulas with higher and more comprehensive efficacy; (3) Edible Cooking Oil series: introduction of High Oleic Acid Sunflower Oil and Great Day Japan Rice Bran Oil that are in small packages with high quality to provide consumers more choices; (4) new health supplements series: introduction of TDHB sphingomyelin Lutein

Jelly and Flexmobility and Cachew of the new brand, Quaker tablets and capsule to safeguard consumers' health; (5) introduction of more new flavors of grain drink, energy drink and fermented milk with enhanced taste; (6) new cereal series products with more flavors and more complete nutrient contents; (7) FreshDelight milk drink series: the launch of new functional products that are instant and tasty; (8) Ready To Eat series: introduction of new flavors to the fresh soup and new dishes series that are handy and tasty; (9) Quaker baby solid food series: continuous introduction of new flavors of additive-free baby congee and baby risotto that are rich in nutrients; (10) the launch of new functional snacks to satisfy the younger generation's palate.

(2) Upgrading of products

Standard's innovation and research are based on food science, and it is committed to quality and safety. It keeps developing a variety of flavors of products and enhancing tastiness thereof. The highest level of nutritional value is thus kept in the products to add deliciousness. Standard is committed to pure, natural, light, free of additives, and clean products, and we practice environmental sustainability by gradually giving priority to green procurement, researching, and developing lightweight and environment-friendly packing materials. The Milk Powder had a multi-nutrient formula upgrade, Complete Nutrition Food Cachexia Formula had a functional upgrade, Quaker Granola had a formula upgrade, and FreshDelight Indulge Fruit Yogurt, oat yogurt had a flavor upgrade.

(3) Process improvement

Standard is dedicated to highly efficient manufacturing process and innovative research constantly. It utilizes digital technology to build up the systematic management, regularly replaces old equipment to eliminate resource waste so as to optimize process and performance and ensure quality and safety. Standard's R&D team focuses on the research of manufacturing process design, the development of innovative technology, and the experiment of environment-friendly and lightweight packing materials with its professional know-how in order to produce products that adhere to the sustainability goal and achieve zero food incidents arising from manufacturing process and packages.

(4) Quality improvement

All of Standard's products are under the oversight of independent third-party certification organizations, and it has received multiple related safety verification badges and certificates, as well as awards and medals from

several competitions. The best quality of products is from the source. Standard takes its responsibility for trustworthy quality seriously, so we continuously emphasize and enhance quality and safeguard every step to ensure efficacy, quality, and safety of products. As a result, the every bite you have has the best quality, taste and safety.

3. R&D plans in the most recent year:

The professional R&D team implements individual projects among various R&D plans, of which, the main contents are as follows:

- (1) Research and development of functional products.
- (2) Study of flavor enhancement and flavor extension and development.
- (3) Research and development of new types of packaging.
- (4) Upgrading of nutrition of existing products.
- (5) Discussion and research of innovative technology.
- (6) Establishment and application of analysis method.
- (7) Impacts posed by various manufacturing processes, scale, and conditions to the quality.
- (8) Research and application of eco-friendly packing materials.
- (9) Upgrading and replacement of machinery and equipment.
- (10) Upgrading and application of digital technology.

(IV) Long-term and Short-term Business Development Plans

1. Long-term Business Development Plans

- (1) Deepen brand building, raise brand value, and impact and implement the concept of “Everyone has the right to nutritious and healthy product.”
- (2) Pursue corporate sustainable development, align with the trend of sustainability, and improve environment, society, and corporate governance.
- (3) Integrate corporate cultures and development, cultivate a diverse pool of long-term and stable talents, create agile teams, and improve the overall cohesion and productivity.
- (4) Expand into overseas markets, embrace globalization, and become a trusted “every family's nutrition and health partner” in more households.

2. Short-term Business Development Plans

- (1) Emphasize food safety, continue new product development and existing product upgrade to meet various demands.
- (2) Leveraging the advantages of a diverse product portfolio to strengthen brand synergies.
- (3) Continue digital transformation, improve organizational resilience and competitiveness.

- (4) Initiate diverse sales channels and innovate marketing through strategic partnership to boost operating result.
- (5) Strengthen resilience management of value chain to reduce impact arising from risk.

Chairman: Ter-Fung Tsao

President: Arthur Tsao

Accounting Supervisor: Thomas Huang

Attachment II 2023 Audit Committee's Review Report

Standard Foods Corporation Audit Committee's Review Report

The Board of Directors has prepared and submitted the Company's 2023 Business Report, the consolidated financial statements, the individual financial statements, and the profit distribution plan, of which, the consolidated financial statements and the individual financial statements have been audited by CPA Han-Ni Fang and Zhao-Yu Chen from Deloitte & Touche, and the auditor's report has been issued accordingly. The Business Report, the consolidated and individual financial statements, and the profit distribution plan have been reviewed by the Audit Committee. We have not found any inconsistencies with applicable laws in our review of the aforementioned documents. Therefore, we, the Audit Committee, hereby issue this report in compliance with Article 14-4 of the Securities Act and Article 219 of the Company Act.

Sincerely,
2024 Annual Shareholders' Meeting of Standard Foods Corporation

Standard Foods Corporation

Convener of the Audit Committee: Ben Chang

Mar. 13, 2024

Attachment III Auditor’s Report and 2023 Individual Financial Statements

INDEPENDENT AUDITORS’ REPORT

The Board of Directors and Shareholders
Standard Foods Corporation

Opinion

We have audited the accompanying financial statements of Standard Foods Corporation (the “Company”), which comprise the balance sheets as of December 31, 2023 and 2022, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including material accounting policy information (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the Company's financial statements for the year ended December 31, 2023 is stated as follows:

The accuracy of the calculation of contractual trade promotion fees for major retailers

The Company's sales channels mainly consist of department stores, supermarkets, and major hypermarkets. The sales contracts signed between the Company and retailers include contractual trade promotion fees that distributors are required to pay for various promotional and marketing activities in support of the Company's products. Considering these fees as a reduction in the transaction price, they are accounted for as deductions from operating revenue. The calculation of contractual trade promotion fees is based on the actual sales amount according to the terms of the contract agreed upon with the retailers. Considering the significant amount and complexity of contractual trade promotion fees, we considered the accuracy of the calculation of contractual trade promotion fees for major retailers to be a key audit matter.

