

# **Standard Foods Corporation and Subsidiaries**

Consolidated Financial Statements for the Six  
Months Ended June 30, 2020 and 2019 and  
Independent Auditors' Report

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## **DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES**

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the period ended June 30, 2020 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standards No. 10, “Consolidated Financial Statements.” Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we have not prepared a separate set of consolidated financial statements of affiliates.

Very truly yours,

STANDARD FOODS CORPORATION

By

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TER-FUNG TSAO

Chairman

August 7, 2020

## **INDEPENDENT AUDITORS' REVIEW REPORT**

The Board of Directors and Shareholders  
Standard Foods Corporation

### **Introduction**

We have reviewed the accompanying consolidated balance sheets of Standard Foods Corporation and its subsidiaries (the "Group") as of June 30, 2020 and 2019 and the related consolidated statements of comprehensive income, changes in equity and cash flows for the six-month periods then ended, and related notes, including a summary of significant accounting policies "(collectively referred to as 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 Accounting Standard 34, "Interim Financial Reporting," endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### **Scope of Review**

Except as explained in the following paragraph, we conducted our reviews in accordance with Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Basis for Qualified Conclusion**

As disclosed in Note 14 to the consolidated financial statements, the financial statements of non-significant subsidiaries included in the consolidated financial statements referred to in the first paragraph were not reviewed. As of June 30, 2020 and 2019, combined total assets of these non-significant subsidiaries were NT\$7,552,648 thousand and NT\$7,673,604 thousand, respectively, representing 30% and 33%, respectively, of the consolidated total assets, and combined total liabilities of these subsidiaries were NT\$2,302,312 thousand and NT\$2,580,695 thousand, respectively, representing 24% and 31%, respectively, of the consolidated total liabilities; for the six months ended June 30, 2020 and 2019 and for the six months ended June 30, 2020 and 2019, the amounts of combined comprehensive income of these subsidiaries were NT\$157,013 thousand, NT\$137,571 thousand, NT\$151,428 thousand and NT\$296,743 thousand, respectively, representing 17%, 26%, 11% and 20%, respectively, of the consolidated total comprehensive income. As disclosed in Note 37 to the consolidated financial statements, the information on these subsidiaries were not reviewed.

## **Qualified Conclusion**

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the financial position of the Group as at June 30, 2020 and 2019, and of its consolidated financial performance and its consolidated cash flows for the six-month periods then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting,” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Tza-Li Gung and Chih-Yuan Chen.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

August 7, 2020

### 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  
June 30, 2020, December 31, 2019 and June 30, 2019

(In Thousands of New Taiwan Dollars)

Code	ASSETS	June 30, 2020 (Reviewed)		December 31, 2019 (Audited)		June 30, 2019 (Reviewed)	
		Amount	%	Amount	%	Amount	%
	CURRENT ASSETS						
1100	Cash and cash equivalents (Note 6)	\$ 3,603,366	14	\$ 3,705,903	15	\$ 3,544,639	15
1110	Financial assets at fair value through profit or loss - current (Note 7)	1,513,865	6	667,673	3	1,254,749	5
1120	Financial assets at fair value through other comprehensive income - current (Note 8)	178,498	1	186,711	1	168,201	1
1136	Financial assets at amortized cost - current (Note 9)	2,446,729	10	2,206,805	9	1,695,434	7
1150	Notes receivable (Notes 10 and 25)	14,236	-	2,977	-	10,387	-
1172	Trade receivables (Notes 10 and 25)	4,738,744	19	6,439,550	25	4,726,448	20
1180	Trade receivables from related parties (Notes 33)	1,648	-	-	-	-	-
1197	Finance lease receivables - current (Note 11)	2,845	-	2,775	-	2,707	-
1200	Other receivables (Note 10)	233,256	1	193,083	1	183,963	1
1220	Current tax assets	68,967	-	46,114	-	12,600	-
130X	Inventories (Note 12)	4,304,955	17	3,646,984	14	3,505,117	15
1410	Prepayments (Note 13)	1,421,688	6	1,385,226	5	1,347,771	6
1470	Other current assets (Notes 19 and 34)	25,958	-	29,384	-	17,265	-
11XX	Total current assets	<u>18,554,755</u>	<u>74</u>	<u>18,513,185</u>	<u>73</u>	<u>16,469,281</u>	<u>70</u>
	NON-CURRENT ASSETS						
1510	Financial assets at fair value through profit or loss - non-current (Note 7)	6,200	-	7,575	-	7,664	-
1517	Financial assets at fair value through other comprehensive income - non-current (Note 8)	182,903	1	189,695	1	178,251	1
1600	Property, plant and equipment (Notes 15 and 34)	4,913,412	19	5,125,312	20	5,363,516	23
1755	Right-of-use assets (Note 16)	647,494	3	699,679	3	537,889	2
1760	Investment properties (Notes 17 and 34)	120,848	-	122,492	-	129,024	1
1805	Goodwill	817	-	818	-	817	-
1821	Other intangible assets (Note 18)	98,539	-	67,269	-	72,690	-
1840	Deferred tax assets	504,064	2	473,398	2	381,026	2
194D	Finance lease receivables - non-current (Note 11)	25,508	-	26,948	-	28,353	-
1975	Net defined benefit assets - non-current	2,495	-	919	-	3,932	-
1990	Other non-current assets (Notes 19 and 34)	263,857	1	260,975	1	266,112	1
15XX	Total non-current assets	<u>6,766,137</u>	<u>26</u>	<u>6,975,080</u>	<u>27</u>	<u>6,969,274</u>	<u>30</u>
1XXX	TOTAL	<u>\$ 25,320,892</u>	<u>100</u>	<u>\$ 25,488,265</u>	<u>100</u>	<u>\$ 23,438,555</u>	<u>100</u>
	LIABILITIES AND EQUITY						
	CURRENT LIABILITIES						
2100	Short-term borrowings (Notes 20 and 34)	\$ 1,009,811	4	\$ 1,382,955	6	\$ 1,078,485	5
2110	Short-term bills payable (Note 20)	69,924	-	99,968	1	99,912	-
2130	Contract liabilities - current (Note 25)	224,495	1	326,644	1	148,560	1
2150	Notes payable (Note 21)	292,901	1	316,444	1	217,386	1
2170	Trade payables (Note 21)	1,535,080	7	2,014,619	8	1,186,920	5
2180	Trade payables to related parties (Note 33)	12,859	-	26,141	-	9,194	-
2200	Other payables (Note 22)	4,911,813	19	2,850,674	11	4,428,040	19
2230	Current tax liabilities	444,394	2	547,018	2	395,590	2
2280	Lease liabilities - current (Note 16)	80,322	-	83,119	-	89,441	-
2320	Current portion of long-term borrowings (Notes 20 and 34)	-	-	6,000	-	12,000	-
2399	Other current liabilities (Note 22)	34,067	-	28,501	-	40,637	-
21XX	Total current liabilities	<u>8,615,666</u>	<u>34</u>	<u>7,682,083</u>	<u>30</u>	<u>7,706,165</u>	<u>33</u>
	NON-CURRENT LIABILITIES						
2540	Long-term borrowings (Notes 20 and 34)	-	-	-	-	6,000	-
2570	Deferred tax liabilities	297,694	1	268,813	1	132,778	1
2580	Lease liabilities - non-current (Note 16)	219,173	1	264,496	1	64,065	-
2640	Net defined benefit liabilities - non-current	261,795	1	299,204	2	266,160	1
2670	Other non-current liabilities (Note 22)	29,084	-	22,978	-	22,650	-
25XX	Total non-current liabilities	<u>807,746</u>	<u>3</u>	<u>855,491</u>	<u>4</u>	<u>491,653</u>	<u>2</u>
2XXX	Total liabilities	<u>9,423,412</u>	<u>37</u>	<u>8,537,574</u>	<u>34</u>	<u>8,197,818</u>	<u>35</u>
	EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 24)						
3110	Ordinary shares	9,150,897	36	9,150,897	36	9,150,897	39
3200	Capital surplus	109,718	1	109,718	-	93,045	-
	Retained earnings						
3310	Legal reserve	3,287,022	13	2,945,412	11	2,945,412	13
3320	Special reserve	577,494	2	330,945	1	330,945	1
3350	Unappropriated earnings	3,312,356	13	4,739,831	19	2,750,825	12
3300	Total retained earnings	7,176,872	28	8,016,188	31	6,027,182	26
3400	Other equity	( 777,122 )	( 3 )	( 577,494 )	( 2 )	( 250,962 )	( 1 )
3500	Treasury shares	( 21,182 )	-	( 21,182 )	-	( 21,182 )	-
31XX	Total equity attributable to owners of the Company	15,639,183	62	16,678,127	65	14,998,980	64
36XX	NON-CONTROLLING INTERESTS (Note 24)	258,297	1	272,564	1	241,757	1
3XXX	Total equity	<u>15,897,480</u>	<u>63</u>	<u>16,950,691</u>	<u>66</u>	<u>15,240,737</u>	<u>65</u>
	TOTAL	<u>\$ 25,320,892</u>	<u>100</u>	<u>\$ 25,488,265</u>	<u>100</u>	<u>\$ 23,438,555</u>	<u>100</u>

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

Standard Foods Corporation and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the Three-Month and Six-Month Periods Ended June 30, 2020 and 2019

(Reviewed, not Audited)

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

Code		For the Three-Month Period Ended June 30, 2020		For the Three-Month Period Ended June 30, 2019		For the Six-Month Period Ended June 30, 2020		For the Six-Month Period Ended June 30, 2019	
		Amount	%	Amount	%	Amount	%	Amount	%
4110	OPERATING REVENUE								
	Sales (Note 25 and 33)	\$ 7,952,636	100	\$ 6,070,454	100	\$ 14,624,069	100	\$ 13,407,620	100
5110	OPERATING COSTS								
	Cost of goods sold (Notes 12, 26 and 33)	<u>5,486,827</u>	<u>69</u>	<u>4,218,210</u>	<u>69</u>	<u>10,262,762</u>	<u>70</u>	<u>9,319,511</u>	<u>69</u>
5900	GROSS PROFIT	<u>2,465,809</u>	<u>31</u>	<u>1,852,244</u>	<u>31</u>	<u>4,361,307</u>	<u>30</u>	<u>4,088,109</u>	<u>31</u>
6100	OPERATING EXPENSES (Note 23 and 26)								
	Selling and marketing expenses	935,439	12	810,359	13	1,797,812	13	1,723,714	13
6200	General and administrative expenses	248,881	3	250,780	4	500,808	3	520,851	4
6300	Research and development expenses	36,914	-	36,655	1	71,746	-	72,266	1
6450	Expected credit loss	<u>818</u>	<u>-</u>	<u>30,013</u>	<u>1</u>	<u>8,104</u>	<u>-</u>	<u>33,750</u>	<u>-</u>
6000	Total operating expenses	<u>1,222,052</u>	<u>15</u>	<u>1,127,807</u>	<u>19</u>	<u>2,378,470</u>	<u>16</u>	<u>2,350,581</u>	<u>18</u>
6900	OPERATING INCOME	<u>1,243,757</u>	<u>16</u>	<u>724,437</u>	<u>12</u>	<u>1,982,837</u>	<u>14</u>	<u>1,737,528</u>	<u>13</u>
7100	NON-OPERATING INCOME AND EXPENSES (Note 26)								
	Interest income	34,141	-	12,935	-	66,946	-	31,921	-
7010	Other income	14,716	-	6,699	-	22,241	-	11,564	-
7020	Other gains and losses	31,739	-	43,708	1	34,445	-	48,855	-
7050	Finance costs	<u>(16,509)</u>	<u>-</u>	<u>(10,835)</u>	<u>-</u>	<u>(31,317)</u>	<u>-</u>	<u>(21,402)</u>	<u>-</u>
7000	Total non-operating income and expenses	<u>64,087</u>	<u>-</u>	<u>52,507</u>	<u>1</u>	<u>92,315</u>	<u>-</u>	<u>70,938</u>	<u>-</u>
7900	PROFIT BEFORE INCOME TAX	1,307,844	16	776,944	13	2,075,152	14	1,808,466	13
7950	INCOME TAX EXPENSE (Note 27)	<u>322,264</u>	<u>4</u>	<u>159,944</u>	<u>3</u>	<u>482,085</u>	<u>3</u>	<u>393,202</u>	<u>3</u>
8200	NET PROFIT FOR THE PERIOD	<u>985,580</u>	<u>12</u>	<u>617,000</u>	<u>10</u>	<u>1,593,067</u>	<u>11</u>	<u>1,415,264</u>	<u>10</u>
8310	OTHER COMPREHENSIVE INCOME (LOSS)								
	Items that will not be reclassified subsequently to profit or loss:								
8316	Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	69,330	1	( 3,586)	-	( 14,969)	-	24,739	-
8349	Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 27)	<u>1</u>	<u>-</u>	<u>(4)</u>	<u>-</u>	<u>(3)</u>	<u>-</u>	<u>4</u>	<u>-</u>
		<u>69,331</u>	<u>1</u>	<u>(3,590)</u>	<u>-</u>	<u>(14,972)</u>	<u>-</u>	<u>24,743</u>	<u>-</u>
8360	Items that may be reclassified subsequently to profit or loss:								
8361	Exchange differences on translating the financial statements of foreign operations	( 170,073)	( 2)	( 106,493)	( 2)	( 227,686)	( 1)	81,605	1
8399	Income tax relating to the items that may be reclassified subsequently to profit or loss (Note 27)	<u>33,836</u>	<u>-</u>	<u>21,195</u>	<u>1</u>	<u>45,299</u>	<u>-</u>	<u>(16,246)</u>	<u>-</u>
		<u>(136,237)</u>	<u>(2)</u>	<u>(85,298)</u>	<u>(1)</u>	<u>(182,387)</u>	<u>(1)</u>	<u>65,359</u>	<u>1</u>
8300	Other comprehensive loss for the period, net of income tax	<u>(66,906)</u>	<u>(1)</u>	<u>(88,888)</u>	<u>(1)</u>	<u>(197,359)</u>	<u>(1)</u>	<u>90,102</u>	<u>1</u>
8500	TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 918,674</u>	<u>11</u>	<u>\$ 528,112</u>	<u>9</u>	<u>\$ 1,395,708</u>	<u>10</u>	<u>\$ 1,505,366</u>	<u>11</u>
8610	NET PROFIT ATTRIBUTABLE TO:								
	Owners of the Company	\$ 976,185	12	\$ 611,146	10	\$ 1,585,671	11	\$ 1,399,795	10
8620	Non-controlling interests	<u>9,395</u>	<u>-</u>	<u>5,854</u>	<u>-</u>	<u>7,396</u>	<u>-</u>	<u>15,469</u>	<u>-</u>
8600		<u>\$ 985,580</u>	<u>12</u>	<u>\$ 617,000</u>	<u>10</u>	<u>\$ 1,593,067</u>	<u>11</u>	<u>\$ 1,415,264</u>	<u>10</u>
8710	TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
	Owners of the Company	\$ 895,140	11	\$ 522,120	9	\$ 1,386,043	10	\$ 1,479,778	11
8720	Non-controlling interests	<u>23,534</u>	<u>-</u>	<u>5,992</u>	<u>-</u>	<u>9,665</u>	<u>-</u>	<u>25,588</u>	<u>-</u>
8700		<u>\$ 918,674</u>	<u>11</u>	<u>\$ 528,112</u>	<u>9</u>	<u>\$ 1,395,708</u>	<u>10</u>	<u>\$ 1,505,366</u>	<u>11</u>
9710	EARNINGS PER SHARE (Note 28)								
	Basic	<u>\$ 1.07</u>		<u>\$ 0.67</u>		<u>\$ 1.75</u>		<u>\$ 1.54</u>	
9810	Diluted	<u>\$ 1.07</u>		<u>\$ 0.67</u>		<u>\$ 1.74</u>		<u>\$ 1.54</u>	

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

Standard Foods Corporation and Subsidiaries  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
For the Six-Month Period Ended June 30, 2020 and 2019  
(Reviewed, not Audited)

(In Thousands of New Taiwan Dollars)

		Equity Attributable to Owners of the Company												
		Retained Earnings						Other Equity						
Code		Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translating the Financial Statements of Foreign Operation	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	Total	Treasury Shares	Total	Non-controlling Interests	Total Equity
A1	BALANCE AT JANUARY 1, 2019	\$ 9,150,897	\$ 93,045	\$ 2,650,503	\$ 260,426	\$ 4,004,182	\$ 6,915,111	(\$ 412,869)	\$ 81,924	(\$ 330,945)	(\$ 21,182)	\$ 15,806,926	\$ 233,399	\$ 16,040,325
	Appropriations and distribution of 2018 earnings													
B1	Legal reserve	-	-	294,909	-	( 294,909)	-	-	-	-	-	-	-	-
B3	Special reserve	-	-	-	70,519	( 70,519)	-	-	-	-	-	-	-	-
B5	Cash dividends	-	-	-	-	( 2,287,724)	( 2,287,724)	-	-	-	-	( 2,287,724)	-	( 2,287,724)
O1	Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	( 17,230)	( 17,230)
D1	Net profit for the six-month period ended June 30, 2019	-	-	-	-	1,399,795	1,399,795	-	-	-	-	1,399,795	15,469	1,415,264
D3	Other comprehensive income (loss) for the six-month period ended June 30, 2019	-	-	-	-	-	-	64,984	14,999	79,983	-	79,983	10,119	90,102
D5	Total comprehensive income (loss) for the six-month period ended June 30, 2019	-	-	-	-	1,399,795	1,399,795	64,984	14,999	79,983	-	1,479,778	25,588	1,505,366
Z1	BALANCE AT JUNE 30, 2019	<u>\$ 9,150,897</u>	<u>\$ 93,045</u>	<u>\$ 2,945,412</u>	<u>\$ 330,945</u>	<u>\$ 2,750,825</u>	<u>\$ 6,027,182</u>	<u>(\$ 347,885)</u>	<u>\$ 96,923</u>	<u>(\$ 250,962)</u>	<u>(\$ 21,182)</u>	<u>\$ 14,998,980</u>	<u>\$ 241,757</u>	<u>\$ 15,240,737</u>
A1	BALANCE AT JANUARY 1, 2020	\$ 9,150,897	\$ 109,718	\$ 2,945,412	\$ 330,945	\$ 4,739,831	\$ 8,016,188	(\$ 693,038)	\$ 115,544	(\$ 577,494)	(\$ 21,182)	\$ 16,678,127	\$ 272,564	\$ 16,950,691
	Appropriations and distribution of 2019 earnings													
B1	Legal reserve	-	-	341,610	-	( 341,610)	-	-	-	-	-	-	-	-
B3	Special reserve	-	-	-	246,549	( 246,549)	-	-	-	-	-	-	-	-
B5	Cash dividends	-	-	-	-	( 2,424,987)	( 2,424,987)	-	-	-	-	( 2,424,987)	-	( 2,424,987)
O1	Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	( 23,932)	( 23,932)
D1	Net profit for the six-month period ended June 30, 2020	-	-	-	-	1,585,671	1,585,671	-	-	-	-	1,585,671	7,396	1,593,067
D3	Other comprehensive income (loss) for the six-month period ended June 30, 2020	-	-	-	-	-	-	( 181,200)	( 18,428)	( 199,628)	-	( 199,628)	2,269	( 197,359)
D5	Total comprehensive income (loss) for the six-month period ended June 30, 2020	-	-	-	-	1,585,671	1,585,671	( 181,200)	( 18,428)	( 199,628)	-	1,386,043	9,665	1,395,708
Z1	BALANCE AT JUNE 30, 2020	<u>\$ 9,150,897</u>	<u>\$ 109,718</u>	<u>\$ 3,287,022</u>	<u>\$ 577,494</u>	<u>\$ 3,312,356</u>	<u>\$ 7,176,872</u>	<u>(\$ 874,238)</u>	<u>\$ 97,116</u>	<u>(\$ 777,122)</u>	<u>(\$ 21,182)</u>	<u>\$ 15,639,183</u>	<u>\$ 258,297</u>	<u>\$ 15,897,480</u>

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

Standard Foods Corporation and Subsidiaries  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
For the Six-Month Period Ended June 30, 2020 and 2019  
(Reviewed, not Audited)

(In Thousands of New Taiwan Dollars)

Code		For the Six-Month Period Ended June 30, 2020	For the Six-Month Period Ended June 30, 2019
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Income before income tax	\$ 2,075,152	\$ 1,808,466
A20010	Adjustments for:		
A20100	Depreciation expenses	294,833	272,621
A20200	Amortization expenses	28,026	25,757
A20300	Expected credit loss recognized on trade receivables	8,104	33,750
A20400	Net gain on fair value changes of financial assets and financial liabilities at fair value through profit or loss	( 1,067 )	( 5,402 )
A20900	Finance costs	31,317	21,402
A21200	Interest income	( 66,946 )	( 31,921 )
A21300	Dividend income	( 7,704 )	( 1,615 )
A22500	Net loss (gain) on disposal of property, plant and equipment	( 584 )	2,316
A29900	Others	-	( 290 )
A30000	Net changes in operating assets and liabilities		
A31115	Financial assets mandatorily classified as fair value through profit or loss	( 844,519 )	( 631,906 )
A31130	Notes receivable	( 11,541 )	( 7,544 )
A31150	Trade receivables	1,630,409	1,436,269
A31160	Trade receivables from related parties	( 1,648 )	-
A31180	Other receivables	( 32,677 )	38,990
A31200	Inventories	( 704,138 )	717,729
A31230	Prepayments	( 65,969 )	281,704
A31240	Other current assets	3,426	4,646
A31990	Net defined benefit assets	( 1,576 )	( 1,368 )
A32125	Contract liabilities	( 95,946 )	( 216,253 )
A32130	Notes payable	( 15,734 )	85,245
A32150	Trade payables	( 467,923 )	( 985,877 )
A32160	Trade payables to related parties	( 13,283 )	592
A32180	Other payables	( 358,543 )	( 500,365 )
A32230	Other current liabilities	5,903	6,103
A32240	Net defined benefit liabilities	( 37,512 )	92

(Continued)



(Continued from the previous page)

Code		For the Six-Month Period Ended June 30, 2020	For the Six-Month Period Ended June 30, 2019
A33000	Cash generated from operations	\$ 1,349,860	\$ 2,353,141
A33100	Interest received	59,019	32,005
A33300	Interest paid	( 31,344 )	( 21,668 )
A33500	Income tax paid	( 565,154 )	( 333,804 )
AAAA	Net cash generated from operating activities	<u>812,381</u>	<u>2,029,674</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
B00040	Purchase of financial assets at amortized cost	( 1,985,992 )	( 1,498,354 )
B00060	Refund of financial assets at amortized cost	1,737,116	1,314,356
B02700	Payments for property, plant and equipment	( 113,952 )	( 151,206 )
B02800	Proceeds from disposal of property, plant and equipment	2,169	6,428
B04500	Payments for intangible assets	( 34,664 )	( 4,915 )
B06100	Decrease in finance lease receivables	1,370	1,304
B06500	Increase in other financial assets	( 8,184 )	( 13,651 )
B06700	Increase in other non-current assets	( 24,289 )	( 2,835 )
B07600	Dividends received	7,704	895
BBBB	Net cash used in investing activities	( <u>418,722</u> )	( <u>347,978</u> )
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
C00100	Decrease in short-term borrowings	( 349,061 )	( 670,847 )
C00500	Decrease in short-term bills payable	( 30,044 )	( 19,992 )
C01700	Payments for long-term borrowings	( 6,000 )	( 9,000 )
C04020	Payments for principal portion of lease liabilities	( 52,823 )	( 40,097 )
C04100	Increase in other financial liabilities	7,051	-
C04200	Decrease in other financial liabilities	-	( 2,050 )
C04400	Decrease in other non-current liabilities	( <u>564</u> )	( <u>249</u> )
CCCC	CASH FLOWS FROM FINANCING ACTIVITIES	( <u>431,441</u> )	( <u>742,235</u> )
DDDD	EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	( <u>64,755</u> )	<u>15,226</u>
EEEE	NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	( 102,537 )	954,687
E00100	CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	<u>3,705,903</u>	<u>2,589,952</u>
E00200	CASH AND CASH EQUIVALENTS, END OF THE PERIOD	<u>\$ 3,603,366</u>	<u>\$ 3,544,639</u>

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

Standard Foods Corporation and Subsidiaries  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For THE SIX-MONTH PERIOD ENDED JUNE 30, 2020 and 2019  
(Reviewed, not Audited)

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Standard Foods Corporation (the "Company") was incorporated on June 6, 1986. The Company mainly manufactures and sells nutritious foods, edible oils, dairy products and beverages.

The Company's shares have been listed on the Taiwan Stock Exchange since April 1994.

The consolidated financial statements of the Company and its subsidiaries, collectively referred to as the "Group," are presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on August 7, 2020.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

a. Initial application of the amendments to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission ("FSC").

Except for the following, the initial application of the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Group's accounting policies:

1) Amendment to IFRS 3 "Definition of a Business"

This amendment applies to transactions occurring to the Group after January 1, 2020. The amendment requires that business at least include inputs and material processes, both which make a significant contribution to the ability to create output. The determination of the materiality of the "process of acquisition" will depend on if there is any output on the acquisition date. In addition, a concentration test that permits a simplified assessment of whether an acquired set of activities and assets is a business is added. Enterprises may elect whether or not to apply the test.

2) Amendment to IAS 1 and IAS 8 "Definition of Materiality"

The Group has applied the amendment since January 1, 2020, and adopted "can be reasonably expected to affect users" as the threshold of materiality, and adjusted the disclosure of the consolidated financial report while deleting the immaterial information that may obscure material information.

- b. New IFRSs issued by IASB but yet to be endorsed and issued into effect by the FSC

<u>New/Amended/Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
"Annual Improvements to IFRSs 2018-2020 Cycle"	January 1, 2022 (Note 2)
Amendments to IFRS 3 "Updating the Reference to the Conceptual Framework"	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023

Note 1. Unless stated otherwise, the above New/Amended/Revised Standards and Interpretations are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2. The amendments to IFRS 9 are applicable to the exchange or term revisions of financial liabilities occurring in annual reporting periods beginning on or after January 1, 2022; the amendments to IAS 41 "Agriculture" are applicable to fair value measurements in annual reporting periods beginning on or after January 1, 2022; the amendments to IFRS 1 "First-Time Adoption of IFRSs" are applied retrospectively to annual reporting periods beginning on or after January 1, 2022.

Note 3. The amendments are applicable to business combinations with acquisition dates in annual reporting periods beginning on or after January 1, 2022.

Except for the above impact, as of the date the consolidated financial report was authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. Statement of compliance

The consolidated financial report was formulated in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and IAS 34 "Interim Financial Reporting" endorsed and issued into effect by the FSC. The consolidated financial statements do not include all IFRSs disclosure information required by the annual financial report.

- b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities on the measurement date;
  - 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
  - 3) Level 3 inputs are unobservable inputs for the asset or liability.
- c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within twelve months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within twelve months after the reporting period (current liabilities include completed long term re-financing and rearranged payment agreement that took place between the date of balance sheet and publication of financial statements); and
- 3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least twelve months after the reporting period.

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

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statements of comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

Refer to Note 14 and Tables 7 and 8 for the detailed information on subsidiaries (including the percentages of ownership and main businesses).

e. Other material accounting policies

Except for the following, please refer to the summary of material accounting policies in the 2019 consolidated financial statements.

1) Pension benefit in defined benefit plan

The pension cost for the interim period is calculated based on the actuarial cost ratio determined by the actuarial calculation at the end of the previous year. Calculation term is from the beginning of the period to the end of the period, and adjustments are made for major market fluctuations in the current period, major amendments to plans, settlement, or other significant one-time matters.

2) Other long-term employee benefits

Other long-term employee benefits have the same accounting treatment as the pension benefit in defined benefit plan, except that the relevant remeasurements are recognized in profit or loss.

3) Income tax

Income tax expenses are the sum of current income tax and deferred income tax. The interim income tax is evaluated on an annual basis and the interim profit before tax is applied with the tax rate applicable to the expected total annual earnings for calculations.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the management is required to make judgments, estimates, and assumptions based on historical experience and other factors that are considered to be relevant which related to information that are not readily apparent from other sources. Actual results may differ from these estimates.

The management will continue to review the estimates and the basic assumptions. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Write-down of Inventory

Net realizable value of inventory is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value was based on current market conditions and the historical experience of selling products of a similar nature. Changes in market conditions may have a material impact on the estimation of net realizable value.

6. CASH AND CASH EQUIVALENTS

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Cash on hand	\$ 2,676	\$ 2,940	\$ 3,218
Checking accounts and demand deposits	3,118,645	3,198,093	2,421,927
Cash equivalents (investments with original maturities of less than 3 months)			
Time deposits	367,103	184,478	1,109,519
Repurchase agreements collateralized by bonds	<u>114,942</u>	<u>320,392</u>	<u>9,975</u>
	<u>\$ 3,603,366</u>	<u>\$ 3,705,903</u>	<u>\$ 3,544,639</u>

The ranges of annual interest rate of cash in bank at the end of the reporting period were as follows:

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Bank deposits	0.001%-3.500%	0.001%-3.220%	0.001%-3.100%
Repurchase agreements collateralized by bonds	0.300%-0.340%	0.550%-0.560%	0.580%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
<u>Financial assets at FVTPL - current</u>			
Financial assets mandatorily classified as at FVTPL			
Non-derivative financial assets			
Mutual funds	<u>\$ 1,483,675</u>	<u>\$ 667,673</u>	<u>\$ 1,254,749</u>
Bonds	<u>\$ 30,190</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Financial assets at FVTPL - non-current</u>			
Financial assets mandatorily classified as at FVTPL			
Non-derivative financial assets			
Domestic unlisted shares	<u>\$ 6,200</u>	<u>\$ 7,575</u>	<u>\$ 7,664</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVTOCI)

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
<u>Current</u>			
Investments in equity instruments at FVTOCI	<u>\$ 178,498</u>	<u>\$ 186,711</u>	<u>\$ 168,201</u>
<u>Non-current</u>			
Investments in equity instruments at FVTOCI	<u>\$ 182,903</u>	<u>\$ 189,695</u>	<u>\$ 178,251</u>

Investments in equity instruments at FVTOCI

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
<u>Current</u>			
Listed shares and emerging market shares			
Ordinary shares - Far Eastern International Bank	\$ 15,307	\$ 16,479	\$ 16,524
Ordinary shares - Chunghwa Telecom Co., Ltd	5,686	5,346	5,492
Ordinary shares - Formosa Plastics Corp.	8,010	9,126	10,470
Ordinary shares - China Steel Corp.	16,627	19,198	20,041
Ordinary shares - Polytronics Technology Corp.	104,698	106,772	94,164
Ordinary shares - Taiwan Semiconductor Manufacturing Co., Ltd.	<u>28,170</u>	<u>29,790</u>	<u>21,510</u>
	<u>\$ 178,498</u>	<u>\$ 186,711</u>	<u>\$ 168,201</u>
<u>Non-current</u>			
Listed shares and emerging market shares			
Ordinary shares - GeneFerm Biotechnology Co., Ltd. (GeneFerm)	\$ 53,199	\$ 65,640	\$ 77,653
Unlisted shares			
Ordinary shares - Dah Chung Bills Finance Corp.	14,173	15,702	15,938
Ordinary shares - InnoComm Mobile Technology Corp.	114,624	107,424	83,664
Ordinary shares - AsiaVest Liquidation Co.	<u>907</u>	<u>929</u>	<u>996</u>
	<u>\$ 182,903</u>	<u>\$ 189,695</u>	<u>\$ 178,251</u>

These investments by the Group are held for medium- to long-term strategic purposes and the Group expects to profit from long-term investments. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

9. FINANCIAL ASSETS AT AMORTIZED COST

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
<u>Current</u>			
Time deposits with original maturities of more than 3 months	<u>\$ 2,446,729</u>	<u>\$ 2,206,805</u>	<u>\$ 1,695,434</u>

The ranges of interest rates for time deposits with original maturities of more than 3 months were 0.54%-3.80%, 0.65%-2.85% and 0.63%-2.97% per annum as of June 30, 2020, December 31, 2019 and June 30, 2019, respectively.

# 10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
<u>Notes receivable</u>			
Operating	<u>\$ 14,236</u>	<u>\$ 2,977</u>	<u>\$ 10,387</u>
<u>Trade receivables</u>			
At amortized cost			
Gross carrying amount	\$ 4,767,204	\$ 6,460,483	\$ 4,768,931
Less: Allowance for impairment loss	( <u>28,460</u> )	( <u>20,933</u> )	( <u>42,483</u> )
	<u>\$ 4,738,744</u>	<u>\$ 6,439,550</u>	<u>\$ 4,726,448</u>
<u>Other receivables</u>			
Accrued income	\$ 16,652	\$ 8,912	\$ 7,445
Receivables from payments on behalf of others	1,430	595	1,938
Others	<u>215,174</u>	<u>183,576</u>	<u>174,580</u>
	<u>\$ 233,256</u>	<u>\$ 193,083</u>	<u>\$ 183,963</u>

The average collection period of receivables from sales of goods was 30-90 days. In order to control credit risk, the Group has established a department dedicated to credit risk management. The department is responsible for determining the credit limits of customers, credit approvals, and other monitoring procedures to ensure the collection of receivables. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts.

The Group adopts the simplified approach of IFRS 9 to measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses (ECLs). The Group performs assessment using the three forward-looking factors, i.e., industrial index of the customer, GDP growth rate and unemployment rate, as the ECL rate.

When there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, the credit risk management department of the Group would continue to engage in enforcement activity in compliance with laws and regulations. The trade receivable will be written off when the amount due is collected.

The following table details the loss allowance of notes and trade receivables of the Group.

## June 30, 2020

	<u>Not Past Due</u>	<u>Less than 30 Days</u>	<u>31 to 90 Days</u>	<u>91 to 180 Days</u>	<u>Over 180 Days</u>	<u>Total</u>
ECL rate	0.01%	1.27%	6.57%	70.98%	90.06%	
Gross carrying amount	\$ 4,601,695	\$ 113,688	\$ 35,072	\$ 18,462	\$ 12,523	\$ 4,781,440
Loss allowance (Lifetime ECL)	( <u>331</u> )	( <u>1,443</u> )	( <u>2,304</u> )	( <u>13,104</u> )	( <u>11,278</u> )	( <u>28,460</u> )
Amortized cost	<u>\$ 4,601,364</u>	<u>\$ 112,245</u>	<u>\$ 32,768</u>	<u>\$ 5,358</u>	<u>\$ 1,245</u>	<u>\$ 4,752,980</u>

## December 31, 2019

	<u>Not Past Due</u>	<u>Less than 30 Days</u>	<u>31 to 90 Days</u>	<u>91 to 180 Days</u>	<u>Over 180 Days</u>	<u>Total</u>
ECL rate	0.01%	1.68%	3.36%	38.44%	61.05%	
Gross carrying amount	\$ 6,340,444	\$ 54,029	\$ 36,932	\$ 6,717	\$ 25,338	\$ 6,463,460
Loss allowance (Lifetime ECL)	( <u>733</u> )	( <u>906</u> )	( <u>1,242</u> )	( <u>2,582</u> )	( <u>15,470</u> )	( <u>20,933</u> )
Amortized cost	<u>\$ 6,339,712</u>	<u>\$ 53,124</u>	<u>\$ 35,689</u>	<u>\$ 4,135</u>	<u>\$ 9,867</u>	<u>\$ 6,442,527</u>

## June 30, 2019

	<u>Not Past Due</u>	<u>Less than 30 Days</u>	<u>31 to 90 Days</u>	<u>91 to 180 Days</u>	<u>Over 180 Days</u>	<u>Total</u>
ECL rate	0.03%	0.87%	2.20%	6.28%	98.61%	
Gross carrying amount	\$ 4,186,750	\$ 263,459	\$ 113,507	\$ 190,801	\$ 24,801	\$ 4,779,318
Loss allowance (Lifetime ECL)	( <u>1,257</u> )	( <u>2,302</u> )	( <u>2,492</u> )	( <u>11,976</u> )	( <u>24,456</u> )	( <u>42,483</u> )
Amortized cost	<u>\$ 4,185,493</u>	<u>\$ 261,157</u>	<u>\$ 111,015</u>	<u>\$ 178,825</u>	<u>\$ 345</u>	<u>\$ 4,736,835</u>



The movements of the loss allowance of trade receivables were as follows:

	For the Six-Month Period Ended June 30, 2020	For the Six-Month Period Ended June 30, 2019
Balance at January 1	\$ 20,933	\$ 8,792
Add: Net remeasurement of loss allowance	8,104	33,750
Foreign exchange translation gains and losses	( 577 )	( 59 )
Balance at June 30	<u>\$ 28,460</u>	<u>\$ 42,483</u>

#### 11. FINANCE LEASE RECEIVABLES

The composition of finance lease receivables was as follows:

	June 30, 2020	December 31, 2019	June 30, 2019
Undiscounted lease payments			
Year 1	\$ 4,200	\$ 4,200	\$ 4,200
Year 2	4,400	4,200	4,200
Year 3	4,800	4,700	4,400
Year 4	4,800	4,800	4,800
Year 5	4,800	4,800	4,800
Year 6 onwards	<u>11,000</u>	<u>13,400</u>	<u>15,800</u>
	34,000	36,100	38,200
Less: Unearned finance income	( 5,647 )	( 6,377 )	( 7,140 )
Net investment in leases presented as finance lease receivables	<u>\$ 28,353</u>	<u>\$ 29,723</u>	<u>\$ 31,060</u>

As of June 30, 2020, no finance lease receivable was past due. The Group has not recognized a loss allowance for finance lease receivables after taking into consideration the historical default experience and the future prospects of the industries in which the lessees operate, together with the value of collateral held over these finance lease receivables.