The key audit procedures that we performed in respect of the accuracy of the calculation of contractual trade promotion fees for major retailers included the following:

1. We obtained an understanding of and tested the design and operating effectiveness of the key controls over the estimates of the contractual trade promotion fees.
2. We obtained subsidiary ledgers from the major retailers in the current year, and conducted audit sampling by comparing delivery orders to confirm sales quantities and amounts.
3. We obtained the sales contracts of major retailers and confirmed that the agreed-upon contractual trade promotion fee rates were consistent with those rates in the SAP.
4. We recalculated the amounts of contractual trade promotion fees for major retailers based on the sales subsidiary ledger and the agreed-upon contractual trade promotion fee rates and confirmed whether these fees should be considered as deductions from operating revenue.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Han-Ni Fang and Zhao-Yu Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 20, 2024

Notice to Readers

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

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

STANDARD FOODS CORPORATION

BALANCE SHEETS

DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 527,852	3	\$ 345,640	2
Financial assets at fair value through profit or loss - current (Note 7)	949,497	5	984,847	5
Financial assets at fair value through other comprehensive income - current (Note 8)	24,387	-	21,627	-
Financial assets at amortized cost - current (Note 9)	695,766	3	758,484	4
Notes receivable (Notes 10 and 22)	957	-	1,286	-
Trade receivables from unrelated parties (Notes 10 and 22)	1,882,632	9	1,937,230	10
Trade receivables from related parties (Notes 22 and 28)	158,134	1	145,838	1
Other receivables (Note 10)	23,199	-	14,315	-
Other receivables from related parties (Note 28)	920,448	5	905,282	4
Inventories (Note 11)	2,571,965	13	2,691,589	13
Prepayments (Note 12)	214,694	1	253,140	1
Other current assets (Notes 17 and 19)	55,836	-	58,263	-
Total current assets	8,025,367	40	8,117,541	40
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Note 7)	2,028	-	2,059	-
Financial assets at fair value through other comprehensive income - non-current (Note 8)	179,285	1	159,057	1
Investments accounted for using the equity method (Note 13)	9,774,115	49	10,089,429	50
Property, plant and equipment (Note 14)	1,466,269	7	1,381,826	7
Right-of-use assets (Note 15)	114,386	1	117,155	1
Other intangible assets (Note 16)	26,886	-	26,516	-
Deferred tax assets (Note 24)	315,135	2	312,327	1
Other non-current assets (Note 17)	25,967	-	23,108	-
Total non-current assets	11,904,071	60	12,111,477	60
TOTAL	\$ 19,929,438	100	\$ 20,229,018	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Contract liabilities - current (Note 22)	\$ 14,871	-	\$ 747	-
Notes payable (Note 18)	24,328	-	20,176	-
Trade payables (Note 18)	760,599	4	797,921	4
Trade payables to related parties (Note 28)	9,889	-	19,633	-
Other payables (Note 19)	1,249,842	6	1,261,674	6
Current tax liabilities (Note 24)	71,294	-	174,665	1
Lease liabilities - current (Note 15)	39,855	-	33,017	-
Other current liabilities (Notes 5 and 19)	72,523	1	65,393	-
Total current liabilities	2,243,201	11	2,373,226	11
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Note 24)	56,216	-	135,047	1
Lease liabilities - non-current (Note 15)	74,474	1	85,632	-
Net defined benefit liabilities (Note 20)	176,440	1	123,623	1
Other non-current liabilities (Note 19)	150	-	150	-
Total non-current liabilities	307,280	2	344,452	2
Total liabilities	2,550,481	13	2,717,678	13
EQUITY (Note 21)				
Ordinary shares	9,150,897	46	9,150,897	45
Capital surplus	165,585	1	156,981	1
Retained earnings				
Legal reserve	3,978,059	20	3,852,023	19
Special reserve	577,494	3	577,494	3
Unappropriated earnings	3,920,727	19	4,045,655	20
Total retained earnings	8,476,280	42	8,475,172	42
Other equity	(392,623)	(2)	(250,528)	(1)
Treasury shares	(21,182)	-	(21,182)	-
Total equity	17,378,957	87	17,511,340	87
TOTAL	\$ 19,929,438	100	\$ 20,229,018	100

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

STANDARD FOODS CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE				
Sales (Notes 22 and 28)	\$ 12,189,963	100	\$ 12,168,430	100
OPERATING COSTS				
Cost of goods sold (Notes 11, 23 and 28)	<u>8,496,125</u>	<u>70</u>	<u>8,094,042</u>	<u>67</u>
GROSS PROFIT	<u>3,693,838</u>	<u>30</u>	<u>4,074,388</u>	<u>33</u>
OPERATING EXPENSES (Note 23)				
Selling and marketing expenses	1,814,203	14	1,598,085	13
General and administrative expenses	494,834	4	383,776	3
Research and development expenses	81,060	1	82,111	1
Expected credit loss	<u>126</u>	<u>-</u>	<u>1,858</u>	<u>-</u>
Total operating expenses	<u>2,390,223</u>	<u>19</u>	<u>2,065,830</u>	<u>17</u>
OPERATING INCOME	<u>1,303,615</u>	<u>11</u>	<u>2,008,558</u>	<u>16</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Notes 23 and 28)	52,634	-	27,497	-
Other income (Notes 23 and 28)	13,630	-	13,742	-
Other gains (Note 23)	75,698	1	(29,591)	-
Finance costs (Note 23)	(1,296)	-	(1,375)	-
Share of the profit (loss) of subsidiaries	<u>3,302</u>	<u>-</u>	<u>(548,827)</u>	<u>(4)</u>
Total non-operating income and expenses	<u>143,968</u>	<u>1</u>	<u>(538,554)</u>	<u>(4)</u>
PROFIT BEFORE INCOME TAX	1,447,583	12	1,470,004	12
INCOME TAX EXPENSE (Note 24)	<u>221,810</u>	<u>2</u>	<u>255,906</u>	<u>2</u>
NET PROFIT FOR THE YEAR	<u>1,225,773</u>	<u>10</u>	<u>1,214,098</u>	<u>10</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 20)	(62,428)	-	48,364	-
Unrealized profit on investments in equity instruments at fair value through other comprehensive income	22,989	-	47,234	-

(Continued)

STANDARD FOODS CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
Share of the other comprehensive income of subsidiaries accounted for using the equity method	\$ (72,099)	(1)	\$ (223,633)	(1)
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 24)	12,120	-	(9,838)	-
Total items that will not be reclassified subsequently to profit or loss	(99,418)	(1)	(137,873)	(1)
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	(108,595)	(1)	154,600	1
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 24)	21,719	-	(30,920)	-
Total items that may be reclassified subsequently to profit or loss	(86,876)	(1)	123,680	1
Other comprehensive income (loss) for the year, net of income (loss) tax	(186,294)	(2)	(14,193)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	\$ 1,039,479	8	\$ 1,199,905	10
EARNINGS PER SHARE (Note 25)				
Basic	\$ 1.35		\$ 1.34	
Diluted	\$ 1.35		\$ 1.34	

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

(Concluded)