#### 12. INVENTORIES

	June 30, 2020	December 31, 2019	June 30, 2019
Merchandise	\$ 554,959	\$ 578,324	\$ 503,638
Finished goods	1,312,608	1,544,663	1,063,671
Work in progress	593,997	344,702	425,284
Raw materials	1,774,649	1,111,234	1,451,530
Packing materials	<u>68,742</u>	<u>68,061</u>	<u>60,994</u>
	<u>\$ 4,304,955</u>	<u>\$ 3,646,984</u>	<u>\$ 3,505,117</u>

The cost of inventories recognized as cost of goods sold for the three-month and six-month periods ended June 30, 2020 and 2019 included loss on write-down of inventories (gain on recovery) of NT\$(9,250) thousand, NT\$2,868 thousand, NT\$749 thousand and NT\$7,767 thousand, loss on abandoned inventories of NT\$11,071 thousand, NT\$14,660 thousand, NT\$17,797 thousand and NT\$29,537 thousand, respectively.

### 13. PREPAYMENTS

	June 30, 2020	December 31, 2019	June 30, 2019
Prepayments for purchases	\$ 873,400	\$ 884,193	\$ 702,810
Prepayments for rent	9,810	6,215	7,188
Prepayments for insurance	10,012	1,139	9,267
Excess business tax paid	\$ 269,641	\$ 255,952	\$ 382,169
Prepayments for advertisements	33,890	13,578	12,448
Others	224,935	224,149	233,889
	<u>\$ 1,421,688</u>	<u>\$ 1,385,226</u>	<u>\$ 1,347,771</u>

### 14. SUBSIDIARIES

#### Subsidiaries included in consolidated financial statements.

Entities of the consolidated financial statements were as follows:

Investor	Investee	Main Business	Proportion of Ownership			Remark
			June 30, 2020	December 31, 2019	June 30, 2019	
The Company	Standard Dairy Products Taiwan Limited (Standard Dairy Products)*	Manufacture and sale of dairy products and beverages	100.0%	100.0%	100.0%	—
The Company	Charng Hui Ltd. (Charng Hui)*	Investing	100.0%	100.0%	100.0%	—
The Company	Domex Technology Corporation (Domex Technology)*	Manufacture and sale of computer peripherals and computer appliances	52.0%	52.0%	52.0%	—
The Company	Standard Beverage Company Limited (Standard Beverage)*	Manufacture and sale of beverages	100.0%	100.0%	100.0%	—
The Company	Accession Limited	Investing	100.0%	100.0%	100.0%	—
The Company	Standard Investment (Cayman) Limited (Cayman Standard)	Investing	100.0%	100.0%	100.0%	—
The Company	Le Bonta Wellness International Corporation (Le Bonta Wellness)*	Sale of health food	100.0%	100.0%	100.0%	—
The Company	Standard Foods, LLC.*	Sale of health food	100.0%	-	-	The Company invested US\$300 thousand and set up Standard Foods, LLC. in June 2020.
Accession Limited	Shanghai Standard Foods Co., Ltd. (Shanghai Standard)	Manufacture and sale of edible oils and nutritious foods	100.0%	100.0%	100.0%	—
Accession Limited	Shanghai Le Ben De Health Technology Co., Ltd. (Shanghai Le Ben De)*	Technical consultant on health technology, technical transfer and technical service	100.0%	100.0%	100.0%	—
Accession Limited	Dermalab S.A. (Dermalab)*	Development and sale of cosmetics	100.0%	100.0%	100.0%	—
Dermalab	Swissderma SL (Swissderma)*	Sale of cosmetics	100.0%	100.0%	100.0%	—
Cayman Standard	Standard Corporation (Hong Kong) Limited (Hong Kong Standard)	Investing	100.0%	100.0%	100.0%	—
Hong Kong Standard	Standard Investment (China) Co., Ltd. (China Standard Investment)	Investing and sale of edible oils and nutritious foods	99.0%	99.0%	99.0%	—
Hong Kong Standard	Shanghai Le Min Industrial Co., Ltd. (Shanghai Le Min)*	Management of properties	100.0%	100.0%	100.0%	—
Hong Kong Standard	Shanghai Le Ho Industrial Co., Ltd. (Shanghai Le Ho)*	Management of properties	100.0%	100.0%	100.0%	—
China Standard Investment	Standard Foods (China) Co., Ltd. (China Standard Foods)	Manufacture and sale of edible oils and nutritious foods	100.0%	100.0%	100.0%	—
China Standard Investment	Shanghai Dermalab Corporation (Shanghai Dermalab)*	Sale of nutritional foods, cosmetic and engage in import and export business	100.0%	100.0%	100.0%	—
The Company and China Standard Investment	Le Bonta Wellness Co., Ltd. (Shanghai Le Bonta Wellness)*	Sale of nutritional foods and engage in import and export business	100.0%	100.0%	100.0%	—
China Standard Investment	Standard Foods (Xiamen) Co., Ltd. (Xiamen Standard)*	Manufacture and sale of edible oils and nutritious foods	100.0%	100.0%	100.0%	—

Note: It is a non-significant subsidiary, and its financial statements have not been reviewed by any CPA.

The financial statements of non-significant subsidiaries included in the consolidated financial statements referred to in the first paragraph were not reviewed. As of June 30, 2020 and 2019, combined total assets of these non-significant subsidiaries were NT\$7,552,648 thousand and NT\$7,673,604 thousand, respectively, representing 30% and 33%, respectively, of the consolidated total assets, and combined total liabilities of these subsidiaries were NT\$2,302,312 thousand and NT\$2,580,695 thousand, respectively, representing 24% and 31%, respectively, of the consolidated total liabilities; for the three-month and six-month periods ended June 30, 2020 and 2019, the amounts of combined comprehensive income of these subsidiaries were NT\$157,013 thousand, NT\$137,571 thousand, NT\$151,428 thousand and NT\$296,743 thousand, respectively, representing 17%, 26%, 11% and 20%, respectively, of the consolidated total comprehensive income.

## 15. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Equipment	Other Equipment	Property in Construction and Equipment to Be Tested	Total
<u>Cost</u>						
Balance at January 1, 2019	\$ 702,405	\$ 3,447,188	\$ 4,153,208	\$ 610,658	\$ 1,019,714	\$ 9,933,173
Impact of retrospective application of IFRS 9	-	-	-	( 9,752 )	-	( 9,752 )
Balance at January 1, 2019 (restated)	702,405	3,447,188	4,153,208	600,906	1,019,714	9,923,421
Additions	-	-	-	-	151,206	151,206
Disposals	-	( 10 )	( 34,710 )	( 20,183 )	-	( 54,903 )
Reclassified	-	718,790	199,535	173,238	( 1,091,544 )	19
Reclassified as investment properties	-	( 132,405 )	-	-	-	( 132,405 )
Effects of foreign currency exchange differences	-	184,606	14,206	( 194,063 )	13,468	18,217
Balance at June 30, 2019	<u>\$ 702,405</u>	<u>\$ 4,218,169</u>	<u>\$ 4,332,239</u>	<u>\$ 559,898</u>	<u>\$ 92,844</u>	<u>\$ 9,905,555</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2019	\$ -	\$ 1,234,242	\$ 2,748,680	\$ 472,013	\$ -	\$ 4,454,935
Impact of retrospective application of IFRS 9	-	-	-	( 3,863 )	-	( 3,863 )
Balance at January 1, 2019 (restated)	-	1,234,242	2,748,680	468,150	-	4,451,072
Disposals	-	( 4 )	( 27,369 )	( 18,786 )	-	( 46,159 )
Depreciation expenses	-	82,582	137,615	22,210	-	242,407
Reclassified as investment properties	-	( 118,667 )	-	-	-	( 118,667 )
Effects of foreign currency exchange differences	-	40,370	5,982	( 32,966 )	-	13,386
Balance at June 30, 2019	<u>\$ -</u>	<u>\$ 1,238,523</u>	<u>\$ 2,864,908</u>	<u>\$ 438,608</u>	<u>\$ -</u>	<u>\$ 4,542,039</u>
Carrying amount at June 30, 2019	<u>\$ 702,405</u>	<u>\$ 2,979,646</u>	<u>\$ 1,467,331</u>	<u>\$ 121,290</u>	<u>\$ 92,844</u>	<u>\$ 5,363,516</u>
<u>Cost</u>						
Balance at January 1, 2020	\$ 702,405	\$ 4,078,150	\$ 4,069,198	\$ 561,938	\$ 138,888	\$ 9,550,579
Additions	-	322	1,590	3,239	108,801	113,952
Disposals	-	( 7,533 )	( 64,268 )	( 10,003 )	-	( 81,804 )
Reclassified	-	17,293	82,878	20,271	( 120,442 )	-
Effects of foreign currency exchange differences	-	( 69,136 )	( 30,378 )	( 5,574 )	( 1,107 )	( 106,195 )
Balance at June 30, 2020	<u>\$ 702,405</u>	<u>\$ 4,019,096</u>	<u>\$ 4,059,020</u>	<u>\$ 569,871</u>	<u>\$ 126,140</u>	<u>\$ 9,476,532</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2020	\$ -	\$ 1,269,679	\$ 2,730,217	\$ 425,371	\$ -	\$ 4,425,267
Disposals	-	( 7,266 )	( 63,219 )	( 9,734 )	-	( 80,219 )
Depreciation expenses	-	86,796	136,138	24,513	-	247,447
Effects of foreign currency exchange differences	-	( 12,136 )	( 13,203 )	( 4,036 )	-	( 29,375 )
Balance at June 30, 2020	<u>\$ -</u>	<u>\$ 1,337,073</u>	<u>\$ 2,789,933</u>	<u>\$ 436,114</u>	<u>\$ -</u>	<u>\$ 4,563,120</u>
Carrying amount at December 31, 2019 and January 1, 2020	<u>\$ 702,405</u>	<u>\$ 2,808,471</u>	<u>\$ 1,338,981</u>	<u>\$ 136,567</u>	<u>\$ 138,888</u>	<u>\$ 5,125,312</u>
Carrying amount at June 30, 2020	<u>\$ 702,405</u>	<u>\$ 2,682,023</u>	<u>\$ 1,269,087</u>	<u>\$ 133,757</u>	<u>\$ 126,140</u>	<u>\$ 4,913,412</u>

No impairment assessment was performed for the six-month periods ended June 30, 2020 and 2019 as there was no indication of impairment.

Depreciation expenses were recognized on a straight-line basis over the following estimated useful lives of the assets:

Building	
Main buildings	20-51 years
Electrical and mechanical equipment	8-20 years
Engineering	3-39 years
Others	3-20 years
Equipment	
Main equipment	2-20 years
Engineering	3-20 years
Others	3-15 years
Other equipment	2-15 years

Refer to Note 34 for the carrying amount of property, plant and equipment pledged by the Group to secure borrowings granted to the Group.

## 16. LEASE ARRANGEMENTS

### a. Right-of-use assets

	June 30, 2020	December 31, 2019	June 30, 2019
Carrying amounts			
Land	\$ 389,700	\$ 404,964	\$ 375,265
Buildings	248,470	286,147	155,878
Office equipment	355	390	-
Transportation equipment	8,969	8,178	6,746
	<u>\$ 647,494</u>	<u>\$ 699,679</u>	<u>\$ 537,889</u>
	For the Three-Month Period Ended June 30, 2020	For the Three-Month Period Ended June 30, 2019	For the Six-Month Period Ended June 30, 2020
Additions to right-of-use assets	<u>\$ 6,747</u>	<u>\$ 58,514</u>	<u>\$ 9,349</u>
	For the Six-Month Period Ended June 30, 2019		
Depreciation charge for right-of-use assets			
Land	\$ 3,037	\$ 2,965	\$ 6,131
Buildings	18,673	12,136	38,332
Office equipment	18	-	35
Transportation equipment	860	898	1,601
	<u>\$ 22,588</u>	<u>\$ 15,999</u>	<u>\$ 46,099</u>

### b. Lease liabilities

	June 30, 2020	December 31, 2019	June 30, 2019
Carrying amounts			
Current	<u>\$ 80,322</u>	<u>\$ 83,119</u>	<u>\$ 89,441</u>
Non-current	<u>\$ 219,173</u>	<u>\$ 264,496</u>	<u>\$ 64,065</u>
Range of discount rate for lease liabilities was as follows:			
	June 30, 2020	December 31, 2019	June 30, 2019
Land	1.07%~1.49%	1.07%~1.49%	1.49%
Buildings	1.07%~4.35%	1.07%~4.35%	1.07%~4.35%
Office equipment	1.07%	1.07%	-
Transportation equipment	1.07%~ 12.04%	1.07%~ 12.04%	1.07%~ 12.04%

c. Material leasing activities and terms

The Group leases land, buildings, and transportation equipment for the use of plants, offices and business cars with lease terms of 1 to 50 years. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

Lease arrangements under operating leases for leasing out the investment properties are set out in Note 17. Lease arrangements for leasing out the assets under finance leases are set out in Note 11.

	For the Three- Month Period Ended June 30, 2020	For the Three- Month Period Ended June 30, 2019	For the Six- Month Period Ended June 30, 2020	For the Six- Month Period Ended June 30, 2019
Expenses relating to short-term leases	\$ 20,103	\$ 28,320	\$ 42,251	\$ 59,968
Expenses relating to low-value asset leases	\$ 252	\$ 78	\$ 538	\$ 150
Expenses relating to variable lease payments not included in the measurement of lease liabilities	\$ 18	\$ -	\$ 38	\$ -
Total cash outflow for leases			(\$ 100,733)	(\$ 100,215)

The Group leases certain office equipment, production assets, and sale premises that qualify as short-term leases. The Group has elected to apply the recognition exemption and, thus, did not recognize right-of-use assets and lease liabilities for these leases.

17. INVESTMENT PROPERTIES

	Completed Investment Properties	Right-of-Use Assets	Total
<u>Cost</u>			
Balance at January 1, 2019	\$ 157,309	\$ -	\$ 157,309
From right-of-use assets	-	5,898	5,898
From property, plant and equipment	132,405	-	132,405
Effects of foreign currency exchange differences	( 1,466)	( 65)	( 1,531)
Balance at June 30, 2019	\$ 288,248	\$ 5,833	\$ 294,081
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2019	\$ 46,533	\$ -	\$ 46,533
Depreciation expenses	1,049	-	1,049
From right-of-use assets	-	123	123
From property, plant and equipment	118,667	-	118,667
Effects of foreign currency exchange differences	( 1,314)	( 1)	( 1,315)
Balance at June 30, 2019	\$ 164,935	\$ 122	\$ 165,057

	Completed Investment Properties	Right-of-Use Assets	Total
Carrying amount at June 30, 2019	<u>\$ 123,313</u>	<u>\$ 5,711</u>	<u>\$ 129,024</u>
<u>Cost</u>			
Balance at January 1, 2020	\$ 241,711	\$ 5,548	\$ 247,259
Effects of foreign currency exchange differences	( 2,203 )	( 144 )	( 2,347 )
Balance at June 30, 2020	<u>\$ 239,508</u>	<u>\$ 5,404</u>	<u>\$ 244,912</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2020	\$ 124,434	\$ 333	\$ 124,767
Depreciation expenses	1,071	216	1,287
Effects of foreign currency exchange differences	( 1,978 )	( 12 )	( 1,990 )
Balance at June 30, 2020	<u>\$ 123,527</u>	<u>\$ 537</u>	<u>\$ 124,064</u>
Carrying amount at December 31, 2019 and January 1, 2020	<u>\$ 117,277</u>	<u>\$ 5,215</u>	<u>\$ 122,492</u>
Carrying amount at June 30, 2020	<u>\$ 115,981</u>	<u>\$ 4,867</u>	<u>\$ 120,848</u>

The investment properties held by the Group are depreciated using the straight-line basis over the following estimated useful lives:

Building	
Main buildings	35-51 years
Electrical and mechanical equipment	24-25 years
Engineering	28 years
Right-of-use assets	49 years
Others	24 years

The fair values of the investment properties were NT\$212,901 thousand, NT\$212,653 thousand and NT\$209,091 thousand as of June 30, 2020, December 31, 2019 and June 30, 2019, respectively. In the absence of hiring independent appraiser, the management of the Group determined the fair value with reference to market transaction prices of similar properties.

All of the Group's investment properties are held under freehold interests. The carrying amounts of investment properties pledged by the Group to secure borrowings granted to the Group are disclosed in Note 3, 4.

#### 18. OTHER INTANGIBLE ASSETS

	Trademark	Computer Software	Total
<u>Cost</u>			
Balance at January 1, 2019	\$ 207,039	\$ 233,269	\$ 440,308
Additions	34	4,881	4,915
Effects of foreign currency exchange differences	30,514	270	30,784
Balance at June 30, 2019	<u>\$ 237,587</u>	<u>\$ 238,420</u>	<u>\$ 476,007</u>
<u>Accumulated amortization and impairment</u>			

	<u>Trademark</u>	<u>Computer Software</u>	<u>Total</u>
Balance at January 1, 2019	\$ 137,269	\$ 230,807	\$ 368,076
Amortization expenses	2,544	3,209	5,753
Effects of foreign currency exchange differences	<u>29,226</u>	<u>262</u>	<u>29,488</u>
Balance at June 30, 2019	<u>\$ 169,039</u>	<u>\$ 234,278</u>	<u>\$ 403,317</u>
Carrying amount at June 30, 2019	<u>\$ 68,548</u>	<u>\$ 4,142</u>	<u>\$ 72,690</u>
<u>Cost</u>			
Balance at January 1, 2020	\$ 227,260	\$ 239,713	\$ 466,973
Additions	31,002	3,662	34,664
Disposals	-	( 28,268 )	( 28,268 )
Effects of foreign currency exchange differences	<u>( 4,510 )</u>	<u>( 260 )</u>	<u>( 4,770 )</u>
Balance at June 30, 2020	<u>\$ 253,752</u>	<u>\$ 214,847</u>	<u>\$ 468,599</u>
<u>Accumulated amortization and impairment</u>			
Balance at January 1, 2020	\$ 163,442	\$ 236,262	\$ 399,704
Disposals	-	( 28,268 )	( 28,268 )
Amortization expenses	2,536	1,112	3,648
Effects of foreign currency exchange differences	<u>( 4,773 )</u>	<u>( 251 )</u>	<u>( 5,024 )</u>
Balance at June 30, 2020	<u>\$ 161,205</u>	<u>\$ 208,855</u>	<u>\$ 370,060</u>
Carrying amount at December 31, 2019 and January 1, 2020	<u>\$ 63,818</u>	<u>\$ 3,451</u>	<u>\$ 67,269</u>
Carrying amount at June 30, 2020	<u>\$ 92,547</u>	<u>\$ 5,992</u>	<u>\$ 98,539</u>
The above intangible assets with definite useful are amortized on a straight-line basis over the following estimated lives:			
Trademark	10-20 years		
Computer software	2-3 years		

#### 19. OTHER ASSETS

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
<u>Current</u>			
Pledged time deposits (Note 34)	\$ 4,013	\$ 4,013	\$ 1,010
Advances to officers	14,071	15,570	15,785
Temporary payments	6,436	9,683	-
Others	<u>1,438</u>	<u>118</u>	<u>470</u>
	<u>\$ 25,958</u>	<u>\$ 29,384</u>	<u>\$ 17,265</u>
<u>Non-current</u>			
Prepayments for equipment	\$ 16,375	\$ 6,984	\$ 26,538
Refundable deposits	60,970	53,615	55,529
Pledged time deposits (Note 34)	83,706	85,950	90,360
Others	<u>102,806</u>	<u>114,426</u>	<u>93,685</u>
	<u>\$ 263,857</u>	<u>\$ 260,975</u>	<u>\$ 266,112</u>

## 20. BORROWINGS

### a. Short-term borrowings

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
<u>Secured borrowings (Note 34)</u>			
Bank loans	\$ 120,000	\$ 150,000	\$ 110,000
<u>Unsecured borrowings</u>			
Bank loans	889,811	1,232,955	968,485
	<u>\$ 1,009,811</u>	<u>\$ 1,382,955</u>	<u>\$ 1,078,485</u>

The range of interest rates on short-term borrowings or financing was 0.95%-3.75%, 1.05%-4.35% and 1.05%-4.35% per annum as of June 30, 2020, December 31, 2019, and June 30, 2019, respectively.

### b. Short-term bills payable

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Commercial paper payable	\$ 70,000	\$ 100,000	\$ 100,000
Less: Discount on short-term bills payable	( 76)	( 32)	( 88)
	<u>\$ 69,924</u>	<u>\$ 99,968</u>	<u>\$ 99,912</u>

The range of interest rates on commercial paper payable was 1.19%-1.31%, 1.34%-1.36% and 1.34%-1.36% per annum as of June 30, 2020, December 31, 2019 and June 30, 2019, respectively.

### c. Long-term borrowings

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
<u>Secured borrowings (Note 34)</u>			
Bank loans (1)	\$ -	\$ 6,000	\$ 18,000
Less: Current portions	-	( 6,000)	( 12,000)
Long-term borrowings	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,000</u>

1) As of December 31, 2019 and June 30, 2019, the interest rate of the bank borrowings secured by the Group's equipment (see Note 34) was 1.91% per annum. The bank borrowings were repayable quarterly from March 2018 and were paid off in February 2020.

## 21. NOTES PAYABLE AND TRADE PAYABLES

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
<u>Notes payable</u>			
Operating	<u>\$ 292,901</u>	<u>\$ 316,444</u>	<u>\$ 217,386</u>
<u>Trade payables</u>			
Operating	<u>\$ 1,535,080</u>	<u>\$ 2,014,619</u>	<u>\$ 1,186,920</u>

The average credit period of payables for purchases of goods was 30-90 days. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.



## 22. OTHER LIABILITIES

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
<u>Current</u>			
Other payables			
Payable for salaries or bonuses	\$ 217,924	\$ 306,728	\$ 206,030
Payable for compensation of employees	17,819	52,013	15,674
Payable for remuneration to directors	\$ 36,767	\$ 25,073	\$ 31,308
Payable for commission and rebates	831,369	963,712	725,058
Payable for dividends	2,448,919	-	2,304,955
Advertisement payable	139,326	199,232	114,825
Payable for royalties	21,208	25,668	21,981
Payable for freight	103,945	100,658	72,914
Payable for equipment	77,684	113,698	98,097
Others	<u>1,016,852</u>	<u>1,063,892</u>	<u>837,198</u>
	<u>\$ 4,911,813</u>	<u>\$ 2,850,674</u>	<u>\$ 4,428,040</u>
Other liabilities			
Advance receipts from customers	\$ 305	\$ 1,337	\$ 3,399
Refund liability	15,495	13,055	15,955
Others	<u>18,267</u>	<u>14,109</u>	<u>21,283</u>
	<u>\$ 34,067</u>	<u>\$ 28,501</u>	<u>\$ 40,637</u>
<u>Non-current</u>			
Other liabilities			
Guarantee deposits	\$ 26,698	\$ 20,044	\$ 18,071
Others	<u>2,386</u>	<u>2,934</u>	<u>4,579</u>
	<u>\$ 29,084</u>	<u>\$ 22,978</u>	<u>\$ 22,650</u>

## 23. RETIREMENT BENEFIT PLANS

For the three-month and six-month periods ended June 30, 2020 and 2019, the pension expenses of defined benefit plans were NT\$2,868 thousand, NT\$2,978 thousand, NT\$5,739 thousand and NT\$5,962 thousand, respectively, and these were calculated based on the pension cost rate determined by the actuarial calculation on December 31, 2019 and 2018, respectively.

## 24. EQUITY

### a. Share capital

#### 1) Ordinary shares

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Number of shares authorized (in thousands)	<u>920,000</u>	<u>920,000</u>	<u>920,000</u>
Shares authorized	<u>\$ 9,200,000</u>	<u>\$ 9,200,000</u>	<u>\$ 9,200,000</u>
Number of shares issued and fully paid (in thousands)	<u>915,089</u>	<u>915,089</u>	<u>915,089</u>
Shares issued	<u>\$ 9,150,897</u>	<u>\$ 9,150,897</u>	<u>\$ 9,150,897</u>

2) Global depositary receipts

As of June 30, 2020, a total of 6,908.4 units of Global Depositary Receipts (GDRs) (representing 34,542 shares of the Company's ordinary shares), where each GDR representing 5 shares of the Company's ordinary shares, were traded on the Euro MTF Market of the Luxembourg Stock Exchange. Holders of the GDRs may request at any time to have their GDRs be converted into corresponding ordinary shares.

b. Capital surplus

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital</u>			
<u>(1)</u>			
Difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	\$ 1	\$ 1	\$ 1
<u>May only be used to offset a deficit</u>			
Changes in percentage of ownership interests in subsidiaries (2)	466	466	466
Treasury share transactions	<u>109,251</u>	<u>109,251</u>	<u>92,578</u>
	<u>\$ 109,718</u>	<u>\$ 109,718</u>	<u>\$ 93,045</u>

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).
- 2) Such capital surplus arises from the effect of changes in ownership interests in subsidiaries that result from equity transactions other than actual disposals or acquisitions, or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the Articles of Incorporation, where 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. For the policies on distribution of the compensation of employees and remuneration of directors in the Articles of Incorporation, please refer to Note 26(i) "employees' compensation and remuneration of directors."

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's paid-in capital. Legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The Company appropriates or reserves special reserve in accordance with Letter No. 1010012865 and Letter No. 1010047490 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs."

The appropriations of earnings for 2019 and 2018 that were approved in the shareholders' meetings on June 16, 2020 and June 13, 2019, respectively, were as follows:

	2019	2018
Legal reserve	\$ 341,610	\$ 294,909
Special reserve	\$ 246,549	\$ 70,519
Cash dividends	\$ 2,424,987	\$ 2,287,724
Cash dividends per share (NT\$)	\$ 2.65	\$ 2.5

d. Special reserve

	For the Six-Month Period Ended June 30, 2020	For the Six-Month Period Ended June 30, 2019
Balance at January 1	\$ 330,945	\$ 260,426
Appropriation of special reserve		
Appropriation for deductions in other equity items	246,549	70,519
Balance at June 30	\$ 577,494	\$ 330,945

Appropriation for special reserve should be made in the amount equal to the net debit balance of other equity at the end of the reporting period. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and, thereafter, distributed.

e. Other equity items

1) Exchange differences on translating the financial statements of foreign operations

	For the Six-Month Period Ended June 30, 2020	For the Six-Month Period Ended June 30, 2019
Balance at January 1	(\$ 693,038)	(\$ 412,869)
Recognized for the year		
Exchange differences on translating the financial statements of foreign operations	( 181,200)	64,984
Other comprehensive income for the period	( 181,200)	64,984
Balance at June 30	(\$ 874,238)	(\$ 347,885)

2) Unrealized gain (loss) on financial assets at FVTOCI

	For the Six-Month Period Ended June 30, 2020	For the Six-Month Period Ended June 30, 2019
Balance at January 1	\$ 115,544	\$ 81,924
Recognized for the year		
Unrealized gain (loss) equity instruments	( 18,428 )	14,999
Other comprehensive income for the period	( 18,428 )	14,999
Balance at June 30	<u>\$ 97,116</u>	<u>\$ 96,923</u>

f. Non-controlling interests

	For the Six-Month Period Ended June 30, 2020	For the Six-Month Period Ended June 30, 2019
Balance at January 1	\$ 272,564	\$ 233,399
Profit for the period	7,396	15,469
Other comprehensive income for the period		
Exchange difference on translating the financial statements of foreign operation	( 1,187 )	375
Unrealized gain (loss) on financial assets at FVTOCI	3,456	9,744
Cash dividends distributed by subsidiaries to non-controlling interests	( 23,932 )	( 17,230 )
Balance at June 30	<u>\$ 258,297</u>	<u>\$ 241,757</u>

g. Treasury shares

Purpose of Buy-back	Shares Held by Subsidiaries (In Thousands of Shares)		
Number of shares as of January 1 and June 30, 2019	<u>6,669</u>		
Number of shares as of January 1 and June 30, 2020	<u>6,669</u>		
For the purpose of maintaining the Company's credit and shareholders' equity, the Company's shares held by its subsidiaries at the end of the reporting periods were as follows:			
Name of Subsidiary	Number of Shares Held (In Thousands of Shares)	Carrying Amount	Market Price
<u>June 30, 2020</u>			
Charng Hui	6,669	<u>\$ 21,182</u>	<u>\$ 420,177</u>
<u>December 31, 2019</u>			
Charng Hui	6,669	<u>\$ 21,182</u>	<u>\$ 464,195</u>
<u>June 30, 2019</u>			
Charng Hui	6,669	<u>\$ 21,182</u>	<u>\$ 404,837</u>

The Company's shares held by subsidiaries were treated as treasury shares, aside from the rights to participate in any share issuance for cash and to vote, the rest were similar to general shareholder's rights.

## 25. REVENUE

	For the Three- Month Period Ended June 30, 2020	For the Three- Month Period Ended June 30, 2019	For the Six- Month Period Ended June 30, 2020	For the Six- Month Period Ended June 30, 2019
Revenue from contracts with customers				
Revenue from sale of goods	<u>\$ 7,952,636</u>	<u>\$ 6,070,454</u>	<u>\$ 14,624,069</u>	<u>\$ 13,407,620</u>

### a. Contract balances

	June 30, 2020	December 31, 2019	June 30, 2019	January 1, 2019
Notes receivable (Note 10)	<u>\$ 14,236</u>	<u>\$ 2,977</u>	<u>\$ 10,387</u>	<u>\$ 2,887</u>
Trade receivables (Note 10)	<u>\$ 4,738,744</u>	<u>\$ 6,439,550</u>	<u>\$ 4,726,448</u>	<u>\$ 6,161,079</u>
Contract liabilities - current				
Sale of goods	<u>\$ 224,495</u>	<u>\$ 326,644</u>	<u>\$ 148,560</u>	<u>\$ 360,115</u>

### b. Disaggregation of revenue

#### For the Six Months Ended June 30, 2020

	Reportable Segments			
	Nutritious Foods	Cooking Products	Others	Total
<u>Types of goods or services</u>				
Sale of goods	<u>\$ 5,824,917</u>	<u>\$ 7,604,697</u>	<u>\$ 1,194,455</u>	<u>\$ 14,624,069</u>

#### For the Six-Month Period Ended June 30, 2019

	Reportable Segments			
	Nutritious Foods	Cooking Products	Others	Total
<u>Types of goods or services</u>				
Sale of goods	<u>\$ 5,752,434</u>	<u>\$ 5,802,805</u>	<u>\$ 1,852,381</u>	<u>\$ 13,407,620</u>

## 26. NET PROFIT

Net profit includes:

### a. Interest income

	For the Three- Month Period Ended June 30, 2020	For the Three- Month Period Ended June 30, 2019	For the Six- Month Period Ended June 30, 2020	For the Six- Month Period Ended June 30, 2019
Interest income				
Bank deposits	\$ 19,493	\$ 7,911	\$ 36,601	\$ 22,886
Financial assets at amortized cost	14,237	4,526	29,188	8,141
Repurchase agreements collateralized by bonds	85	183	471	218
Others	<u>326</u>	<u>315</u>	<u>686</u>	<u>676</u>
	<u>\$ 34,141</u>	<u>\$ 12,935</u>	<u>\$ 66,946</u>	<u>\$ 31,921</u>

b. Other income

	For the Three- Month Period Ended June 30, 2020	For the Three- Month Period Ended June 30, 2019	For the Six- Month Period Ended June 30, 2020	For the Six- Month Period Ended June 30, 2019
Operating lease rental income				
Investment properties (Note 17)	\$ 6,970	\$ 4,721	\$ 14,002	\$ 9,442
Others	<u>267</u>	<u>363</u>	<u>535</u>	<u>507</u>
	<u>7,237</u>	<u>5,084</u>	<u>14,537</u>	<u>9,949</u>
Dividend income				
Investments in equity instruments at FVTOCI	<u>7,479</u>	<u>1,615</u>	<u>7,704</u>	<u>1,615</u>
	<u>\$ 14,716</u>	<u>\$ 6,699</u>	<u>\$ 22,241</u>	<u>\$ 11,564</u>

c. Other gains and losses

	For the Three- Month Period Ended June 30, 2020	For the Three- Month Period Ended June 30, 2019	For the Six- Month Period Ended June 30, 2020	For the Six- Month Period Ended June 30, 2019
Gains and losses of financial assets and financial liabilities				
Financial assets mandatorily classified as fair value through profit or loss	\$ 6,183	\$ 1,143	\$ 1,067	\$ 5,402
Net foreign exchange gains (losses)	( 14,789 )	12,916	( 7,738 )	9,568
Net gains (losses) on disposal of property, plant and equipment	( 792 )	( 1,527 )	584	( 2,316 )
Government grants	35,681	7,165	42,426	7,165
Others	<u>5,456</u>	<u>24,011</u>	<u>( 1,894 )</u>	<u>29,036</u>
	<u>\$ 31,739</u>	<u>\$ 43,708</u>	<u>\$ 34,445</u>	<u>\$ 48,855</u>

d. Finance costs

	For the Three- Month Period Ended June 30, 2020	For the Three- Month Period Ended June 30, 2019	For the Six- Month Period Ended June 30, 2020	For the Six- Month Period Ended June 30, 2019
Interest on bank loans	\$ 13,954	\$ 8,911	\$ 25,852	\$ 18,857
Interest on short-term bills payable	116	436	357	532
Interest on lease liabilities	2,426	1,475	5,083	1,988
Other interest expenses	<u>13</u>	<u>13</u>	<u>25</u>	<u>25</u>
	<u>\$ 16,509</u>	<u>\$ 10,835</u>	<u>\$ 31,317</u>	<u>\$ 21,402</u>

e. Impairment losses recognized (reversed)

	For the Three- Month Period Ended June 30, 2020	For the Three- Month Period Ended June 30, 2019	For the Six- Month Period Ended June 30, 2020	For the Six- Month Periods Ended June 30, 2019
Trade receivables	<u>\$ 818</u>	<u>\$ 30,013</u>	<u>\$ 8,104</u>	<u>\$ 33,750</u>
Inventories (included in operating costs)	( <u>9,250</u> )	<u>2,868</u>	<u>749</u>	<u>7,767</u>

f. Depreciation and amortization

	For the Three- Month Period Ended June 30, 2020	For the Three- Month Period Ended June 30, 2019	For the Six- Month Period Ended June 30, 2020	For the Six- Month Period Ended June 30, 2019
An analysis of depreciation by function				
Operating costs	\$ 99,496	\$ 98,945	\$ 198,705	\$ 195,189
Operating expenses	47,072	42,749	94,841	76,383
Non-operating revenue and expenses	<u>642</u>	<u>525</u>	<u>1,287</u>	<u>1,049</u>
	<u>\$ 147,210</u>	<u>\$ 142,219</u>	<u>\$ 294,833</u>	<u>\$ 272,621</u>
An analysis of amortization by function				
Operating costs	\$ 4,805	\$ 4,267	\$ 9,732	\$ 9,368
Operating expenses	<u>9,476</u>	<u>9,441</u>	<u>18,294</u>	<u>16,389</u>
	<u>\$ 14,281</u>	<u>\$ 13,708</u>	<u>\$ 28,026</u>	<u>\$ 25,757</u>

g. Operating expenses directly related to investment properties

	For the Three- Month Period Ended June 30, 2020	For the Three- Month Period Ended June 30, 2019	For the Six- Month Period Ended June 30, 2020	For the Six- Month Period Ended June 30, 2019
Direct operating expenses of investment properties				
Direct operating expenses of investment properties that generated rental income	\$ 174	\$ 173	\$ 351	\$ 347
Direct operating expenses of investment properties that did not generated rental income	<u>142</u>	<u>140</u>	<u>286</u>	<u>283</u>
	<u>\$ 316</u>	<u>\$ 313</u>	<u>\$ 637</u>	<u>\$ 630</u>

h. Employee benefit expenses

	For the Three- Month Period Ended June 30, 2020	For the Three- Month Period Ended June 30, 2019	For the Six- Month Period Ended June 30, 2020	For the Six- Month Period Ended June 30, 2019
Post-employment benefits				
Defined contribution plans	\$ 5,864	\$ 30,089	\$ 33,480	\$ 62,292
Defined benefit plans (see Note 23)	<u>2,868</u>	<u>2,978</u>	<u>5,739</u>	<u>5,962</u>
	8,732	33,067	39,219	68,254
Other employee benefits	<u>631,657</u>	<u>578,670</u>	<u>1,240,804</u>	<u>1,151,459</u>
Total employee benefit expenses	<u>\$ 640,389</u>	<u>\$ 611,737</u>	<u>\$ 1,280,023</u>	<u>\$ 1,219,713</u>
An analysis of employee benefit expenses by function				
Operating costs	\$ 228,250	\$ 204,745	\$ 434,898	\$ 409,373
Operating expenses	<u>412,139</u>	<u>406,992</u>	<u>845,125</u>	<u>810,340</u>
	<u>\$ 640,389</u>	<u>\$ 611,737</u>	<u>\$ 1,280,023</u>	<u>\$ 1,219,713</u>

i. Employees' compensation and remuneration of directors

According to the Company's Articles, the Company accrued employees' compensation and remuneration of directors at rates of no less than 0.5% and no higher than 0.75%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. For the three-month and six-month period ended June 30, 2020 and 2019, the employees' compensation and the remuneration of directors accrued were as follows:

Accrual rate

	For the Six-Month Period Ended June 30, 2020	For the Six-Month Period Ended June 30, 2019
Compensation of employees	0.90%	0.90%
Remuneration of directors	0.59%	0.59%

Amount

	For the Three- Month Period Ended June 30, 2020	For the Three- Month Period Ended June 30, 2019	For the Six- Month Period Ended June 30, 2020	For the Six- Month Period Ended June 30, 2019
Compensation of employees	<u>\$ 10,869</u>	<u>\$ 6,838</u>	<u>\$ 17,819</u>	<u>\$ 15,674</u>
Remuneration of directors	<u>\$ 7,118</u>	<u>\$ 4,514</u>	<u>\$ 11,693</u>	<u>\$ 10,348</u>

If there is a change in the amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate and will be adjusted in the coming year.