STANDARD FOODS CORPORATION

STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	Ordinary Shares	Capital Surplus	Retained Earnings				Exchange Differences on Translation of the Financial Statements of Foreign Operations	Other Equity Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total	Treasury Shares	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings	Total					
BALANCE AT JANUARY 1, 2022	\$ 9,150,897	\$ 144,066	\$ 3,606,189	\$ 577,494	\$ 4,769,802	\$ 8,953,485	\$ (612,857)	\$ 422,781	\$ (190,076)	\$ (21,182)	\$18,037,190
Appropriation of 2021 earnings											
Legal reserve	-	-	245,834	-	(245,834)	-	-	-	-	-	-
Cash dividends to shareholders	-	-	-	-	(1,738,670)	(1,738,670)	-	-	-	-	(1,738,670)
Adjustment of capital surplus for the Company's cash dividends received by subsidiaries	-	12,672	-	-	-	-	-	-	-	-	12,672
Adjustment of capital surplus for the change in ownership interests in existing subsidiaries	-	243	-	-	-	-	-	-	-	-	243
Net profit for the year ended December 31, 2022	-	-	-	-	1,214,098	1,214,098	-	-	-	-	1,214,098
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	46,259	46,259	123,680	(184,132)	(60,452)	-	(14,193)
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	1,260,357	1,260,357	123,680	(184,132)	(60,452)	-	1,199,905
BALANCE AT DECEMBER 31, 2022	9,150,897	156,981	3,852,023	577,494	4,045,655	8,475,172	(489,177)	238,649	(250,528)	(21,182)	17,511,340
Appropriation of 2022 earnings											
Legal reserve	-	-	126,036	-	(126,036)	-	-	-	-	-	-
Cash dividends to shareholders	-	-	-	-	(1,180,466)	(1,180,466)	-	-	-	-	(1,180,466)
Adjustment of capital surplus for the Company's cash dividends received by subsidiaries	-	8,604	-	-	-	-	-	-	-	-	8,604
Net profit for the year ended December 31, 2023	-	-	-	-	1,225,773	1,225,773	-	-	-	-	1,225,773
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	(57,371)	(57,371)	(86,876)	(42,047)	(128,923)	-	(186,294)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	1,168,402	1,168,402	(86,876)	(42,047)	(128,923)	-	1,039,479
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	13,172	13,172	-	(13,172)	(13,172)	-	-
BALANCE AT DECEMBER 31, 2023	\$ 9,150,897	\$ 165,585	\$ 3,978,059	\$ 577,494	\$ 3,920,727	\$ 8,476,280	\$ (576,053)	\$ 183,430	\$ (392,623)	\$ (21,182)	\$17,378,957

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

STANDARD FOODS CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,447,583	\$ 1,470,004
Adjustments for:		
Depreciation expenses	205,203	212,027
Amortization expenses	26,257	20,985
Expected credit loss recognized on trade receivables	126	1,858
Net (gain) loss on financial assets at FVTPL	(25,233)	69,486
Finance costs	1,296	1,375
Interest income	(52,634)	(27,497)
Dividend income	(4,485)	(4,434)
Share of the (profit) loss of subsidiaries	(3,302)	548,827
Net (gain) loss on disposal of property, plant and equipment	(2,007)	1,676
Write-down of inventories	14,855	4,283
Others	(1)	-
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	60,613	(80,930)
Notes receivable	329	(1,111)
Trade receivables	54,473	(110,402)
Trade receivables from related parties	(12,296)	(18,065)
Other receivables	(4,430)	(1,024)
Other receivables from related parties	(15,166)	938
Inventories	104,769	(1,004,943)
Prepayments	38,446	100,860
Other current assets	2,427	(23,332)
Contract liabilities	14,124	(16,538)
Notes payable	4,152	(25)
Trade payables	(37,322)	65,045
Trade payables to related parties	(9,744)	161
Other payables	(11,832)	850
Other current liabilities	7,130	21,975
Net defined benefit liabilities	(9,611)	(2,880)
Cash generated from operations	1,793,720	1,229,169
Interest received	48,180	26,879
Interest paid	(1,296)	(1,375)
Income tax paid	(372,980)	(555,052)
Net cash generated from operating activities	<u>1,467,624</u>	<u>699,621</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(1,553,924)	(2,061,228)
Proceeds from sale of financial assets at amortized cost	1,616,642	2,611,897
Payments for property, plant and equipment	(249,611)	(220,053)
Proceeds from disposal of property, plant and equipment	2,007	532
Payments for intangible assets	(16,881)	(20,156)

(Continued)

STANDARD FOODS CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
Increase in other financial assets	\$ (1,606)	\$ -
Decrease in other financial assets	-	6,202
Increase in other non-current assets	(10,998)	(7,235)
Dividends received from subsidiaries	373,068	498,699
Other dividends received	<u>4,485</u>	<u>4,434</u>
Net cash generated from investing activities	<u>163,182</u>	<u>813,092</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of the principal portion of lease liabilities	(41,584)	(32,985)
Dividends paid to owners of the Company	(1,180,466)	(1,738,670)
Acquisition of interest in subsidiaries	<u>(226,544)</u>	<u>(3,242)</u>
Net cash used in financing activities	<u>(1,448,594)</u>	<u>(1,774,897)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	182,212	(262,184)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>345,640</u>	<u>607,824</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 527,852</u>	<u>\$ 345,640</u>

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

(Concluded)

Attachment IV Auditor’s Report and 2023 Consolidated Financial Statements

INDEPENDENT AUDITORS’ REPORT

The Board of Directors and Shareholders

Standard Foods Corporation

Opinion

We have audited the accompanying consolidated financial statements of Standard Foods Corporation and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the Group's consolidated financial statements for the year ended December 31, 2023 is stated as follows:

The Accuracy of the Calculation of Contractual Trade Promotion Fees for Major Retailers

The Group's sales channels mainly consist of department stores, supermarkets, and major hypermarkets. The sales contracts signed between the Group and retailers include contractual trade promotion fees that distributors are required to pay for various promotional and marketing activities in support of the Group's products. Considering these fees as a reduction in the transaction price, they are accounted for as deductions from operating revenue. The calculation of contractual trade promotion fees is based on the actual sales amount according to the terms of the contract agreed upon with the retailers. Considering the significant amount and complexity of contractual trade promotion fees, we considered the accuracy of the calculation of contractual trade promotion fees for major retailers to be a key audit matter.

The key audit procedures that we performed in respect of the accuracy of the calculation of contractual trade promotion fees for major retailers included the following:

1. We obtained an understanding of and tested the design and operating effectiveness of the key controls over the estimates of the contractual trade promotion fees.
2. We obtained subsidiary ledgers from the major retailers in the current year, and conducted audit sampling by comparing delivery orders to confirm sales quantities and amounts.
3. We obtained the sales contracts of major retailers and confirmed that the agreed-upon contractual trade promotion fee rates were consistent with those rates in the SAP.
4. We recalculated the amounts of contractual trade promotion fees for major retailers based on the sales subsidiary ledger and the agreed-upon contractual trade promotion fee rates and confirmed whether these fees should be considered as deductions from operating revenue.

Other Matter

We have also audited the parent company only financial statements of Standard Foods Corporation as of and for the years ended December 31, 2023 and 2022, on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Han-Ni Fang and Zhao-Yu Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 20, 2024