The appropriations of compensation of employees and remuneration of directors for 2019 and 2018 that were resolved by the board of directors on March 18, 2020 and March 22, 2019, respectively, are as shown below:

	2019	2018
	Cash	Cash
Compensation of employees	\$ 52,013	\$ 31,723
Remuneration of directors	25,073	20,960

There was no difference between the actual amounts of 2019 and 2018 compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2019 and 2018.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors in 2020 and 2019 is available on the Market Observation Post System (MOPS) website of the Taiwan Stock Exchange.

j. Gain or loss on foreign currency exchange

	For the Three Months Ended June 30, 2020	For the Three Months Ended June 30, 2019	For the Six Months Ended June 30, 2020	For the Six Months Ended June 30, 2019
Foreign exchange gains	\$23,321	\$17,555	\$44,986	\$32,768
Foreign exchange losses	( 38,110)	( 4,639)	( 52,724)	( 23,200)
Net gains (losses)	<u>(\$14,789)</u>	<u>\$12,916</u>	<u>(\$ 7,738)</u>	<u>\$ 9,568</u>



## 27. INCOME TAXES

### a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Three- Month Period Ended June 30, 2020	For the Three- Month Period Ended June 30, 2019	For the Six- Month Period Ended June 30, 2020	For the Six- Month Period Ended June 30, 2019
Current tax				
In respect of the current year	\$269,518	\$ 170,650	\$ 477,984	\$ 363,297
Additional tax on undistributed earnings	18,783	12,941	18,783	12,941
Adjustments from previous years	( <u>11,544</u> )	( <u>15</u> )	( <u>11,544</u> )	( <u>15</u> )
	<u>276,757</u>	<u>183,576</u>	<u>485,223</u>	<u>376,223</u>
Deferred tax				
In respect of the current year	<u>45,507</u>	( <u>23,632</u> )	( <u>3,138</u> )	<u>16,979</u>
Income tax expense recognized in profit or loss	<u>\$ 322,264</u>	<u>\$ 159,944</u>	<u>\$ 482,085</u>	<u>\$ 393,202</u>

### b. Income tax recognized in other comprehensive income

	For the Three- Month Period Ended June 30, 2020	For the Three- Month Period Ended June 30, 2019	For the Six- Month Period Ended June 30, 2020	For the Six- Month Period Ended June 30, 2019
<u>Deferred tax</u>				
In respect of the current year				
Exchange differences on translating the financial statements of foreign operations	( \$ 33,836 )	( \$ 21,195 )	( \$ 45,299 )	\$ 16,246
Unrealized gain (loss) on financial assets at FVTOCI	( <u>1</u> )	<u>4</u>	<u>3</u>	( <u>4</u> )
Total income tax recognized in other comprehensive income	( <u>\$ 33,837</u> )	( <u>\$ 21,191</u> )	( <u>\$ 45,296</u> )	<u>\$ 16,242</u>

### c. Income tax assessments

The income tax returns of the Company for the year ended December 31, 2017 had been assessed by the tax authorities.

The income tax returns of Standard Dairy Products, Charng Hui, Standard Beverage, Le Bonta Wellness International, and Domex Technology for the year ended December 31, 2018 had been assessed by the tax authorities.

## 28. EARNINGS PER SHARE

	For the Three-Month Period Ended June 30, 2020	For the Three-Month Period Ended June 30, 2019	For the Six- Month Period Ended June 30, 2020	For the Six- Month Period Ended June 30, 2019
Basic earnings per share	<u>\$ 1.07</u>	<u>\$ 0.67</u>	<u>\$ 1.75</u>	<u>\$ 1.54</u>
Diluted earnings per share	<u>\$ 1.07</u>	<u>\$ 0.67</u>	<u>\$ 1.74</u>	<u>\$ 1.54</u>

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per share were as follows:

## Net profit for the period

	For the Three- Month Period Ended June 30, 2020	For the Three- Month Period Ended June 30, 2019	For the Six- Month Period Ended June 30, 2020	For the Six- Month Period Ended June 30, 2019
Earnings used in the computation of basic and diluted earnings per share	<u>\$ 976,185</u>	<u>\$ 611,146</u>	<u>\$ 1,585,671</u>	<u>\$ 1,399,795</u>

## Weighted average number of ordinary shares outstanding (in thousands of shares):

	For the Three- Month Period Ended June 30, 2020	For the Three- Month Period Ended June 30, 2019	For the Six- Month Period Ended June 30, 2020	For the Six- Month Period Ended June 30, 2019
Weighted average number of ordinary shares used in computation of basic earnings per share	908,420	908,420	908,420	908,420
Effect of potentially dilutive ordinary shares:				
Compensation of employees	<u>295</u>	<u>269</u>	<u>736</u>	<u>552</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>908,715</u>	<u>908,689</u>	<u>909,156</u>	<u>908,972</u>

If the Company offered to settle compensation paid to employees in cash or shares, the Company assumed the entire amount of the compensation would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

## 29. GOVERNMENT GRANTS

The Group received government grants, and recognized NT\$35,681 thousand, NT\$7,165 thousand, NT\$42,426 thousand, and NT\$7,165 thousand as government grants under other gains and losses for the three-month and six-month periods ended June 30, 2020 and 2019, respectively.

## 30. CASH FLOWS INFORMATION

### Changes in liabilities arising from financing activities:

#### For the Six-Month Period Ended June 30, 2020

	Opening Balance	Cash Flows	Non-cash Changes Exchanging Rate Adjustments	Closing Balance
Short-term borrowings	\$ 1,382,955	(\$ 349,061)	(\$ 24,083)	\$ 1,009,811
Short-term bills payable	99,968	( 30,044)	-	69,924
Long-term borrowings	6,000	( 6,000)	-	-
Guarantee deposits	20,044	7,051	( 397)	26,698
Lease liabilities	347,615	( 52,823)	4,703	299,495
Other non-current liabilities	2,934	( 564)	16	2,386
	<u>\$ 1,859,516</u>	<u>(\$ 431,441)</u>	<u>(\$ 19,761)</u>	<u>\$ 1,408,314</u>

For the Six-Month Period Ended June 30, 2019

	Opening Balance	Cash Flows	Non-cash Changes Exchanging Rate Adjustments	Closing Balance
Short-term borrowings	\$ 1,731,478	( \$ 670,847 )	\$ 17,854	\$ 1,078,485
Short-term bills payable	119,904	( 19,992 )	-	99,912
Long-term borrowings	27,000	( 9,000 )	-	18,000
Guarantee deposits	19,961	( 2,050 )	160	18,071
Lease liabilities	139,110	( 40,097 )	54,493	153,506
Other non-current liabilities	4,734	( 249 )	94	4,579
	<u>\$ 2,042,187</u>	<u>( \$ 742,235 )</u>	<u>\$ 72,601</u>	<u>\$ 1,372,553</u>

31. CAPITAL MANAGEMENT

The Group's capital management objective is to ensure financial resources are available and operating plans are in place for working capital, capital expenditures, research and development expenses, repay liabilities and dividend disbursement, etc. in the next 12 months. The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of debt and equity balance.

32. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

June 30, 2020

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Unlisted shares	\$ -	\$ -	\$ 6,200	\$ 6,200
Mutual fund beneficiary certification	1,483,675	-	-	1,483,675
Debt securities	-	30,190	-	30,190
Total	<u>\$ 1,483,675</u>	<u>\$ 30,190</u>	<u>\$ 6,200</u>	<u>\$ 1,520,065</u>

Financial assets at FVTOCI

Investments in equity instruments				
Listed shares and emerging market shares	\$ 231,697	\$ -	\$ -	\$ 231,697
Unlisted shares	-	-	129,704	129,704
	<u>\$ 231,697</u>	<u>\$ -</u>	<u>\$ 129,704</u>	<u>\$ 361,401</u>

December 31, 2019

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Unlisted shares	\$ -	\$ -	\$ 7,575	\$ 7,575
Mutual fund beneficiary certification	667,673	-	-	667,673
Total	<u>\$ 667,673</u>	<u>\$ -</u>	<u>\$ 7,575</u>	<u>\$ 675,248</u>

Financial assets at FVTOCI

Investments in equity instruments				
Listed shares and emerging market shares	\$ 252,351	\$ -	\$ -	\$ 252,351
Unlisted shares	-	-	124,055	124,055
	<u>\$ 252,351</u>	<u>\$ -</u>	<u>\$ 124,055</u>	<u>\$ 376,406</u>

## June 30, 2019

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Unlisted shares	\$ -	\$ -	\$ 7,664	\$ 7,664
Mutual fund beneficiary certification	<u>1,254,749</u>	<u>-</u>	<u>-</u>	<u>1,254,749</u>
Total	<u>\$1,254,749</u>	<u>\$ -</u>	<u>\$ 7,664</u>	<u>\$1,262,413</u>

## Financial assets at FVTOCI

Investments in equity instruments				
Listed shares and emerging market shares	\$ 245,854	\$ -	\$ -	\$ 245,854
Unlisted shares	<u>-</u>	<u>-</u>	<u>100,598</u>	<u>100,598</u>
	<u>\$ 245,854</u>	<u>\$ -</u>	<u>\$ 100,598</u>	<u>\$ 346,452</u>

There were no transfers between Levels 1 and 2 for the six-month period ended June 30, 2020 and 2019.

## 2) Reconciliation of financial instruments at Level 3 fair value measurement

### For the Six-Month Period Ended June 30, 2020

Financial Assets	Financial Assets at FVTPL Equity Instruments	Financial Assets at FVTOCI Equity Instruments	Total
Balance at January 1	\$ 7,575	\$ 124,055	\$ 131,630
Recognized in profit or loss (included in other gains and losses)	( 1,375 )	-	( 1,375 )
Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at FVTOCI)	-	5,673	5,673
Impact of exchange rates	<u>-</u>	<u>( 24 )</u>	<u>( 24 )</u>
Balance at June 30	<u>\$ 6,200</u>	<u>\$ 129,704</u>	<u>\$ 135,904</u>

Recognized in other gains and losses - unrealized	( \$ 1,375 )	\$ -	( \$ 1,375 )
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### For the Six-Month Period Ended June 30, 2019

Financial Assets	Financial Assets at FVTPL Equity Instruments	Financial Assets at FVTOCI Equity Instruments	Total
Balance at January 1	\$ 7,315	\$ 77,165	\$ 84,480
Recognized in profit or loss (included in other gains and losses)	349	-	349
Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at FVTOCI)	-	23,423	23,423
Impact of exchange rates	<u>-</u>	<u>10</u>	<u>10</u>
Balance at June 30	<u>\$ 7,664</u>	<u>\$ 100,598</u>	<u>\$ 108,262</u>
Recognized in other gains and losses - unrealized	<u>\$ 349</u>	<u>\$ -</u>	<u>\$ 349</u>

3) Valuation techniques and inputs applied for Level 2 fair value measurement

<u>Financial Instrument</u>	<u>Valuation Technique and Inputs</u>
Debt securities	Discounted cash flow: Future cash flows are discounted at a rate that reflects current borrowing interest rates of the bond issuers at the end of the reporting period.

4) Valuation techniques and inputs applied for Level 3 fair value measurement

The valuation techniques of unlisted shares with no active market are mostly the market and asset valuation methods.

The market method takes into account the market prices and status of object similar to the investment objects to measure the latter's fair value.

The asset method mainly takes into account the investment objects' net asset values for fair value measurement.

b. Categories of financial instruments

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
<u>Financial assets</u>			
Financial assets at FVTPL			
Mandatorily classified as at FVTPL	\$ 1,520,065	\$ 675,248	\$ 1,262,413
Financial assets at amortized cost (Note 1)	11,186,668	12,691,896	10,307,770
Financial assets at FVTOCI			
Equity instruments	361,401	376,406	346,452
<u>Financial liabilities</u>			
Financial liabilities at amortized cost (Note 2)	5,477,343	3,983,402	5,036,454

Note 1. The balances include financial assets at amortized cost, which comprise cash and cash equivalents, debt investments, notes receivable, trade receivables, other receivables and other financial assets.

Note 2. The balances include financial liabilities at amortized cost, which comprise short-term borrowings, short-term bills payable, notes payables, long-term borrowings, and other financial liabilities.

c. Financial risk management objectives and policies

The Group's major financial instruments include cash and cash equivalents, equity and debt investments, mutual funds, trade receivables, trade payables, and borrowings. The Group's Financial Department provides services to the business, coordinates access to financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk, and other price risk), credit risk and liquidity risk.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

a) Foreign currency risk

The Group has monetary assets and monetary liabilities denominated in currencies other than the functional currency, which expose it to foreign currency risk. The Group monitors exchange rate fluctuations, and takes appropriate actions to manage the exchange rate risk.

The carrying amounts of the Group's monetary assets and monetary liabilities denominated in currencies other than the functional currency (including those eliminated on consolidation) at the end of the reporting period are set out in Note 36.

Sensitivity analysis

The Group is mainly exposed to the fluctuation of RMB, USD, EUR, AUD and CHF. The following table details the Group's sensitivity to a 3% increase or decrease in the functional currency against the relevant foreign currencies. A change of 3% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis used the outstanding foreign-currency denominated monetary items at the end of the reporting period and assumed the exchange rates at the end of the reporting period changed by 3%. The amount below indicates an increase (decrease) in pre-tax profit associated with the functional currency weakening by 3% against the relevant currency. For a 3% strengthening of the functional currency against the relevant currency, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative.

	RMB Impact				USD Impact			
	For the Six-Month Period Ended June 30, 2020		For the Six-Month Period Ended June 30, 2019		For the Six-Month Period Ended June 30, 2020		For the Six-Month Period Ended June 30, 2019	
Profit or loss	\$ 20,806	(i)	\$ 3,306	(i)	\$ 18,681	(ii)	\$ 17,508	(ii)
	EUR Impact				AUD Impact			
	For the Six-Month Period Ended June 30, 2020		For the Six-Month Period Ended June 30, 2019		For the Six-Month Period Ended June 30, 2020		For the Six-Month Period Ended June 30, 2019	
Profit or loss	\$ 763	(iii)	\$ 2,802	(iii)	(\$ 267)	(iv)	\$ 2,445	(iv)
	CHF Impact							
	For the Six-Month Period Ended June 30, 2020		For the Six-Month Period Ended June 30, 2019					
Profit or loss	\$ 2,112	(v)	\$ 641	(v)				

(i) This was mainly attributable to the outstanding RMB bank deposits which were not hedged at the end of the reporting period.

- (ii) This was mainly attributable to the outstanding USD bank deposits, receivables and payables which were not hedged at the end of the reporting period.
- (iii) This was mainly attributable to the outstanding EUR bank deposits and payables which were not hedged at the end of the reporting period.
- (iv) This was mainly attributable to the outstanding AUD bank deposits and payables which were not hedged at the end of the reporting period.
- (v) This was mainly attributable to the outstanding CHF bank deposits and payables which were not hedged at the end of the reporting period.

b) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group borrowed funds at both fixed and floating interest rates. The Group pays attention to the fluctuations of interest rates in the market, and takes appropriate actions to manage the interest rate risk.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rate risk at the end of the reporting periods were as follows.

	June 30, 2020	December 31, 2019	June 30, 2019
Fair value interest rate risk			
Financial assets	\$ 1,950,646	\$ 1,658,861	\$ 872,618
Financial liabilities	1,344,230	1,791,538	1,299,903
Cash flow interest rate risk			
Financial assets	1,094,200	1,172,500	2,064,740
Financial liabilities	35,000	45,000	50,000

Sensitivity analysis

The sensitivity analyses below were determined based on the Group's exposure to interest rate risk for non-derivative instruments at the end of the reporting period. For floating rate assets and liabilities, the analysis was prepared assuming the amount of the asset and liability outstanding at the end of the reporting period was outstanding for the reporting period. A 1% basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1% higher and all other variables were held constant, the Group's pre-tax profit for the six-month period ended June 30, 2020 and 2019 would increase (decrease) by NT\$5,296 thousand and NT\$10,074 thousand, respectively. If the interest rates had been 1% lower, there would be an equal and opposite impact on pre-tax profit.

c) Other price risk

The Group was exposed to equity price risk due to its investments in listed equity securities and mutual funds. The Group has appointed designated personnel to monitor the price risk and will consider hedging the risk exposure should the need arise.

### Sensitivity analysis

The sensitivity analyses below were determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 1% higher/lower, pre-tax profit for the six-month period ended June 30, 2020 would have increased/decreased by NT\$15,201 thousand, as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the six months ended June 30, 2020 would have increased/decreased by NT\$3,614 thousand, as a result of the changes in fair value of financial assets at FVTOCI.

If equity prices had been 1% higher/lower, pre-tax profit for the six-month period ended June 30, 2019 would have increased/decreased by NT\$12,624 thousand, as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the six months ended June 30, 2019 would have increased/decreased by NT\$3,465 thousand, as a result of the changes in fair value of financial assets at FVTOCI.

#### 2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk (the maximum irrevocable amount exposed at risk) which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation (without considering collaterals or other credit enhancement tools) was the carrying amount of financial assets recognized in the consolidated balance sheets.

The table below analyzes the collaterals held as security and other credit enhancements, and their financial effect on the maximum exposure to risk, in respect of the financial assets recognized in the Group's consolidated balance sheets:

#### June 30, 2020

Credit-impaired financial instruments applicable based on IFRS 9	Carrying Amount	Maximum Exposure to Credit Risk Mitigated by		
		Collateral	Other Credit Enhancements	Total
Receivables	\$ 4,752,980	\$ 62,283	\$ 2,494	\$ 64,777

#### December 31, 2019

Credit-impaired financial instruments applicable based on IFRS 9	Carrying Amount	Maximum Exposure to Credit Risk Mitigated by		
		Collateral	Other Credit Enhancements	Total
Receivables	\$ 6,442,527	\$ 76,270	\$ 391	\$ 76,661

#### June 30, 2019

Credit-impaired financial instruments applicable based on IFRS 9	Carrying Amount	Maximum Exposure to Credit Risk Mitigated by		
		Collateral	Other Credit Enhancements	Total
Receivables	\$ 4,736,835	\$ 98,976	\$ 12,202	\$ 111,178



### 3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, the Group's management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of June 30, 2020, December 31, 2019 and June 30, 2019, the Group had available unutilized bank loan facilities in the amounts of NT\$5,062,532 thousand, NT\$5,186,434 thousand, and NT\$9,009,839 thousand, respectively.

Liquidity and interest rate risk table for non-derivative financial liabilities

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group may be required to pay. The table included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

#### June 30, 2020

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 619,402	\$3,689,779	\$ 59,820	\$ 26,698
Lease liabilities	5,651	14,368	68,246	233,840
Variable interest rate liabilities	-	-	35,002	-
Fixed interest rate liabilities	868,871	177,013	-	-
Contract liabilities	74,832	149,663	-	-
	<u>\$1,568,756</u>	<u>\$4,030,823</u>	<u>\$ 163,068</u>	<u>\$ 260,538</u>

#### December 31, 2019

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 793,371	\$1,592,308	\$ 86,769	\$ 20,044
Lease liabilities	25,466	14,902	52,197	283,028
Variable interest rate liabilities	-	-	45,003	-
Fixed interest rate liabilities	612,591	788,292	48,461	-
Contract liabilities	108,881	217,763	-	-
	<u>\$1,540,309</u>	<u>\$2,613,265</u>	<u>\$ 232,430</u>	<u>\$ 303,072</u>

June 30, 2019

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 479,342	\$3,263,637	\$ 75,163	\$ 18,071
Lease liabilities	3,380	7,058	80,861	65,108
Variable interest rate liabilities	-	40,015	10,002	-
Fixed interest rate liabilities	505,357	395,074	246,427	6,005
Contract liabilities	49,520	99,040	-	-
	<u>\$1,037,599</u>	<u>\$3,804,824</u>	<u>\$ 412,453</u>	<u>\$ 89,184</u>

The amounts included above for variable interest rate instruments of non-derivative financial liabilities were subject to change if variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

### 33. TRANSACTIONS WITH RELATED PARTIES

Transactions, balances, income and expenses between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides as disclosed elsewhere in other notes, details of transactions between the Group and other related parties are disclosed below.

#### a. Related parties and relationships

<u>Name of Related Party</u>	<u>Relationship with the Group</u>
GeneFerm Biotechnology Co., Ltd. (GeneFerm)	The Company is one of the directors

#### b. Sales of goods

<u>Related Party Category</u>	<u>For the Three- Month Period Ended June 30, 2020</u>	<u>For the Three- Month Period Ended June 30, 2019</u>	<u>For the Six- Month Period Ended June 30, 2020</u>	<u>For the Six- Month Period Ended June 30, 2019</u>
The Company is one of the directors	<u>\$ 1,523</u>	<u>\$ -</u>	<u>\$ 6,582</u>	<u>\$ -</u>

Sales from related parties were conducted on normal commercial terms.

#### c. Purchases of goods

<u>Related Party Category</u>	<u>For the Three- Month Period Ended June 30, 2020</u>	<u>For the Three- Month Period Ended June 30, 2019</u>	<u>For the Six- Month Period Ended June 30, 2020</u>	<u>For the Six- Month Period Ended June 30, 2019</u>
The Company is one of the directors	<u>\$ 13,437</u>	<u>\$ 8,756</u>	<u>\$ 34,942</u>	<u>\$ 13,632</u>

Purchases from related parties were conducted on normal commercial terms.

#### d. Receivables from related parties

<u>Line Item</u>	<u>Name of Related Party</u>	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Trade receivables from related parties	GeneFerm	<u>\$ 1,648</u>	<u>\$ -</u>	<u>\$ -</u>

The outstanding receivables from related parties were unsecured.

e. Payables to related parties

Line Item	Name of Related Party	June 30, 2020	December 31, 2019	June 30, 2019
Trade payables to related parties	GeneFerm	\$ 12,859	\$ 26,141	\$ 9,194

The outstanding payables to related parties were unsecured.

f. Compensation of key management personnel

	For the Three-Month Period Ended June 30, 2020	For the Three-Month Period Ended June 30, 2019	For the Six-Month Period Ended June 30, 2020	For the Six-Month Period Ended June 30, 2019
Short-term employee benefits	\$ 9,723	\$ 9,419	\$ 23,403	\$ 23,258
Post-employment benefits	69	132	186	260
	<u>\$ 9,792</u>	<u>\$ 9,551</u>	<u>\$ 23,589</u>	<u>\$ 23,518</u>

The remuneration of directors and key executives was determined by the Remuneration Committee based on the performance of individuals and market trends.

34. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings, issuance of bank acceptances, performance guaranty, and bond for customs clearance:

	June 30, 2020	December 31, 2019	June 30, 2019
Pledge time deposits (included in other current assets)	\$ 4,013	\$ 4,013	\$ 1,010
Pledge time deposits (included in other non-current assets)	83,706	85,950	90,360
Property, plant and equipment - net	129,346	137,554	145,671
Investment properties - net	<u>56,015</u>	<u>56,909</u>	<u>57,803</u>
	<u>\$ 273,080</u>	<u>\$ 284,426</u>	<u>\$ 294,844</u>

35. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of June 30, 2020 were as follows:

- The Company has entered into a license agreement with The Quaker Oats Company (Quaker) for a period ending July 11, 2034. The agreement provides that the Company may use Quaker's trademark, and process, manufacture, market, and sell Quaker baby cereal, oatmeal, fruit cereal, ready-to-eat cereal, sesame paste, milk powder, and other cereal products in the ROC. In consideration of the above, the Company shall pay Quaker royalties at an agreed percentage of net sales (as defined).
- Unused letters of credit of approximately US\$1,282 thousand.
- Unrecognized commitments for acquisition of property, plant, and equipment of approximately NT\$190,720 thousand.
- Unrecognized commitments for acquiring approximately 38,117 tons of colostrum from dairymen.

36. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

Significant assets and liabilities denominated in foreign currencies other than functional currencies of the Group entities and the exchange rates between foreign currencies and respective

functional currencies were as follows:

June 30, 2020

	<u>Foreign Currencies</u>	<u>Exchange Rate</u>	<u>Carrying Amount</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 17,494	29.63 (USD:NTD)	\$ 518,340
USD	4,656	7.08 (USD:RMB)	138,144
EUR	765	33.27 (EUR:NTD)	25,440
RMB	165,481	4.19 (RMB:NTD)	693,530
CHF	1,450	31.12 (CHF:NTD)	45,117
CHF	812	7.42 (CHF:RMB)	25,278
			<u>\$ 1,445,849</u>
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	1,141	29.63 (USD:NTD)	\$ 33,800
AUD	438	20.34 (AUD:NTD)	8,914
			<u>\$ 42,714</u>

December 31, 2019

	<u>Foreign Currencies</u>	<u>Exchange Rate</u>	<u>Carrying Amount</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 26,052	29.98 (USD:NTD)	\$ 781,058
USD	6,480	6.98 (USD:RMB)	194,612
EUR	2,331	33.59 (EUR:NTD)	78,298
RMB	10,142	4.31 (RMB:NTD)	43,658
AUD	2,058	21.01 (AUD:NTD)	43,228
CHF	1,341	30.93 (CHF:NTD)	41,470
CHF	591	7.18 (CHF:RMB)	18,272
			<u>\$ 1,200,596</u>
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	1,003	29.98 (USD:NTD)	\$ 30,087
AUD	762	21.01 (AUD:NTD)	16,006
SGD	520	22.28 (SGD:NTD)	11,586
			<u>\$ 57,679</u>

June 30, 2019

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 12,810	31.06 (USD:NTD)	\$ 397,846
USD	6,459	6.87 (USD:RMB)	200,631
EUR	2,640	35.38 (EUR:NTD)	93,406
RMB	24,373	4.52 (RMB:NTD)	110,191
AUD	3,739	21.80 (AUD:NTD)	81,499
CHF	900	31.86 (CHF:NTD)	28,670
CHF	635	7.05 (CHF:RMB)	20,233
			<u>\$ 932,476</u>
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	479	31.06 (USD:NTD)	\$ 14,884
CHF	865	7.05 (CHF:RMB)	27,541
			<u>\$ 42,425</u>

The Group is mainly exposed to RMB and USD. The following information was aggregated by the foreign functional currencies of the group entities, and the exchange rates between respective functional currencies and the presentation currency were disclosed. The significant realized and unrealized foreign exchange gains (losses) were as follows:

For the Three-Month Period Ended June 30, 2020			For the Three-Month Period Ended June 30, 2019		
Functional Currencies	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)	
NTD	1 (NTD:NTD)	( \$ 14,780 )	1 (NTD:NTD)	\$ 7,998	
RMB	4.21 (RMB:NTD)	( 19 )	4.55 (RMB:NTD)	4,988	
CHF	30.99 (CHF:NTD)	10	31.06 (CHF:NTD)	( 70 )	
		<u>( \$ 14,789 )</u>		<u>\$ 12,916</u>	
For the Six-Month Period Ended June 30, 2020			For the Six-Month Period Ended June 30, 2019		
Functional Currencies	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)	
NTD	1 (NTD:NTD)	( \$ 9,967 )	1 (NTD:NTD)	\$ 10,754	
RMB	4.26 (RMB:NTD)	2,221	4.56 (RMB:NTD)	( 1,129 )	
CHF	31.12 (CHF:NTD)	8	31.86 (CHF:NTD)	( 57 )	
		<u>( \$ 7,738 )</u>		<u>\$ 9,568</u>	

### 37. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and b. Information about investees:

- 1) Financings provided to others: See Table I attached.
- 2) Endorsements/guarantees provided to others: See Table II attached.
- 3) Marketable securities held (excluding investments in subsidiaries): See Table III attached.
- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None.

- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None.
  - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
  - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: See Table IV attached.
  - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: See Table V attached.
  - 9) Trading in derivative instruments: None.
  - 10) Others: Intercompany relationships and significant intercompany transactions: See Table VI attached.
  - 11) Information on investees (excluding investees of mainland China): See Table VII attached.
- c. Information on investments in mainland China
- 1) The name of the investee in mainland China, the main businesses and products, its issued capital, the method of investment, information on inflow or outflow of capital, percentage of ownership, investment income (losses), ending balance of investment, amount repatriated as dividends from the investee, and the limit of investment on investee: See Table VIII attached.
  - 2) Significant direct or indirect (through a third region) transactions with the investee, its prices and terms of payment, unrealized gain or loss: None.
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater, showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder. See Table IX attached.

### 38. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on types of corporation. Accordingly, the Group's reportable segments were as follows:

Standard Foods segment - The Company

Standard Dairy Products segment - Standard Dairy Products

China Standard segment - Shanghai Standard, China Standard Investment, China Standard Foods, and Xiamen Standard

Other segments - Other than the above subsidiaries

The following was an analysis of the Group's revenue and results from continuing operations by reportable segments:

	Standard Foods Segment	Standard Dairy Products Segment	China Standard Segment	Other Segments	Adjustments and Eliminations	Total
<u>For the Six-Month Period Ended June 30, 2020</u>						
Sales from external customers	\$ 5,816,761	\$ 1,274,472	\$ 6,651,976	\$ 880,860	\$ -	\$14,624,069
Sales among intersegments	<u>689,333</u>	<u>401,269</u>	<u>170</u>	<u>6,152</u>	<u>( 1,096,924 )</u>	<u>-</u>
Total sales	<u>\$ 6,506,094</u>	<u>\$ 1,675,741</u>	<u>\$ 6,652,146</u>	<u>\$ 887,012</u>	<u>( \$ 1,096,924 )</u>	<u>\$14,624,069</u>
Interest income	<u>\$ 12,622</u>	<u>\$ 4,470</u>	<u>\$ 47,072</u>	<u>\$ 5,659</u>	<u>( \$ 2,877 )</u>	<u>\$ 66,946</u>
Financial cost	<u>\$ 501</u>	<u>\$ 10</u>	<u>\$ 28,612</u>	<u>\$ 5,071</u>	<u>( \$ 2,877 )</u>	<u>\$ 31,317</u>
Depreciation expenses	<u>\$ 112,912</u>	<u>\$ 24,402</u>	<u>\$ 117,021</u>	<u>\$ 42,257</u>	<u>( \$ 1,759 )</u>	<u>\$ 294,833</u>
Amortization expense	<u>\$ 3,580</u>	<u>\$ 1,515</u>	<u>\$ 17,532</u>	<u>\$ 5,399</u>	<u>\$ -</u>	<u>\$ 28,026</u>
Operating segment income (loss)	<u>\$ 1,506,551</u>	<u>\$ 242,436</u>	<u>\$ 352,457</u>	<u>( \$ 27,080 )</u>	<u>\$ 788</u>	<u>\$ 2,075,152</u>
Unallocated amount						<u>-</u>
Income before income tax						<u>\$ 2,075,152</u>
<u>For the Six-Month Period Ended June 30, 2019</u>						
Sales from external customers	\$ 5,685,254	\$ 1,250,145	\$ 5,280,254	\$ 1,191,967	\$ -	\$13,407,620
Sales among intersegments	<u>706,593</u>	<u>434,485</u>	<u>102</u>	<u>1,472</u>	<u>( 1,142,652 )</u>	<u>-</u>
Total sales	<u>\$ 6,391,847</u>	<u>\$ 1,684,630</u>	<u>\$ 5,280,356</u>	<u>\$ 1,193,439</u>	<u>( \$ 1,142,652 )</u>	<u>\$13,407,620</u>
Interest income	<u>\$ 10,795</u>	<u>\$ 2,724</u>	<u>\$ 17,716</u>	<u>\$ 3,079</u>	<u>( \$ 2,393 )</u>	<u>\$ 31,921</u>
Financial cost	<u>\$ 686</u>	<u>\$ 12</u>	<u>\$ 16,458</u>	<u>\$ 6,639</u>	<u>( \$ 2,393 )</u>	<u>\$ 21,402</u>
Depreciation expenses	<u>\$ 106,004</u>	<u>\$ 20,886</u>	<u>\$ 111,352</u>	<u>\$ 37,183</u>	<u>( \$ 2,804 )</u>	<u>\$ 272,621</u>
Amortization expense	<u>\$ 5,339</u>	<u>\$ 1,179</u>	<u>\$ 13,895</u>	<u>\$ 5,344</u>	<u>\$ -</u>	<u>\$ 25,757</u>
Operating segment income (loss)	<u>\$ 1,494,441</u>	<u>\$ 262,166</u>	<u>\$ 73,035</u>	<u>\$ 1,766</u>	<u>( \$ 22,942 )</u>	<u>\$ 1,808,466</u>
Unallocated amount						<u>-</u>
Income before income tax						<u>\$ 1,808,466</u>

Standard Foods Corporation and Subsidiaries  
FINANCING PROVIDED TO OTHERS  
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020

TABLE 1

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Balance at June 30	Actual Borrowing Amount	Interest Rate	Nature of Financing (Note 2)	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Bad Debts	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits	Note
													Item	Value			
0	Standard Foods Corporation	Dermalab S.A.	Financing receivables - related parties	Y	\$ 47,070	\$ 46,673	\$ 45,117	1.000%	2	\$ -	Need for operation	\$ -	—	\$ -	\$ 6,867,612 (Note 3)	\$ 6,867,612 (Note 3)	Note 12
0	Standard Foods Corporation	Standard Foods (China) Co., Ltd.	Financing receivables - related parties	Y	336,752	334,824	334,824	1.000%	2	-	Need for operation	-	—	-	3,433,806 (Note 4)	6,867,612 (Note 5)	Note 12
0	Standard Foods Corporation	Standard Foods (Xiamen) Co., Ltd	Financing receivables - related parties	Y	505,128	502,236	292,971	1.000%	2	-	Need for operation	-	—	-	3,433,806 (Note 4)	6,867,612 (Note 5)	Note 12
1	Standard Investment (China) Limited	Shanghai Dermalab Corporation	Financing receivables - related parties	Y	167,412	167,412	84,317	2.500%	2	-	Need for operation	-	—	-	1,671,153 (Note 6)	1,671,153 (Note 6)	Note 12
1	Standard Investment (China) Limited	Standard Foods (Xiamen) Co., Ltd	Financing receivables - related parties	Y	701,312	502,236	312,261	2.500%	2	-	Need for operation	-	—	-	1,671,153 (Note 6)	1,671,153 (Note 6)	Note 12
1	Standard Investment (China) Limited	Standard Foods (China) Co., Ltd.	Financing receivables - related parties	Y	438,320	418,530	58,364	2.500%	2	-	Need for operation	-	—	-	1,671,153 (Note 6)	1,671,153 (Note 6)	Note 12
1	Standard Investment (China) Limited	Le Bonta Wellness Co., Ltd.	Financing receivables - related parties	Y	167,412	167,412	87,494	2.500%	2	-	Need for operation	-	—	-	1,671,153 (Note 6)	1,671,153 (Note 6)	Note 12
2	Shanghai Standard Foods Co., Ltd.	Standard Investment (China) Limited	Financing receivables - related parties	Y	635,564	585,942	122,700	2.500%	2	-	Need for operation	-	—	-	1,198,923 (Note 7)	1,198,923 (Note 7)	Note 12
2	Shanghai Standard Foods Co., Ltd.	Standard Foods (Xiamen) Co., Ltd	Financing receivables - related parties	Y	460,236	439,457	439,457	2.500%	2	-	Need for operation	-	—	-	1,198,923 (Note 7)	1,198,923 (Note 7)	Note 12
3	Le Bonta Wellness Co., Ltd.	Standard Investment (China) Limited	Financing receivables - related parties	Y	21,916	-	-	2.500%	2	-	Need for operation	-	—	-	83,135 (Note 8)	83,135 (Note 8)	Note 12
4	Shanghai Le Ben De Health Technology Co., Ltd.	Standard Investment (China) Limited	Financing receivables - related parties	Y	10,463	10,463	-	2.500%	2	-	Need for operation	-	—	-	11,432 (Note 9)	11,432 (Note 9)	Note 12
5	Shanghai Le Ho Industrial Co., Ltd.	Standard Investment (China) Limited	Financing receivables - related parties	Y	175,328	8,371	1,657	2.500%	2	-	Need for operation	-	—	-	200,824 (Note 10)	200,824 (Note 10)	Note 12
6	Shanghai Le Min Industrial Co., Ltd.	Standard Investment (China) Limited	Financing receivables - related parties	Y	87,664	8,371	2,595	2.500%	2	-	Need for operation	-	—	-	125,372 (Note 11)	125,372 (Note 11)	Note 12

Note 1: "0" for the Company. Subsidiaries are numbered in order from "1."

Note 2: Reasons for financing are as follows:

- a. Please fill in 1 for need for operation.
- b. Please fill in 2 for short-term financing.

Note 3: The individual and total amount shall not exceed 40% of net value of Standard Foods Corporation per the latest financial statements, which was calculated to be NT\$6,867,612 thousand (the net value per financial statements of NT\$17,169,030 thousand x 40% as of March 31, 2020).

Note 4: The individual amount shall not exceed 20% of net value of Standard Foods Corporation per the latest financial statements, which was calculated to be NT\$3,433,806 thousand (the net value per financial statements of NT\$17,169,030 thousand x 20% as of March 31, 2020).