Notice to Readers

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

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

STANDARD FOODS CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023		2022	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 2,938,886	12	\$ 4,348,255	16
Financial assets at fair value through profit or loss - current (Note 7)	1,160,504	5	1,286,801	5
Financial assets at fair value through other comprehensive income - current (Note 8)	198,617	1	184,359	1
Financial assets at amortized cost - current (Note 9)	1,203,147	5	1,061,060	4
Notes receivable (Notes 10 and 25)	14,829	-	9,223	-
Trade receivables (Notes 10 and 25)	4,492,265	17	4,965,650	18
Trade receivable from related parties (Notes 25 and 32)	43	-	4,737	-
Finance lease receivables - current (Note 11)	1,047	-	516	-
Other receivables (Note 10)	367,445	1	307,080	1
Current tax assets (Note 27)	299	-	588	-
Inventories (Note 12)	5,663,353	22	5,658,738	20
Prepayments (Note 13)	1,044,120	4	1,258,577	4
Other current assets (Notes 19 and 33)	107,394	-	109,597	-
Total current assets	17,191,949	67	19,195,181	69
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Note 7)	16,731	-	8,721	-
Financial assets at fair value through other comprehensive income - non-current (Note 8)	180,328	1	359,217	1
Financial assets at amortized cost - non-current (Note 9)	1,971,770	7	1,807,854	7
Property, plant and equipment (Notes 15 and 33)	4,135,856	16	4,282,791	15
Right-of-use assets (Note 16)	524,683	2	590,816	2
Investment properties (Notes 17 and 33)	712,637	3	762,361	3
Goodwill	558	-	558	-
Other intangible assets (Note 18)	170,289	1	110,260	-
Deferred tax assets (Note 27)	427,702	2	430,159	2
Finance lease receivables - non-current (Note 11)	3,883	-	4,930	-
Net defined benefit assets - non-current (Note 23)	632	-	619	-
Other non-current assets (Note 19)	388,593	1	375,946	1
Total non-current assets	8,533,662	33	8,734,232	31
TOTAL	\$ 25,725,611	100	\$ 27,929,413	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 20 and 33)	\$ 1,421,038	6	\$ 2,928,175	10
Short-term bills payable (Note 20)	49,993	-	-	-
Contract liabilities - current (Note 25)	295,312	1	478,697	2
Notes payable (Note 21)	519,183	2	543,484	2
Trade payables (Note 21)	1,535,268	6	1,405,642	5
Trade payables to related parties (Note 32)	9,889	-	19,633	-
Other payables (Note 22)	3,464,198	13	3,737,651	14
Current tax liabilities (Note 27)	107,241	-	238,594	1
Lease liabilities - current (Note 16)	69,502	-	93,575	-
Other current liabilities (Notes 5 and 22)	157,687	1	130,462	-
Total current liabilities	7,629,311	29	9,575,913	34
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Note 27)	62,223	-	139,616	-
Lease liabilities - non-current (Note 16)	120,685	1	157,283	1
Net defined benefit liabilities - non-current (Note 23)	230,996	1	180,637	1
Other non-current liabilities (Note 22)	21,249	-	22,224	-
Total non-current liabilities	435,153	2	499,760	2
Total liabilities	8,064,464	31	10,075,673	36
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 24)				
Ordinary shares	9,150,897	36	9,150,897	33
Capital surplus	165,585	1	156,981	1
Retained earnings				
Legal reserve	3,978,059	16	3,852,023	14
Special reserve	577,494	2	577,494	2
Unappropriated earnings	3,920,727	15	4,045,655	14
Total retained earnings	8,476,280	33	8,475,172	30
Other equity	(392,623)	(2)	(250,528)	(1)
Treasury shares	(21,182)	-	(21,182)	-
Total equity attributable to owners of the Company	17,378,957	68	17,511,340	63
NON-CONTROLLING INTERESTS (Note 24)	282,190	1	342,400	1
Total equity	17,661,147	69	17,853,740	64
TOTAL	\$ 25,725,611	100	\$ 27,929,413	100

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

STANDARD FOODS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE				
Sales (Notes 25 and 32)	\$ 27,804,118	100	\$ 28,922,800	100
OPERATING COSTS				
Cost of goods sold (Notes 12, 26 and 32)	<u>21,514,418</u>	<u>77</u>	<u>22,564,224</u>	<u>78</u>
GROSS PROFIT	<u>6,289,700</u>	<u>23</u>	<u>6,358,576</u>	<u>22</u>
OPERATING EXPENSES (Note 26)				
Selling and marketing expenses	3,632,400	13	3,740,658	13
General and administrative expenses	1,072,041	4	964,825	3
Research and development expenses	184,427	1	171,538	1
Expected credit loss	<u>40,431</u>	<u>-</u>	<u>38,700</u>	<u>-</u>
Total operating expenses	<u>4,929,299</u>	<u>18</u>	<u>4,915,721</u>	<u>17</u>
OPERATING INCOME	<u>1,360,401</u>	<u>5</u>	<u>1,442,855</u>	<u>5</u>
NON-OPERATING INCOME AND EXPENSES (Note 26)				
Interest income	177,764	1	132,393	-
Other income	56,075	-	50,891	-
Other gains	85,711	-	46,893	-
Finance costs	<u>(76,637)</u>	<u>-</u>	<u>(61,953)</u>	<u>-</u>
Total non-operating income and expenses	<u>242,913</u>	<u>1</u>	<u>168,224</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	1,603,314	6	1,611,079	5
INCOME TAX EXPENSE (Note 27)	<u>335,162</u>	<u>1</u>	<u>366,971</u>	<u>1</u>
NET PROFIT FOR THE YEAR	<u>1,268,152</u>	<u>5</u>	<u>1,244,108</u>	<u>4</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(71,272)	-	59,562	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(112,696)	(1)	(277,623)	(1)
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 27)	<u>13,889</u>	<u>-</u>	<u>(14,419)</u>	<u>-</u>
Total items that will not be reclassified subsequently to profit or loss	<u>(170,079)</u>	<u>(1)</u>	<u>(232,480)</u>	<u>(1)</u>

(Continued)

STANDARD FOODS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	\$ (107,019)	-	\$ 155,074	1
Income tax relating to the items that may be reclassified subsequently to profit or loss (Note 27)	<u>21,719</u>	<u>-</u>	<u>(30,920)</u>	<u>-</u>
Total items that may be reclassified subsequently to profit or loss	<u>(85,300)</u>	<u>-</u>	<u>124,154</u>	<u>1</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(255,379)</u>	<u>(1)</u>	<u>(108,326)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,012,773</u>	<u>4</u>	<u>\$ 1,135,782</u>	<u>4</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 1,225,773	5	\$ 1,214,098	4
Non-controlling interests	<u>42,379</u>	<u>-</u>	<u>30,010</u>	<u>-</u>
	<u>\$ 1,268,152</u>	<u>5</u>	<u>\$ 1,244,108</u>	<u>4</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 1,039,479	4	\$ 1,199,905	4
Non-controlling interests	<u>(26,706)</u>	<u>-</u>	<u>(64,123)</u>	<u>-</u>
	<u>\$ 1,012,773</u>	<u>4</u>	<u>\$ 1,135,782</u>	<u>4</u>
EARNINGS PER SHARE (Note 28)				
Basic	<u>\$ 1.35</u>		<u>\$ 1.34</u>	
Diluted	<u>\$ 1.35</u>		<u>\$ 1.34</u>	

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

(Concluded)