Note 5: The total amount shall not exceed 40% of net value of Standard Foods Corporation per the latest financial statements, which was calculated to be NT\$6,867,612 thousand (the net value per financial statements of NT\$17,169,030 thousand x 40% as of March 31, 2020).

Note 6: The individual and total amount shall not exceed 40% of net value of Standard Investment (China) Co., Ltd. per the latest financial statements, which was calculated to be NT\$1,671,153 thousand (the net value per financial statements of NT\$4,177,883 thousand x 40% as of March 31, 2020).

Note 7: The individual and total amount shall not exceed 40% of net value of Shanghai Standard Foods Co., Ltd. per the latest financial statements, which was calculated to be NT\$1,198,923 thousand (the net value per financial statements of NT\$2,997,307 thousand x 40% as of March 31, 2020).

Note 8: The individual and total amount shall not exceed 40% of net value of Le Bonta Wellness Co., Ltd. per the latest financial statements, which was calculated to be NT\$83,135 thousand (the net value per financial statements of NT\$207,837 thousand x 40% as of March 31, 2020).

Note 9: The individual and total amount shall not exceed 40% of net value of Shanghai Le Ben De Health Technology Co., Ltd. per the latest financial statements, which was calculated to be NT\$11,432 thousand (the net value per financial statements of NT\$28,581 thousand x 40% as of March 31, 2020).

Note 10: The individual and total amount shall not exceed 40% of net value of Shanghai Le Ho Industrial Co., Ltd. per the latest financial statements, which was calculated to be NT\$200,824 thousand (the net value per financial statements of NT\$502,060 thousand x 40% as of March 31, 2020).

Note 11: The individual and total amount shall not exceed 40% of net value of Shanghai Le Min Industrial Co., Ltd. per the latest financial statements, which was calculated to be NT\$125,372 thousand (the net value per financial statements of NT\$313,431 thousand x 40% as of March 31, 2020).

Note 12: The amount was eliminated upon consolidation.



Standard Foods Corporation and Subsidiaries  
ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020

TABLE 2

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity Per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount	Guarantee Provided by Parent Company (Note 5)	Guarantee Provided by Subsidiary (Note 5)	Guarantee Provided to Subsidiaries in Mainland China (Note 5)	Note
		Name	Nature of Relationship (Note 2)											
0	Standard Foods Corporation	Standard Beverage Ltd.	(2)	\$ 13,735,224 (Note 3)	\$ 208,150	\$ 208,150	\$ 22,500	\$ -	1.21%	\$ 17,169,030 (Note 4)	Y	-	-	

Note 1: "0" for the Company. Subsidiaries are numbered in order from "1."

Note 2: There are seven types of relationships between the guaranteed party and the Company:

- a. Trading partner.
- b. The Company directly or indirectly holds more than 50 percent of the voting rights of the investee company.
- c. A company that directly or indirectly holds more than 50 percent of the voting rights of the Company.
- d. The Company directly or indirectly holds more than 90 percent of the voting rights of the investee company.
- e. Guaranteed by construction contracts formed due to the need of construction projects, in which the companies in the same industry or joint builders provide endorsement/guarantee to one another.
- f. The guarantees were provided by shareholders based on their proportionate share in a jointly invested company.
- g. Companies in the same industry provided among themselves joint and several securities for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: The individual amount shall not exceed 80% of net value of Standard Foods Corporation per the latest financial statements, which was calculated to be NT\$13,735,224 thousand (the net value per financial statements of NT\$17,169,030 thousand x 80% as of March 31, 2020).

Note 4: The total amount shall not exceed 100% of net value of Standard Foods Corporation per the latest financial statements, which was calculated to be NT\$17,169,030 thousand (the net value per financial statements of NT\$17,169,030 thousand x 100% as of March 31, 2020).

Note 5: Guarantee provided by the listed parent company to a subsidiary, guarantee provided by the subsidiary to the listed parent company, and guarantee provided to subsidiaries in mainland China are coded "Y."

Standard Foods Corporation and Subsidiaries  
MARKETABLE SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES)  
JUNE 30, 2020

TABLE 3

(In Thousands of New Taiwan Dollars)

Holding Company Name	Type of Marketable Securities	Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	JUNE 30, 2020				Note
					Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Standard Foods Corporation	Shares	Far Eastern International Commercial Bank Co., Ltd.	The Company is one of the directors	Financial assets at FVTOCI - current	1,379,027	\$ 15,307	-	\$ 15,307	
	Shares	Chunghwa Telecom Co., Ltd.		Financial assets at FVTOCI - current	48,600	5,686	-	5,686	
	Shares	GeneFerm Biotechnology Co., Ltd.		Financial assets at FVTOCI - non-current	2,145,110	53,199	7.8%	53,199	
	Shares	Dah Chung Bills Finance Corp.		Financial assets at FVTOCI - non-current	1,243,213	14,173	0.3%	14,173	
	Mutual funds	Jih Sun Money Market Fund		Financial assets at FVTPL - current	43,475,249	648,542	-	648,542	
	Mutual funds	Mega Diamond Money Market Fund		Financial assets at FVTPL - current	26,764,374	337,887	-	337,887	
	Mutual funds	CTBC Hwa-Win Money Market Fund		Financial assets at FVTPL - current	5,410,767	60,000	-	60,000	
	Mutual funds	FSITC Taiwan Money Market Fund		Financial assets at FVTPL - current	2,746,448	42,304	-	42,304	
	Bonds	CODEIS Smart Cash Note		Financial assets at FVTPL - current	10,000	30,190	-	30,190	
	Mutual funds	Walden VC 2, L.P.		Financial assets at FVTPL - non-current	Note 1	-	1.9%	-	
	Shares	Techgains Pan-Pacific Corporation		Financial assets at FVTPL - non-current	500,000	-	0.9%	-	
	Shares	Authenex, Inc.		Financial assets at FVTPL - non-current	2,424,242	-	5.5%	-	
	Shares	Global Strategic Investment Co., Ltd.		Financial assets at FVTPL - non-current	850,500	4,338	1.9%	4,338	
	Shares	Paradigm Venture Capital Corporation		Financial assets at FVTPL - non-current	180,376	1,862	7.0%	1,862	
	Shares	U-Teck Environment Corporation, Ltd.		Financial assets at FVTPL - non-current	11,200	-	0.2%	-	
	Shares	Octamer, Inc. - Series E Preferred Stock		Financial assets at FVTPL - non-current	800,000	-	7.8%	-	
	Shares	Octamer, Inc. - Series F Preferred Stock		Financial assets at FVTPL - non-current	107,815	-	1.0%	-	

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Holding Company Name	Type of Marketable Securities	Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	JUNE 30, 2020				Note
					Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Standard Dairy Products Taiwan Limited	Shares	Fortemedia, Inc. - Series D Preferred Stock		Financial assets at FVTPL - non-current	3,455	\$ -	1.2%	\$ -	
	Shares	Fortemedia, Inc. - Series E Preferred Stock		Financial assets at FVTPL - non-current	71,397	-	1.2%	-	
	Shares	Fortemedia, Inc. - Series F Preferred Stock		Financial assets at FVTPL - non-current	29,173	-	1.2%	-	
	Shares	Fortemedia, Inc. - Series G Preferred Stock		Financial assets at FVTPL - non-current	31,135	-	1.3%	-	
	Shares	Fortemedia, Inc. - Series I Preferred Stock		Financial assets at FVTPL - non-current	29,102	-	1.3%	-	
	Shares	Fortemedia, Inc. - Common Stock		Financial assets at FVTPL - non-current	12,938	-	1.2%	-	
	Mutual funds	FSITC Taiwan Money Market Fund	Parent of Charng Hui Ltd.	Financial assets at FVTPL - current	4,222,649	65,042	-	65,042	
	Mutual funds	CTBC Hwa-Win Money Market Fund		Financial assets at FVTPL - current	4,509,746	50,008	-	50,008	
	Mutual funds	Mega Diamond Money Market Fund		Financial assets at FVTPL - current	3,960,961	50,005	-	50,005	
	Mutual funds	Jih Sun Money Market Fund		Financial assets at FVTPL - current	5,866,056	87,507	-	87,507	
	Mutual funds	Taishin 1699 Money Market Fund		Financial assets at FVTPL - current	4,128,231	56,224	-	56,224	
Charng Hui Ltd.	Shares	Standard Foods Corporation		Financial assets at FVTOCI - current	6,669,471	420,177	0.7%	420,177	Note 2
	Shares	Formosa Plastics Corporation		Financial assets at FVTOCI - current	91,440	8,010	-	8,010	
	Shares	China Steel Corporation		Financial assets at FVTOCI - current	803,258	16,627	-	16,627	
	Shares	Polytronics Technology Corporation	Charng Hui Ltd. is one of the directors	Financial assets at FVTOCI - current	1,596,000	104,698	2.0%	104,698	
	Shares	Taiwan Semiconductor Manufacturing Co., Ltd.		Financial assets at FVTOCI - current	90,000	28,170	-	28,170	
	Mutual funds	Fuh Hwa Global Strategic Allocation FoF		Financial assets at FVTPL - current	1,000,000	10,850	-	10,850	
	Mutual funds	Franklin Templeton SinoAm Franklin Templeton Global Bond Fund of Funds	Charng Hui Ltd. is one of the directors	Financial assets at FVTPL - current	1,453,360	18,114	-	18,114	
	Mutual funds	Taishin 1699 Money Market Fund		Financial assets at FVTPL - current	470,179	6,404	-	6,404	
	Shares	Hong Da Leasing & Finance Co., Ltd.		Financial assets at FVTPL - non-current	8,297,000	-	23.7%	-	
	Shares	CNEX Co., Ltd.	Charng Hui Ltd. is one of the directors	Financial assets at FVTPL - non-current	1,000,000	-	6.0%	-	

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Holding Company Name	Type of Marketable Securities	Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	JUNE 30, 2020				Note
					Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Standard Beverage Ltd.	Mutual funds	Fuh Hwa Greater China Mid & Small Cap Fund		Financial assets at FVTPL - current	225,000	\$ 2,792	-	\$ 2,792	
	Mutual funds	Franklin Templeton SinoAm Franklin Templeton Global Bond Fund of Funds - Accu.		Financial assets at FVTPL - current	282,988	3,527	-	3,527	
Domex Technology Corporation	Shares	InnoComm Mobile Technology Corp.		Financial assets at FVTOCI - non-current	3,600,000	114,624	13.4%	114,624	
Accession Limited	Shares	AsiaVest Liquidation Co.		Financial assets at FVTOCI - non-current	200	907	0.7%	907	
	Mutual funds	Term Liquidity Fund		Financial assets at FVTPL - current	14,351	44,469		44,469	

Note 1: The Fund had no number of unit.

Note 2: The amount was eliminated upon consolidation.

Standard Foods Corporation and Subsidiaries

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020

TABLE 4

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationships	Transaction Details				Abnormal Transaction		Notes/Trade Receivable (Payable)		Note
			Purchases (Sales)	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Standard Foods Corporation	Standard Dairy Products Taiwan Limited	The Company's subsidiary	Sales	( \$ 689,333 )	10.60%	55 days after month-end closing (net of receivables and payables)	—	—	\$ 196,205	10.74%	Note
			Purchases	401,270	11.07%	55 days after month-end closing (net of receivables and payables)	—	—	-	-	Note
Standard Dairy Products Taiwan Limited	Standard Foods Corporation	Parent company of Standard Dairy Products Taiwan Limited	Purchases	689,333	57.17%	55 days after month-end closing (net of receivables and payables)	—	—	( 196,205 )	49.12%	Note
			Sales	( 401,270 )	23.95%	55 days after month-end closing (net of receivables and payables)	—	—	-	-	Note
Shanghai Standard Foods Co., Ltd.	Standard Investment (China) Limited	Brother company of Shanghai Standard Foods Co., Ltd.	Sales	( 802,714 )	74.01%	60 days after month-end closing	—	—	339,683	97.38%	Note
			Purchases	173,888	15.31%	60 days after month-end closing	—	—	( 64,191 )	38.41%	Note
Standard Investment (China) Limited	Shanghai Standard Foods Co., Ltd.	Brother company of Standard Investment (China) Co., Ltd.	Purchases	802,714	16.61%	60 days after month-end closing	—	—	( 339,683 )	17.00%	Note
			Sales	( 173,888 )	2.83%	60 days after month-end closing	—	—	64,191	3.11%	Note
Standard Foods (China) Co., Ltd.	Standard Investment (China) Limited	Parent company of Standard Foods (China) Co., Ltd.	Sales	( 2,362,559 )	99.55%	60 days after month-end closing	—	—	1,021,377	99.51%	Note
Standard Investment (China) Limited	Standard Foods (China) Co., Ltd.	Standard Investment (China) Co., Ltd.'s subsidiary	Purchases	2,362,559	48.84%	60 days after month-end closing	—	—	( 1,021,377 )	51.11%	Note
Standard Foods (Xiamen) Co., Ltd	Standard Investment (China) Limited	Parent company of Standard Foods (Xiamen) Co., Ltd.	Sales	( 1,662,290 )	75.42%	60 days after month-end closing	—	—	632,525	88.20%	Note
Standard Investment (China) Limited	Standard Foods (Xiamen) Co., Ltd	Standard Investment (China) Co., Ltd.'s subsidiary	Purchases	1,662,290	34.36%	60 days after month-end closing	—	—	( 632,525 )	31.65%	Note
Standard Foods (Xiamen) Co., Ltd	Standard Foods (China) Co., Ltd.	Brother company of Standard Foods (Xiamen) Co., Ltd.	Sales	( 123,357 )	5.60%	60 days after month-end closing	—	—	84,627	11.80%	Note
Standard Foods (China) Co., Ltd.	Standard Foods (Xiamen) Co., Ltd	Brother company of Standard Foods (China) Co., Ltd.	Purchases	123,357	5.05%	60 days after month-end closing	—	—	( 84,627 )	29.82%	Note

Note: The amounts presented above were eliminated upon consolidation.

Standard Foods Corporation and Subsidiaries  
RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
JUNE 30, 2020

TABLE 5

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationships	Ending Balance for Trade Receivable - Related Parties	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts	Note
					Amount	Actions Taken			
Standard Foods Corporation	Standard Dairy Products Taiwan Limited	The Company's subsidiary	Trade receivables	8.17	\$ -		\$ 45,662 (Note 1)	\$ -	(Note 2)
			Other receivables		-		\$3,204 (Note 1)	-	(Note 2)
					<u>\$ -</u>		<u>\$ 48,866</u> (Note 1)	<u>\$ -</u>	
Standard Foods Corporation	Standard Foods (China) Co., Ltd.	The Company's subsidiary	Financing receivables		\$ -		\$ - (Note 1)	\$ -	(Note 2)
			Other receivables		-		- (Note 1)	-	(Note 2)
					<u>\$ -</u>		<u>\$ -</u> (Note 1)	<u>\$ -</u>	
Standard Foods Corporation	Standard Foods (Xiamen) Co., Ltd	The Company's subsidiary	Financing receivables		\$ -		\$ - (Note 1)	\$ -	(Note 2)
			Other receivables		-		- (Note 1)	-	(Note 2)
					<u>\$ -</u>		<u>\$ -</u> (Note 1)	<u>\$ -</u>	
Shanghai Standard Foods Co., Ltd.	Standard Investment (China) Limited	Brother company of Shanghai Standard Foods Co., Ltd.	Trade receivables	3.86	\$ -		\$ 181,038 (Note 1)	\$ -	(Note 2)
			Financing receivables		-		- (Note 1)	-	(Note 2)
			Other receivables		-		\$ 5,503 (Note 1)	-	(Note 2)
					<u>\$ -</u>		<u>\$ 186,541</u> (Note 1)	<u>\$ -</u>	
Shanghai Standard Foods Co., Ltd.	Standard Foods (Xiamen) Co., Ltd	Brother company of Shanghai Standard Foods Co., Ltd.	Trade receivables	2.38	\$ -		\$ 2,254 (Note 1)	\$ -	(Note 2)
			Financing receivables		-		- (Note 1)	-	(Note 2)
			Other receivables		-		- (Note 1)	-	(Note 2)
					<u>\$ -</u>		<u>\$ 2,254</u> (Note 1)	<u>\$ -</u>	
Standard Foods (China) Co., Ltd.	Standard Investment (China) Limited	Parent company of Standard Foods (China) Co., Ltd.	Trade receivables	3.52	\$ -		\$ 547,335 (Note 1)	\$ -	(Note 2)
			Other receivables		-		\$9,585 (Note 1)	-	(Note 2)
					<u>\$ -</u>		<u>\$ 556,920</u> (Note 1)	<u>\$ -</u>	
Standard Investment (China) Limited	Standard Foods (Xiamen) Co., Ltd	Standard Investment (China) Co., Ltd.'s subsidiary	Trade receivables	10.11	\$ -		\$ 15 (Note 1)	\$ -	(Note 2)
			Financing receivables		-		- (Note 1)	-	(Note 2)
			Other receivables		-		- (Note 1)	-	(Note 2)
					<u>\$ -</u>		<u>\$ 15</u> (Note 1)	<u>\$ -</u>	
Standard Foods (Xiamen) Co., Ltd	Standard Investment (China) Limited	Parent company of Standard Foods (Xiamen) Co., Ltd.	Trade receivables	3.84	\$ -		\$ 392,831 (Note 1)	\$ -	(Note 2)
			Other receivables		-		\$ 9,053 (Note 1)	-	(Note 2)
					<u>\$ -</u>		<u>\$ 401,884</u> (Note 1)	<u>\$ -</u>	

Note 1: Amounts received before August 7, 2020.

Note 2: The amounts presented above were eliminated upon consolidation.