STANDARD FOODS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company												
	Ordinary Shares	Capital Surplus	Retained Earnings				Exchange Differences on Translation of the Financial Statements of Foreign Operations	Other Equity		Treasury Shares	Total	Non-controlling Interests	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings	Total		Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total				
BALANCE AT JANUARY 1, 2022	\$ 9,150,897	\$ 144,066	\$ 3,606,189	\$ 577,494	\$ 4,769,802	\$ 8,953,485	\$ (612,857)	\$ 422,781	\$ (190,076)	\$ (21,182)	\$ 18,037,190	\$ 440,027	\$ 18,477,217
Appropriation of 2021 earnings													
Legal reserve	-	-	245,834	-	(245,834)	-	-	-	-	-	-	-	-
Cash dividends to shareholders	-	-	-	-	(1,738,670)	(1,738,670)	-	-	-	-	(1,738,670)	-	(1,738,670)
Adjustment of capital surplus for the Company's cash dividends received by subsidiaries	-	12,672	-	-	-	-	-	-	-	-	12,672	-	12,672
Changes in percentage of ownership interests in subsidiaries	-	243	-	-	-	-	-	-	-	-	243	-	243
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(33,504)	(33,504)
Net profit for the year ended December 31, 2022	-	-	-	-	1,214,098	1,214,098	-	-	-	-	1,214,098	30,010	1,244,108
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	46,259	46,259	123,680	(184,132)	(60,452)	-	(14,193)	(94,133)	(108,326)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	1,260,357	1,260,357	123,680	(184,132)	(60,452)	-	1,199,905	(64,123)	1,135,782
BALANCE AT DECEMBER 31, 2022	9,150,897	156,981	3,852,023	577,494	4,045,655	8,475,172	(489,177)	238,649	(250,528)	(21,182)	17,511,340	342,400	17,853,740
Appropriation of 2022 earnings													
Legal reserve	-	-	126,036	-	(126,036)	-	-	-	-	-	-	-	-
Cash dividends to shareholders	-	-	-	-	(1,180,466)	(1,180,466)	-	-	-	-	(1,180,466)	-	(1,180,466)
Adjustment of capital surplus for the Company's cash dividends received by subsidiaries	-	8,604	-	-	-	-	-	-	-	-	8,604	-	8,604
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(33,504)	(33,504)
Net profit for the year ended December 31, 2023	-	-	-	-	1,225,773	1,225,773	-	-	-	-	1,225,773	42,379	1,268,152
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	(57,371)	(57,371)	(86,876)	(42,047)	(128,923)	-	(186,294)	(69,085)	(255,379)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	1,168,402	1,168,402	(86,876)	(42,047)	(128,923)	-	1,039,479	(26,706)	1,012,773
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	13,172	13,172	-	(13,172)	(13,172)	-	-	-	-
BALANCE AT DECEMBER 31, 2023	\$ 9,150,897	\$ 165,585	\$ 3,978,059	\$ 577,494	\$ 3,920,727	\$ 8,476,280	\$ (576,053)	\$ 183,430	\$ (392,623)	\$ (21,182)	\$ 17,378,957	\$ 282,190	\$ 17,661,147

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

STANDARD FOODS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,603,314	\$ 1,611,079
Adjustments for:		
Depreciation expenses	588,260	595,485
Amortization expenses	76,571	68,429
Expected credit losses on trade receivables	40,431	38,700
Net (gain) loss recognized on financial assets measured at FVTPL	(42,783)	74,856
Finance costs	76,637	61,953
Interest income	(177,764)	(132,393)
Dividend income	(21,702)	(24,447)
Net gain on disposal of property, plant and equipment	(749)	(1,684)
Write-down of inventories	-	71,280
Reversal of write-down of inventories	(13,375)	-
Others	(926)	5,592
Changes in operating assets and liabilities		
Financial assets mandatorily classified as fair value through profit or loss	161,402	(186,887)
Notes receivable	(5,869)	9,448
Trade receivables	408,895	744,175
Trade receivables from related parties	4,694	2,553
Other receivables	(5,570)	(41,051)
Inventories	(28,514)	21,652
Prepayments	201,840	284,590
Other current assets	1,509	(11,339)
Accrued pension assets	(13)	5,524
Contract liabilities	(179,466)	(37,832)
Notes payable	(15,967)	(328,804)
Trade payables	133,589	(497,144)
Trade payables - related parties	(9,744)	161
Other payables	(246,527)	272,543
Other current liabilities	28,717	(13,038)
Net defined benefit liabilities	(22,097)	(3,125)
Cash generated from operations	2,554,793	2,590,276
Interest received	120,901	84,521
Interest paid	(78,076)	(61,387)
Income tax paid	(506,594)	(742,564)
Net cash generated from operating activities	<u>2,091,024</u>	<u>1,870,846</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposal of financial assets at fair value through other comprehensive income	51,912	-
Purchase of financial assets at amortized cost	(2,118,674)	(4,398,684)
Refund of financial assets at amortized cost	1,771,100	4,192,025
Payments for property, plant and equipment	(331,462)	(386,518)

(Continued)

STANDARD FOODS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
Proceeds from disposal of property, plant and equipment	\$ 5,859	\$ 7,775
Payments for intangible assets	(77,527)	(20,531)
Acquisitions of right-of-use assets	-	(16,377)
Decrease in finance lease receivables	516	18,585
Increase in other financial assets	(16,902)	(131,696)
Increase in other non-current assets	(53,416)	(25,620)
Other dividends received	<u>21,702</u>	<u>24,447</u>
Net cash used in investing activities	<u>(746,892)</u>	<u>(736,594)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	-	1,549,193
Decrease in short-term borrowings	(1,489,713)	-
Increase in short-term bills payable	49,993	-
Decrease in short-term bills payable	-	(259,855)
Repayment of the principal portion of lease liabilities	(106,573)	(90,904)
Decrease in other financial liabilities	(666)	(9,272)
Decrease in other non-current liabilities	-	(127)
Payment of dividends to the Company's owners	(1,171,862)	(1,725,998)
Payment of cash dividends on non-controlling equity	<u>(33,504)</u>	<u>(33,504)</u>
Net cash used in financing activities	<u>(2,752,325)</u>	<u>(570,467)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(1,176)</u>	<u>36,401</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,409,369)	600,186
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>4,348,255</u>	<u>3,748,069</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 2,938,886</u>	<u>\$ 4,348,255</u>

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

(Concluded)

Chapter 4. Appendixes

Appendix I Rules of Procedures for the Shareholders' Meeting

Standard Foods Corporation Rules of Procedures for the Shareholders' Meeting

1. Unless otherwise prescribed by relevant laws and regulations, the shareholders' meeting of the Company shall be conducted in accordance with the Rules of Procedure for the Shareholders' Meeting.
2. The Company shall provide a sign-in book to allow the attending shareholders to sign in or else attending shareholders may also submit the attendance card in lieu of signing in. The number of shares in attendance is counted based on the submitted attendance cards and the shareholding reported on the teleconferencing platform, together with the shares with the electronic voting rights.
3. The participation and voting by shareholders shall be duly calculated based on the number of shares they hold.
4. Any changes to the convening of a shareholders' meeting shall be resolved in a board meeting, which should be completed at the latest before the notice of the shareholders' meeting is sent.

The meeting shall be held at the location of the Company or other venues convenient for the shareholders' attendance and suitable for holding the meeting. The Meeting shall not begin at a time earlier than 9:00 a.m. or later than 3:00 p.m.

If the shareholder meeting is held by teleconferencing, it is not subject to the restriction on the revenue as specified in the preceding paragraph.

Electronic transmission shall be listed as one of the channels for shareholders to exercise their voting power, of which the exercise method shall be described in the Meeting notice. A shareholder who exercises his/her voting rights at a shareholders meeting by electronic means shall be deemed to have attended the shareholders' meeting in person. However, they shall be deemed to have waived their voting power in respect of any special motions and any amendments or substitute to the original proposals of the Meeting.

5. If the shareholders' meeting is convened by the Board of Directors, the Chairman of the Board of Directors shall be preside over the meeting. If the Chairman is on leave or unable to exercise his powers and duties for any reasons, the Vice Chairman shall chair the meeting in place of the Chairman; if no Vice Chairman is appointed or the Vice Chairman is also on leave or is unable to exercise his powers and duties for any reasons, the managing director designated by the Chairman shall preside over the meeting; if there is no managing director, a director shall be designated to preside over the meeting; if the Chairman does

not designate the chair of the meeting, the managing directors or directors shall elect one of them to preside over the meeting.

6. The Company may appoint its designated counsels, CPAs, or other relevant personnel to attend the meeting.

Staff at the shareholders' meetings shall wear ID badges or arm badges.

7. The whole process of the meeting shall be audio recorded or videotaped from beginning to end, of which the files shall be kept for at least one year.

If the shareholders' meeting is to be held by teleconferencing, the Company should audio- and video-record the backend operation interface of the teleconferencing platform.

8. The Chair of the Meeting shall call the meeting to order at the scheduled time. Nevertheless, if the shares represented by the attending shareholders have not reached more than half of the total shares issued, the Chair may announce postponement of the meeting. However, the postponement shall be limited to two times and the meeting shall not be postponed for more than one hour in total; For the shareholder meeting held by teleconferencing, the Company shall announce the adjournment of the meeting on the teleconferencing platform. If the quorum is not met after two postponements but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Paragraph 1, Article 175 of the Company Act. Shareholders who wish to attend the shareholders' meeting which is to be held by teleconferencing shall register with the Company in accordance with Article 20.

In the event that the shares represented by the attending shareholders have reached more than half of the total share issued before the end of the meeting, the chair of the meeting may resubmit previously passed tentative resolutions to the meeting for voting in accordance with Article 174 of the Company Act.

9. If the shareholders' meeting is convened by the Board of Directors, the agenda of the meeting shall be prepared by the Board of Directors. The meeting shall proceed in accordance with the agenda which may not be changed without a resolution of the meeting. Except by a resolution of the meeting, the Chair shall not announce adjournment of the meeting before completion of the all scheduled items on the agenda (including special motions).

After the meeting is adjourned, the shareholders shall not elect another chairman to resume such meeting at the same location or seek an alternative venue. Nevertheless, in the event that the Chair adjourns the meeting in violation of the Rules of Procedure, the attending shareholders may designate, by agreement of a majority of votes, one person as the Chair to continue the Meeting.

10. Before speaking at the meeting, the attending shareholders shall submit a slip of paper summarizing the speaking subject, shareholder account number (or attendance ID number) and account name. The Chair shall determine the order of speaking.

An attending shareholder who submits a slip of paper but does not speak at the meeting is deemed to have not spoken. In the event that the content of the speech made by a shareholder is inconsistent with that specified on the speech note, the confirmed content of the actual speech shall prevail.

When an attending shareholder is speaking at the meeting, no other shareholder shall interrupt the speaking shareholder unless otherwise permitted by the chairman and such speaking shareholder; the chairman shall stop any such violations.

11. Without the consent of the Chair of the meeting, each shareholder shall not make a speech on the same discussion item more than two times and each time shall not exceed five minutes.

The chairman may stop the speech of any shareholder that is in violation of the preceding paragraph or exceeds the scope of the proposal.

12. If a legal person is appointed to attend the shareholders' meeting, this legal person may appoint only one representative to attend the meeting.

In the event that a juristic (corporate) person shareholder appoints two or more representatives to participate in a shareholder meeting, only one representative may speak for the same issue.

13. After the speech of an attending shareholder, the Chair of the meeting may respond in person or appoint an appropriate person to respond.
14. Where the chairman believes an issue has been discussed in the meeting up to the level for voting, the chairman may announce discontinuance of the discussion process and bring that issue to a vote.
15. The scrutineer and the vote counter shall be appointed by the Chair, and the scrutineer shall be a shareholder. The results of voting shall be announced onsite and recorded in the minutes of the meeting.
16. During the process of the meeting, the chairman may announce a recess at an appropriate time.
17. Unless otherwise specified in the Company Act and the Articles of Incorporation, a resolution shall be adopted by a majority of votes represented by the attending shareholders at the meeting. At the time of voting, the proposed case is deemed adopted if there is no objection when consulted by the Chair of the Meeting and its effect is the same as vote by ballot.
18. In the event that an amendment or a substitute comes out of the same proposal, the chair shall fix the order of voting for the original proposal and the amendment or the substitute. When one among them is duly resolved, other issue(s) is (are) deemed to have been vetoed and no voting process is required.
19. The Chair may direct the disciplinary personnel (or security personnel) to assist in maintaining the order of the meeting. The disciplinary personnel (or security personnel)

shall wear arm badges reading “Disciplinary Officer” while assisting in maintaining the order of the meeting.

20. Check in to the teleconferencing platform of the shareholders’ meeting should be completed at least 30 minutes before the meeting starts, those who complete the check-in are considered to have attended the meeting in person.

Shareholders who would like to attend the teleconferencing of shareholders’ meeting should register with the Company at least two days before the shareholders’ meeting.

For shareholders’ meetings that are held by teleconferencing, the Company shall upload the meeting handbook, annual report and other relevant information to the teleconferencing platform of the shareholders’ meeting, and keep them disclosed until the end of the meeting.

21. For the shareholders’ meetings held by teleconferencing, the shareholders who attend the meeting by teleconferencing may raise their questions in text on the teleconferencing platform after the chair announces the start of the meeting and before the chair announces the ending of the meeting. A shareholder may not raise their questions more than twice for a single motion, and each question is limited to 200 words. These do not apply to the requirements of Article 10.

22. For shareholders’ meetings that are held by teleconferencing, the Company immediately discloses the voting results of motions and election results to the teleconferencing platform of the shareholders’ meeting in accordance with the regulations and keeps them disclosed for at least another 15 minutes after the chair announces the ending of the meeting.

Both the chairperson and the meeting minute keeper shall be at the same domestic location when holding teleconferencing shareholders’ meetings, and the chair should announce the address of the place at the beginning of the meeting.

23. These Rules and any amendments hereto shall be implemented with approval of the shareholders’ meeting.

Appendix II Articles of Incorporation

Standard Foods Corporation Articles of Incorporation

Chapter 1. General Provisions

Article 1. The Company is organized in accordance with the provisions concerning company limited by shares under the Company Act of Republic of China, and is named “佳格食品股份有限公司” in Chinese and “STANDARD FOODS CORPORATION” in English.