Standard Foods Corporation and Subsidiaries  
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020

TABLE 6

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transactions Details			
				Financial Statement Accounts	Amount (Note 4)	Payment Terms	% to Consolidated Total Sales or Assets (Note 3)
0	Standard Foods Corporation	Standard Dairy Products	1	Trade receivables - related parties	\$ 196,205	According to the general conditions	0.8%
0	Standard Foods Corporation	Standard Dairy Products	1	Other receivables - related parties	397,364	According to the general conditions	1.6%
0	Standard Foods Corporation	Standard Dairy Products	1	Sales	689,333	According to the general conditions	4.7%
0	Standard Foods Corporation	Standard Dairy Products	1	Purchases	401,270	According to the general conditions	2.7%
0	Standard Foods Corporation	Standard Dairy Products	1	Royalty revenue	4,413	According to the general conditions	-
0	Standard Foods Corporation	Standard Beverage	1	Other receivables - related parties	116	According to the general conditions	-
0	Standard Foods Corporation	Standard Beverage	1	Service revenue (recognized under sundry revenue)	660	According to the general conditions	-
0	Standard Foods Corporation	Standard Beverage	1	Purchases	586	According to the general conditions	-
0	Standard Foods Corporation	Dermalab	1	Financing receivables - related parties	45,117	Interest rate 1.000% per annum	0.2%
0	Standard Foods Corporation	China Standard Foods	1	Financing receivables - related parties	334,824	Interest rate 1.000% per annum	1.3%
0	Standard Foods Corporation	China Standard Foods	1	Other receivables - related parties	385	According to the general conditions	-
0	Standard Foods Corporation	China Standard Foods	1	Interest income	388	Interest rate 1.000% per annum	-
0	Standard Foods Corporation	Xiamen Standard	1	Financing receivables - related parties	292,971	Interest rate 1.000% per annum	1.2%
0	Standard Foods Corporation	Xiamen Standard	1	Other receivables - related parties	128	According to the general conditions	-
0	Standard Foods Corporation	Xiamen Standard	1	Interest income	129	Interest rate 1.000% per annum	-
1	Shanghai Standard	China Standard Investment	3	Trade receivables - related parties	339,683	According to the general conditions	1.3%
1	Shanghai Standard	China Standard Investment	3	Financing receivables - related parties	122,700	Interest rate 2.500% per annum	0.5%
1	Shanghai Standard	China Standard Investment	3	Other receivables - related parties	10,250	According to the general conditions	-
1	Shanghai Standard	China Standard Investment	3	Trade payables - related parties	64,191	According to the general conditions	0.3%
1	Shanghai Standard	China Standard Investment	3	Other payables - related parties	9,505	According to the general conditions	-
1	Shanghai Standard	China Standard Investment	3	Sales	802,714	According to the general conditions	5.5%
1	Shanghai Standard	China Standard Investment	3	Purchases	173,888	According to the general conditions	1.2%
1	Shanghai Standard	China Standard Investment	3	Interest income	1,082	Interest rate 2.500% per annum	-
1	Shanghai Standard	China Standard Investment	3	Other expenses	87	According to the general conditions	-
1	Shanghai Standard	China Standard Investment	3	Research and development expenses	3,913	According to the general conditions	-
1	Shanghai Standard	China Standard Foods	3	Trade receivables - related parties	6,870	According to the general conditions	-
1	Shanghai Standard	China Standard Foods	3	Trade payables - related parties	4,901	According to the general conditions	-
1	Shanghai Standard	China Standard Foods	3	Sales	9,571	According to the general conditions	0.1%
1	Shanghai Standard	China Standard Foods	3	Purchases	9,289	According to the general conditions	0.1%

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No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transactions Details			
				Financial Statement Accounts	Amount (Note 4)	Payment Terms	% to Consolidated Total Sales or Assets (Note 3)
1	Shanghai Standard	Xiamen Standard	3	Trade receivables - related parties	\$ 2,254	According to the general conditions	-
1	Shanghai Standard	Xiamen Standard	3	Financing receivables - related parties	439,457	Interest rate 2.500% per annum	1.7%
1	Shanghai Standard	Xiamen Standard	3	Other receivables - related parties	5,798	According to the general conditions	-
1	Shanghai Standard	Xiamen Standard	3	Sales	5,295	According to the general conditions	-
1	Shanghai Standard	Xiamen Standard	3	Interest income	5,650	Interest rate 2.500% per annum	-
2	China Standard Investment	China Standard Foods	1	Trade receivables - related parties	55	According to the general conditions	-
2	China Standard Investment	China Standard Foods	1	Financing receivables - related parties	58,364	Interest rate 2.500% per annum	0.2%
2	China Standard Investment	China Standard Foods	1	Other receivables - related parties	5,501	According to the general conditions	-
2	China Standard Investment	China Standard Foods	1	Trade payables - related parties	1,021,377	According to the general conditions	4.0%
2	China Standard Investment	China Standard Foods	1	Other payables - related parties	15,783	According to the general conditions	0.1%
2	China Standard Investment	China Standard Foods	1	Sales	256	According to the general conditions	-
2	China Standard Investment	China Standard Foods	1	Purchases	2,362,559	According to the general conditions	16.2%
2	China Standard Investment	China Standard Foods	1	Interest income	1,805	Interest rate 2.500% per annum	-
2	China Standard Investment	China Standard Foods	1	Other income	5,601	According to the general conditions	-
2	China Standard Investment	China Standard Foods	1	Rental expenses	47	According to the general conditions	-
2	China Standard Investment	Shanghai Dermalab	1	Financing receivables - related parties	84,317	Interest rate 2.500% per annum	0.3%
2	China Standard Investment	Shanghai Dermalab	1	Other receivables - related parties	1,231	According to the general conditions	-
2	China Standard Investment	Shanghai Dermalab	1	Interest income	1,253	Interest rate 2.500% per annum	-
2	China Standard Investment	Shanghai Dermalab	1	Expenses (social expenses and other expenses)	9	According to the general conditions	-
2	China Standard Investment	Xiamen Standard	1	Trade receivables - related parties	78	According to the general conditions	-
2	China Standard Investment	Xiamen Standard	1	Financing receivables - related parties	312,261	Interest rate 2.500% per annum	1.2%
2	China Standard Investment	Xiamen Standard	1	Other receivables - related parties	4,514	According to the general conditions	-
2	China Standard Investment	Xiamen Standard	1	Trade payables - related parties	632,525	According to the general conditions	2.5%
2	China Standard Investment	Xiamen Standard	1	Other payables - related parties	7,452	According to the general conditions	-
2	China Standard Investment	Xiamen Standard	1	Sales	268	According to the general conditions	-
2	China Standard Investment	Xiamen Standard	1	Purchases	1,662,290	According to the general conditions	11.4%
2	China Standard Investment	Xiamen Standard	1	Interest income	7,645	Interest rate 2.500% per annum	0.1%
2	China Standard Investment	Xiamen Standard	1	Other income	4,597	According to the general conditions	-
2	China Standard Investment	Le Bonta Wellness	1	Financing receivables - related parties	87,494	Interest rate 2.500% per annum	0.3%
2	China Standard Investment	Le Bonta Wellness	1	Other receivables - related parties	1,047	According to the general conditions	-
2	China Standard Investment	Le Bonta Wellness	1	Trade payables - related parties	851	According to the general conditions	-
2	China Standard Investment	Le Bonta Wellness	1	Sales	7	According to the general conditions	-
2	China Standard Investment	Le Bonta Wellness	1	Purchases	4,502	According to the general conditions	-
2	China Standard Investment	Le Bonta Wellness	1	Interest income	1,068	Interest rate 2.500% per annum	-

(Continued)



(Continued from the previous page)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transactions Details			
				Financial Statement Accounts	Amount (Note 4)	Payment Terms	% to Consolidated Total Sales or Assets (Note 3)
2	China Standard Investment	Shanghai Le Ho Industrial Co., Ltd.	3	Financing payables - related parties	\$ 1,657	Interest rate 2.500% per annum	-
2	China Standard Investment	Shanghai Le Ho Industrial Co., Ltd.	3	Other payables - related parties	15	According to the general conditions	-
2	China Standard Investment	Shanghai Le Ho Industrial Co., Ltd.	3	Interest expenses	17	Interest rate 2.500% per annum	-
2	China Standard Investment	Shanghai Le Min Industrial Co., Ltd.	3	Financing payables - related parties	2,595	Interest rate 2.500% per annum	-
2	China Standard Investment	Shanghai Le Min Industrial Co., Ltd.	3	Other payables - related parties	22	According to the general conditions	-
2	China Standard Investment	Shanghai Le Min Industrial Co., Ltd.	3	Interest expenses	22	Interest rate 2.500% per annum	-
2	China Standard Investment	Shanghai Le Ben De	3	Purchases	1,055	According to the general conditions	-
3	Shanghai Dermalab	Dermalab	3	Trade payables - related parties	7,349	According to the general conditions	-
3	Shanghai Dermalab	Dermalab	3	Purchases	19,728	According to the general conditions	0.1%
4	China Standard Foods	Le Bonta Wellness	3	Other receivables - related parties	959	According to the general conditions	-
4	China Standard Foods	Le Bonta Wellness	3	Sales	164	According to the general conditions	-
4	China Standard Foods	Le Bonta Wellness	3	Rental income	1,759	According to the general conditions	-
4	China Standard Foods	Le Bonta Wellness	3	Other expenses	2,126	According to the general conditions	-
4	China Standard Foods	Xiamen Standard	3	Trade payables - related parties	84,627	According to the general conditions	0.3%
4	China Standard Foods	Xiamen Standard	3	Sales	8	According to the general conditions	-
4	China Standard Foods	Xiamen Standard	3	Purchases	123,357	According to the general conditions	0.8%
5	Le Bonta Wellness	Shanghai Le Ben De	3	Sales	1,046	According to the general conditions	-

Note 1: Where the parent company and its subsidiaries do business with each other, information shall be stated separately in the "No." column and numbered as follows:

- Parent company is 0.
- Subsidiaries are numbered in order by Arabic numerals from 1.

Note 2: The related parties have the following three relationships:

- Parent company to its subsidiaries.
- Subsidiaries to its parent company.
- Subsidiaries to subsidiaries.

Note 3: The transaction amounts are calculated as percentage of consolidated total revenue or total assets; balance sheet accounts are calculated as percentage of consolidated total assets; amounts of income statement accounts are calculated as percentage of consolidated total revenues.

Note 4: The amount was eliminated upon consolidation.

Standard Foods Corporation and Subsidiaries  
INFORMATION ON INVESTEEES (EXCLUDING INVESTEEES OF MAINLAND CHINA)  
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020

TABLE 7

(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of June 30, 2020			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				June 30, 2020	December 31, 2019	Shares	%	Carrying Amount			
Standard Foods Corporation	Accession Limited	Tortola, British Virgin Islands	Investing	\$ 3,936,267	\$ 3,936,267	123,600,000	100%	\$ 3,387,430	\$ 93,542	\$ 90,278 (Note 1)	Subsidiary (Note 5)
	Standard Investment (Cayman) Limited	Grand Cayman, Cayman Islands	Investing	4,710,865	4,710,865	150,124,815	100%	5,225,815	144,633	144,633	Subsidiary (Note 5)
	Standard Dairy Products Taiwan Limited	Taipei, Taiwan	Manufacture and sale of dairy products and beverages	300,853	300,853	30,000,000	100%	802,633	194,641	196,667 (Note 2)	Subsidiary (Note 5)
	Charng Hui Ltd.	Taipei, Taiwan	Investing	230,000	230,000	24,100,000	100%	286,012	2,913	2,913	Subsidiary (Note 5)
	Domex Technology Corporation	Hsinchu, Taiwan	Manufacture and sale of computer peripherals and computer appliances	114,116	114,116	10,374,399	52%	231,950	12,040	6,262	Subsidiary (Note 5)
	Standard Beverage Ltd.	Taipei, Taiwan	Manufacture and sale of beverages	79,072	79,072	7,907,000	100%	83,805	1,467	1,463 (Note 3)	Subsidiary (Note 5)
	Le Bonta Wellness International Corporation	Taipei, Taiwan	Sale of health food	14,350	14,350	Note 4	100%	8,712	( 70 )	( 70 )	Subsidiary (Note 5)
Accession Limited	Standard Foods, LLC.	U.S.A.	Sale of health food	9,056	-	Note 4	100%	8,889	-	-	Subsidiary (Note 5)
	Dermalab S.A.	Switzerland	Development and sale of cosmetics	335,215	266,587	2,600	100%	180,007	6,189		Second-tier subsidiary (Note 5)
Dermalab S.A.	Swissderma SL	Spain	Sale of cosmetics	96	96	3,000	100%	-	-		Third-tier subsidiary (Note 5)
Standard Investment (Cayman) Limited	Standard Corporation (Hong Kong) Limited	Hong Kong	Investing	4,708,566	4,708,566	150,050,815	100%	5,225,104	144,743		Second-tier subsidiary (Note 5)

Note 1: This amount was the share of profit of the investee of NT\$93,542 thousand minus the unrealized gain on sidestream transactions of NT\$3,264 thousand.

Note 2: This amount was the share of profit of the investee of NT\$194,641 thousand plus the realized gain on upstream transactions of NT\$2,026 thousand.

Note 3: This amount was the share of loss of the investee of NT\$1,467 thousand minus the unrealized gain on upstream transactions of NT\$4 thousand.

Note 4: This is a limited company with no issued shares.

Note 5: The amount was eliminated upon consolidation.

Standard Foods Corporation and Subsidiaries  
INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020

TABLE 8

(In Thousands of New Taiwan Dollars)

Investee Company in Mainland China	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2020	Remittance or Recovery of Funds		Accumulated Outward Remittance for Investment from Taiwan as of June 30, 2020	Net Income (Loss) of the Investee	% of Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of June 30, 2020	Accumulated Repatriation of Investment Income as of June 30, 2020	Note
					Outward	Inward							
Shanghai Standard Foods Co., Ltd.	Manufacture and sale of edible oil products and nutritional foods	\$ 3,949,575	(2) (Note 3)	\$ 3,949,575 (Note 4)	\$ -	\$ -	\$ 3,949,575 (Note 4)	\$ 87,875	100.0%	\$ 87,281 (Note 9)	\$ 3,000,069	\$ -	Note 12
Standard Investment (China) Limited	Investment and sales of edible oil products and nutritional foods	3,755,530	(2) (Note 5)	3,718,677 (Note 5)	-	-	3,718,677 (Note 5)	161,858	99.0%	160,239 (Note 9)	4,434,119	-	Note 12
Standard Foods (China) Co., Ltd.	Manufacture and sale of edible oil products and nutritional foods	1,631,668	(3) (Note 6)	- (Note 6)	-	-	- (Note 6)	( 42,837 )	99.0%	( 42,841 ) (Note 9)	1,744,112	-	Note 12
Shanghai Dermalab Corporation	Sale of nutritional foods, cosmetic and engage in import and export business	93,989	(3) (Note 6)	- (Note 6)	-	-	- (Note 6)	( 20,331 )	99.0%	( 20,128 ) (Note 10)	4,953	-	Note 12
Le Bonta Wellness Co., Ltd.	Sale of nutritional foods and engage in import and export business	380,418	(1) and (3) (Note 7)	181,048 (Note 7)	-	-	181,048 (Note 7)	( 14,613 )	99.5%	( 14,541 ) (Note 10)	191,394	-	Note 12
Shanghai Le Ben De Health Technology Co., Ltd.	Sale of nutritional foods and engagement in export business	31,220	(3) (Notes 4 and 8)	31,220 (Note 4)	-	-	31,220 (Note 4)	255	100.0%	255 (Note 10)	28,153	-	Note 12
Standard Foods (Xiamen) Co., Ltd	Manufacture and sale of edible oil products and nutritional foods	1,307,582	(3) (Note 6)	- (Note 6)	-	-	- (Note 6)	( 20,211 )	99.0%	( 17,547 ) (Note 10)	1,277,026	-	Note 12
Shanghai Le Ho Industrial Co., Ltd.	Management of properties	607,717	(2) (Note 5)	607,717 (Note 5)	-	-	607,717 (Note 5)	( 9,717 )	100.0%	( 9,717 ) (Note 10)	486,468	-	Note 12
Shanghai Le Min Industrial Co., Ltd.	Management of properties	378,009	(2) (Note 5)	378,009 (Note 5)	-	-	378,009 (Note 5)	( 5,707 )	100.0%	( 5,707 ) (Note 10)	303,741	-	Note 12

Accumulated Outward Remittance for Investment in Mainland China as of June 30, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$8,919,525	\$8,919,525	Unlimited amount of investment (Note 11)

Note 1: The methods for engaging in investment in mainland China include the following:

- a. Direct investment in mainland China.
- b. Indirect investment in mainland China through companies registered in a third region. (Please specify the investor company in third region.)
- c. Other methods.

Note 2: For the investment income (loss) recognized in the current period:

- a. There was no investment income (loss) recognized due to the investment still being in the development stage.
- b. The investment income (loss) was determined based on the following basis:
  - 1) The financial statements were audited and certified by an international accounting firm in cooperation with an ROC accounting firm.
  - 2) The financial statements were audited by the CPA of the parent company in Taiwan.
  - 3) Others.

Note 3: Accession Limited is the investor company in third region.

Note 4: There was no difference between the beginning balance and the ending balance of the accumulated amount invested from Taiwan for the six-month period ended June 30, 2020. The investment remained at NT\$4,034,074 thousand. Of the NT\$4,034,074 thousand, NT\$53,279 thousand has been retained in Accession Limited. The remaining balance thereof, amounting to NT\$3,980,795 thousand, was originally the outward remittance of the investment of Shanghai Standard Foods Co., Ltd. in 2015. However, as of July 2015, of the NT\$3,980,795 thousand, NT\$31,220 thousand was invested in Shanghai Le Ben De Health Technology Co., Ltd. by Shanghai Standard Foods Co., Ltd. In aggregate, the outward remittance of the investments in Shanghai Standard Foods Co., Ltd. and Shanghai Le Ben De Health Technology Co., Ltd. was NT\$3,949,575 thousand and NT\$31,220 thousand, respectively.

Note 5: Standard Corporation (Hong Kong) Limited is the investor company in third region.

Note 6: The company in mainland China was reinvested through a company registered in mainland China, namely Standard Investment (China) Co., Ltd.

Note 7: The company in mainland China was invested directly by Standard Foods Corporation and was reinvested through a company registered in mainland China, namely Standard Investment (China) Co., Ltd. The amount invested directly was NT\$181,048 thousand.

Note 8: This company was spun off from Shanghai Standard Foods Co., Ltd. Accession Limited is the investor company in third region.

Note 9: Recognition of investment income (loss) is based on the financial statements of the investee reviewed by CPAs of the parent company in Taiwan during the same period, as described in Note 2(b)3.

Note 10: The recognition of investment income (loss) is based on the financial statements of the investee not reviewed by CPAs during the same period, as described in Note 2(b)3.

Note 11: The Industrial Development Bureau of the MOEA issued the proofing document of operational headquarters to the Company; the document is still valid within the review period. Hence, according to the Investment Commission of the MOEA, there is no upper limit on the amount of investment.

Note 12: The amount was eliminated upon consolidation.

Standard Foods Corporation

INFORMATION OF MAJOR SHAREHOLDERS

JUNE 30, 2020

TABLE 9

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership
Mu Te Investment Co., Ltd. Trust Property Account	157,008,400	17.15%
Chia Yun Investment Co., Ltd. Trust Property Account	133,125,408	14.54%
Chia Chieh Investment Co., Ltd. Trust Property Account	108,503,160	11.85%

Note 1: The major shareholders in this table are shareholders holding more than 5% of the ordinary and preference shares that have completed delivery without physical registration (including treasury shares) on the last business day of each quarter calculated by the Taiwan Depository & Clearing Corporation. The share capital recorded in the Company's consolidated financial report and the number of shares actually delivered by the Company without physical registration may differ due to calculation basis.

Note 2: If the above shares are entrusted by the shareholders, the information thereto shall be disclosed by the individual trust account opened by the trustees. For information on shareholders, who declare to be insiders holding more than 10% of shares in accordance with the Securities and Exchange Act, and their shareholdings including their shareholdings plus their delivery of trust and shares with the right to make decisions on trust property, please refer to MOPS.