Article 2. The business scope of the Company includes:

1. A102060 Grain commerce
2. C102010 Dairy products manufacturing
3. C103050 Canned, frozen, and dehydrated food manufacturing
4. C104010 Sugar confectionery manufacturing
5. C104020 Bakery food manufacturing
6. C105010 Edible oil manufacturing
7. C106010 Flour manufacturing
8. C108010 Sugar manufacturing
9. C109010 Seasoning manufacturing
10. C110010 Beverage manufacturing
11. C113011 Alcoholic drink manufacturing
12. C114010 Food additives manufacturing
13. C199010 Noodles and flour food manufacturing
14. C199020 Edible ice manufacturing
15. C199990 Other food manufacturing not elsewhere classified
16. C201010 Prepared animal feeds manufacturing
17. CB01010 Machinery and equipment manufacturing
18. F102020 Wholesale of edible oil
19. F102040 Wholesale of beverages
20. F102170 Wholesale of food and grocery
21. F103010 Wholesale of animal feeds
22. F106020 Wholesale of articles for daily use
23. F108011 Wholesale of Chinese medicines
24. F113010 Wholesale of machinery
25. F121010 Wholesale of food additives
26. F202010 Retail sale of animal feeds
27. F203010 Retail sale of food products and groceries
28. F206020 Retail sale of articles for daily use

29. F209060 Retail sale of stationery articles, musical instruments, and educational entertainment articles
30. F213080 Retail sale of other machinery and equipment
31. F221010 Retail sale of good additives
32. F301020 Supermarkets
33. F399010 Convenient stores
34. F401010 International trade
35. F501030 Coffee/ Tea shops and bars
36. F501060 Restaurants
37. G801010 Warehousing and storage
38. I104010 Nutrition consultation services
39. J303010 Magazine (periodical) publisher
40. ZZ99999 All business items that are not prohibited or restricted by laws, except those that are subject to license.

Article 2-1 Total amount of reinvestment of the Company may exceed 40% of the Company's paid-in capital, without being subject to restrictions set out in Article 13 of the Company Act.

Article 2-2 The Company may provide mutual endorsements or guarantees with the peer companies or affiliates for the purpose of catering for business needs.

Article 3. The Company, with its principal office being located in Taipei City of the ROC, may set up branch offices at suitable locations within and without the territory of the ROC as it deems necessary for business growth.

Article 4. The public notice of the Company shall be made pursuant to relevant provisions of the Company Act or other related laws and regulations.

Chapter 2. Capital

Article 5. The capital of the Company is set at NT\$ 9,200,000,000, which is divided into 920,000,000 shares (NT\$10 per share). The shares of the Company may be issued in installments. Matters concerning the issuance of shares are authorized to be conducted by the Board of Directors.

Article 6. The share certificates of the Company shall be name-bearing and signed or stamp-sealed by the directors representing the Company and are issued upon the authentication by the government authority in accordance with Article 162 of the Company Act.

The Company may be exempted from printing share certificates for the shares issued. However, for the issuance of such shares, the Company shall appoint a centralized securities depository enterprise to make recordation.

Article 7. The operation of stock affairs of the Company, such as transfer, change of ownership, inheritance, donation, loss, and damage of share certificates, shall be conducted

pursuant to the provisions of the Company Act and other related laws and regulations.

Article 8. Deleted.

Article 9. Deleted.

Article 10. Deleted.

Article 11. Deleted.

Chapter 3. Shareholders' Meeting

Article 12. Registration of transfer of shares must not be conducted within 60 days prior to the convening date of a regular shareholders' meeting, or within 30 days prior to the convening date of an interim shareholders' meeting, or within 5 days prior to the base date fixed by the Company for distribution of dividends, bonus or other benefits.

Article 13. The shareholders' meetings of the Company are divided into regular shareholders' meetings and interim shareholders' meetings. The shareholder meetings may be held by teleconferencing or other means announced by the central authority. The regular shareholders' meeting shall be convened within 6 months after close of each fiscal year. The interim shareholders' meeting may be convened according to laws whenever the Company deems necessary.

Article 14. A written notice shall be given to the latest mailing address of each shareholder registered at the Company thirty days prior to the regular shareholders' meeting or fifteen days prior to the interim shareholders' meeting. The matter of convening the shareholders' meeting shall be stated in the written notice.

Article 15. Except otherwise provided by the Company Act, resolutions at a shareholders' meeting shall be adopted by the majority of present shareholders representing the majority of the voting power. The voting power at a Shareholders' Meeting may be exercised by way of electronic means. Attendance via electronic means is deemed to be attendance in person. Related matters shall be handled subject to the relevant regulations.

Article 16. Deleted.

Article 17. Each shareholder of the Company is entitled to one vote for each share held.

Article 18. In case that a shareholder cannot attend a shareholders' meeting, he/she/it may appoint a proxy to attend the meeting in his/ her/its behalf with a letter of attorney pursuant to the Company Act, and other relevant laws and regulations.

Article 19. For a shareholders' meeting convened by the Board of Directors, the Chairman of the meeting shall be appointed in accordance with the provisions of Paragraph 3 Article 208 of the Company Act; whereas for a shareholders' meeting convened by any other person with the convening right but without the Board, he/she shall act as the Chairman of the said meeting. In case that two or more people have the convening right, the Chairman of the meeting shall be elected from among themselves.

Article 20. Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or personal seal of the Chairman of the meeting. The meeting minutes along with the attendance book, and letters of attorney of the meeting, shall be archived in accordance with laws and regulations. The abovementioned minutes of the shareholders' meeting shall be distributed to all shareholders within twenty days after close of the meeting pursuant to the provisions of the Company Act.

Chapter 4. Directors and the Audit Committee

Article 21. The Company shall have 7 to 11 directors, who are elected from the competent persons by the shareholders' meeting. If the vacancy in the office of the directors is up to one third of the Board of Directors, the Board of Directors shall convene a special shareholders' meeting within 60 days to elect new directors to fill such vacancy, who shall hold office for the remaining term of office of the director whose office is vacant.

Since the 12th term of the Board of Directors, among the directors as described in the preceding paragraph, the number of independent directors shall not be less than two and one fifth of the total number of directors.

For election of directors, the candidate nomination system as described in Article 192-1 of the Company Act is adopted. The shareholders shall elect the directors from among the nominees in the list of director candidates. Related matters concerning the implementation of this system shall be conducted pursuant to related laws and regulations, such as the Company Act and the Securities and Exchange Act. With respect to independent directors, matters concerning the professional qualifications, restrictions on shareholdings and concurrent positions held, and methods of nomination and selection, as well as other matters subject to compliance shall be subject to related laws and regulations.

Article 21-1 The Company shall set up an Audit Committee, which shall be composed of all independent directors. The audit committee and the members of the Audit Committee are responsible for executing the authority of the Supervisors according to the Company Act, Securities and Exchange Act and other relevant regulations.

Article 22. The term of office of the directors shall be three years, and the directors are eligible for re-election.

The remuneration of directors of the Company shall be determined by the Board of Directors taking reference to the level of remuneration adopted by peer companies and listed companies.

Article 23. The scope of powers and duties of the Board of Directors is as follows:

1. To draw up the business guidelines.
2. To examine and verify the important regulations and contracts.

3. To hire or dismiss the executives.
4. To set up and dissolve the branch offices.
5. To examine and verify the budgets and financial reports.
6. To determine mortgage, sale or otherwise disposal of the Company's important properties.
7. To make recommendations to the shareholders' meeting regarding modification to the Articles of Incorporation, alteration of capital, and dissolution of the Company and its amalgamation with other companies.
8. To make recommendations to the shareholders' meeting regarding surplus distribution.
9. To determine other important matters.

Article 24. The directors shall elect one of them as the Chairman.

Article 25. The Chairman is authorized to represent the Company and has full power to take charge of all important matters of the Company. Nevertheless, the power of the Chairman shall be restricted by law and regulations, the Articles of Incorporation, and the resolutions of shareholders' meetings and the Board meetings.

Article 26. Apart from the first meeting of each term of newly elected Board of Directors, which shall be convened by the director with most votes, the Board meeting shall be convened by the Chairman of the Board of Directors. In calling a Board meeting, the convener shall send a notice to each director no later than seven days prior to the scheduled meeting date. However, in the case of emergency, the Board meeting may be convened at any time. The Board meeting shall be held in the territory of the ROC. The meeting notice as described in the preceding paragraph shall specify the subject of the meeting and may be delivered in writing, by E-mail or by fax.

Article 27. The Board meeting shall be presided over by the Chairman of the Board of Directors. In case that the Chairman is absent, one director shall be appointed to act as a substitute pursuant to Article 208 of the Company Act.

Article 28. Unless otherwise provided by the Company Act, the Board meeting shall be held with at least half of directors present and resolutions of the meeting shall be adopted by consent of a majority of the directors present.

Article 29. A director may authorize in writing another director to attend a Board meeting on his/her behalf and exercise voting rights on all motions proposed at the meeting. Nevertheless, each director can only represent one other director at the meeting. In case that the Board meeting is held in the form of a video conference, all directors who participate in the video conference are deemed as participating in the Board meeting in person.

Article 30. Directors shall adopt the resolutions of the Board meeting and exercise their functional duties.

Article 31. Deleted.

Article 32. Deleted.

Article 33. The Board of Directors shall have a secretary to take charge of all the important documents, contracts and stocks of the Board of Directors and the Company.

Article 33-1 The Company may purchase liability insurance for directors and officers on the compensation for which they may be held responsible according to laws in the scope of performing duties.

Chapter 5. Personnel

Article 34. The Company may have one chief executive officer, one general manager, several managerial officers, of which the hiring, dismissal and remuneration shall be conducted in accordance with resolutions of the Board of Directors.

Article 35. Deleted.

Article 36. Deleted.

Chapter 6. Financial Reports

Article 37. The fiscal year of the Company starts on Jan. 1 of each year and ends on Dec.31 of the same year. The Board of Directors shall prepare and submit the following documents to the annual shareholders' meeting for ratification according to legal procedures.

1. Business Report.

2. Financial statements.

3. Surplus earnings distribution or loss make-up proposal.

Article 38. In case that the Company has profit left over from deducting employees' compensation and directors' remuneration from pre-tax profit for a fiscal year, no less than 0.5% of this profit shall be allocated as employees' compensation. The payment of such compensation shall be made either by stock or in cash, which shall be decided by the Board of Directors. The recipients of the said profit include employees from subsidiary companies who meet certain conditions. The Board of Directors may also decide to allocate no more than 0.75% of the said profit as directors' compensation. The allocation of employees' and Directors' compensation shall be reported to the shareholders' meeting.

Nevertheless, in case that the Company has an accumulated deficit, a sum to make up the losses shall be reserved from the said profit before it is allocated to pay for the employees' compensation and directors' remuneration pro rata as described in the preceding paragraph.

Article 39. In case that when the Company made profit in a fiscal year, the profit shall be appropriated, less any paying taxes and deficit, 10% thereof as legal reserve, special reserve provided or reversed in accordance with the regulations, and 30% to 100% of the sum of the remainder and prior years' unappropriated earnings as dividends.

The Company's Articles of Incorporation also prescribe that 30% to 100% of dividends shall be paid in cash; however, if the Company has major investment plans for which external funds are not available, the percentage may be lowered to 5% to 20%. The distribution plan shall be proposed by the Company's board of directors and resolved in the shareholders' meeting for distribution of dividends and bonus to shareholders.

Chapter 7. Supplementary Provisions

Article 40. The internal organization and business handling rules of the Company shall be decided by the Board of Directors.

Article 41. Matters unspecified in the Articles of Incorporation shall be subject to the Company Act of the Republic of China.

Article 42. The Articles of Incorporation are unanimously agreed by all sponsors and are enacted on May 22, 1986. Since then, the Articles of Incorporation has been amended for 34 times as follows: 1st amendment on Aug. 23, 1986; 2nd amendment on May 20, 1987; 3rd amendment on Aug. 3, 1987; 4th amendment on Sep. 25, 1987; 5th amendment on Nov. 5, 1987; 6th amendment on Feb. 25, 1988; 7th amendment on Nov.10, 1988; 8th amendment on Jul. 20, 1989; 9th amendment on Feb. 1, 1990; 10th amendment on Apr. 2, 1990; 11th amendment on Sep. 24, 1990; 12th amendment on Dec. 17, 1990; 13th amendment on Nov. 8, 1991; 14th amendment on Feb. 29, 1992; 15th amendment on Dec. 29, 1992; 16th amendment on Sep. 1, 1993; 17th amendment on Nov. 2, 1993; 18th amendment on Oct. 28, 1994; 19th amendment on Oct. 28, 1995; 20th amendment on Nov. 16, 1996; 21st amendment on Nov. 8, 1997; 22nd amendment on Mar. 8, 1999; 23rd amendment on Nov. 27, 2000; 24th amendment on Dec. 6, 2001; 25th amendment on Nov. 28, 2002; 26th amendment on Nov. 30, 2005; 27th amendment on Jun. 17, 2010; 28th amendment on Jun. 15, 2011; 29th amendment on Jun. 6, 2012; 30th amendment on Jun. 14, 2013; 31st amendment on Jun. 18, 2014; 32nd amendment on Jun. 26, 2015; 33rd amendment on Jun. 15, 2016; 34th amendment on Jun. 22, 2017 and 35th amendment on Jul. 22, 2021; 36th amendment on Jun. 16, 2022.

Standard Foods Corporation

Chairman: Ter-Fung Tsao

Appendix III Directors' Shareholding Status on Book Closure Date for This Shareholders' Meeting

Standard Foods Corporation

Register of Directors

Base day: April 21, 2024

Title	Name	Date elected	Shareholding while elected			Current shareholding			Remarks
			Category	Shares	Shareholding ratio (%)	Category	Shares	Shareholding ratio (%)	
Chairman	Mu Te Investment Co. Ltd. Representative: Ter-Fung Tsao	2022.06.16	Common stock	22,650,057	2.48%	Common stock	22,650,057	2.48%	
Directors	Mu Te Investment Co. Ltd. Representative: Jason Hsuan								
Directors	Mu Te Investment Co. Ltd. Representative: Wendy Tsao								
Directors	Charng Hui Ltd. Representative: Arthur Tsao	2022.06.16	Common stock	6,669,471	0.73%	Common stock	6,669,471	0.73%	
Independent Director	Ben Chang	2022.06.16	Common stock	0	0.00%	Common stock	0	0.00%	
Independent Director	George Chou	2022.06.16	Common stock	0	0.00%	Common stock	0	0.00%	
Independent Director	Daniel Chiang	2022.06.16	Common stock	0	0.00%	Common stock	0	0.00%	
Independent Director	David Wang	2022.06.16	Common stock	0	0.00%	Common stock	0	0.00%	
Total			Common stock	29,319,528		Common stock	29,319,528		

Total shares issued as of June 16, 2022: 915,089,591 shares

Total shares issued as of April 21, 2024: 915,089,591 shares

Note All directors of the Company legally hold shares: 29,282,866 shares, hold as of April 21, 2024: 29,319,528 shares

The Company has set up an Audit Committee, so the supervisor's legally held shares are not applicable.

◎The shareholding of independent directors is not calculated in the shareholding of directors.



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