

**Standard Foods Corporation and  
Subsidiaries**

**Consolidated Financial Statements and Independent  
Auditors' Report  
for the Six Months Ended June 30, 2021 and 2020**

## **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, 2021 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 11, 2021

## **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, 2021 and 2020 and the related consolidated statements of comprehensive income for the three months ended June 30, 2021 and 2020 and for the six months ended June 30, 2021 and 2020, the consolidated statements of changes in equity and cash flows for the nine months then ended, and the related notes to the consolidated financial statements, 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, 2021 and 2020, combined total assets of these non-significant subsidiaries were NT\$9,162,700 thousand and NT\$7,552,648 thousand, respectively, representing 33% and 30%, respectively, of the consolidated total assets, and combined total liabilities of these subsidiaries were NT\$3,242,691 thousand and NT\$2,302,312 thousand, respectively, representing 31% and 24%, respectively, of the consolidated total liabilities; for the three-month periods ended June 30, 2021 and 2020 and for the six months ended June 30, 2021 and 2020, the amounts of combined comprehensive income of these subsidiaries were NT\$161,031 thousand, NT\$157,013 thousand, NT\$307,979 thousand and NT\$151,428 thousand, respectively, representing 20%, 17%, 21% and 11%, respectively, of the consolidated total comprehensive income. As disclosed in Note 36 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 consolidated financial position of the Group as of June 30, 2021 and 2020, its consolidated financial performance for the three months ended June 30, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the six months ended June 30, 2021 and 2020 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting,” endorsed and issues 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 Han-Ni Fang.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

August 11, 2021

## 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, 2021, December 31, 2020, and June 30, 2020

(In Thousands of New Taiwan Dollars)

| ASSETS   | June 30, 2021 (Reviewed) |            | December 31, 2020 (Audited) |            | June 30, 2020 (Reviewed) |            |
|--|--------------------------|------------|-----------------------------|------------|--------------------------|------------|
|  | Amount                   | %          | Amount                      | %          | Amount                   | %          |
| <b>CURRENT ASSETS</b>  |                          |            |                             |            |                          |            |
| Cash and cash equivalents (Note 6)   | \$ 2,114,711             | 8          | \$ 4,332,018                | 16         | \$ 3,603,366             | 14         |
| Financial assets at fair value through profit or loss - current (Note 7)                 | 2,664,279                | 10         | 1,490,336                   | 5          | 1,513,865                | 6          |
| Financial assets at fair value through other comprehensive income - current (Note 8)     | 329,201                  | 1          | 249,485                     | 1          | 178,498                  | 1          |
| Financial assets at amortized cost - current (Note 9)                                    | 2,731,765                | 10         | 1,728,070                   | 6          | 2,446,729                | 10         |
| Notes receivable (Notes 10 and 25)   | 17,252                   | -          | 3,154                       | -          | 14,236                   | -          |
| Trade receivables (Notes 10 and 25)  | 4,753,106                | 17         | 6,295,581                   | 23         | 4,738,744                | 19         |
| Trade receivables from related parties (Notes 25 and 32)                                 | 7,467                    | -          | 9,011                       | -          | 1,648                    | -          |
| Finance lease receivables - current (Note 11)  | 3,192                    | -          | 2,917                       | -          | 2,845                    | -          |
| Other receivables (Note 10)  | 276,899                  | 1          | 224,370                     | 1          | 233,256                  | 1          |
| Current tax assets   | 4,552                    | -          | 23,063                      | -          | 68,967                   | -          |
| Inventories (Note 12)  | 5,565,489                | 20         | 5,124,648                   | 18         | 4,304,955                | 17         |
| Prepayments (Note 13)  | 1,939,764                | 7          | 1,579,289                   | 6          | 1,421,688                | 6          |
| Other current assets (Notes 19 and 33)   | 82,237                   | -          | 63,844                      | -          | 25,958                   | -          |
| Total current assets   | <u>20,489,914</u>        | <u>74</u>  | <u>21,125,786</u>           | <u>76</u>  | <u>18,554,755</u>        | <u>74</u>  |
| <b>NON-CURRENT ASSETS</b>  |                          |            |                             |            |                          |            |
| Financial assets at fair value through profit or loss - non-current (Note 7)             | 10,632                   | -          | 10,666                      | -          | 6,200                    | -          |
| Financial assets at fair value through other comprehensive income - non-current (Note 8) | 379,544                  | 1          | 267,178                     | 1          | 182,903                  | 1          |
| Financial assets at amortized cost - non-current (Note 9)                                | 388,134                  | 2          | -                           | -          | -                        | -          |
| Property, plant and equipment (Notes 15 and 33)  | 4,078,513                | 15         | 4,201,645                   | 15         | 4,913,412                | 19         |
| Right-of-use assets (Note 16)  | 580,223                  | 2          | 626,440                     | 2          | 647,494                  | 3          |
| Investment properties (Notes 17 and 33)  | 798,734                  | 3          | 844,797                     | 3          | 120,848                  | -          |
| Goodwill   | 817                      | -          | 817                         | -          | 817                      | -          |
| Other intangible assets (Note 18)  | 100,617                  | -          | 105,391                     | -          | 98,539                   | -          |
| Deferred tax assets  | 440,994                  | 2          | 417,127                     | 2          | 504,064                  | 2          |
| Finance lease receivables - non-current (Note 11)  | 22,315                   | -          | 24,031                      | -          | 25,508                   | -          |
| Net defined benefit assets - non-current   | 5,087                    | -          | 3,521                       | -          | 2,495                    | -          |
| Other non-current assets (Notes 19 and 33)   | 375,541                  | 1          | 196,463                     | 1          | 263,857                  | 1          |
| Total non-current assets   | <u>7,181,151</u>         | <u>26</u>  | <u>6,698,076</u>            | <u>24</u>  | <u>6,766,137</u>         | <u>26</u>  |
| <b>TOTAL ASSETS</b>  | <u>\$ 27,671,065</u>     | <u>100</u> | <u>\$ 27,823,862</u>        | <u>100</u> | <u>\$ 25,320,892</u>     | <u>100</u> |
| <b>LIABILITIES AND EQUITY</b>  |                          |            |                             |            |                          |            |
| <b>CURRENT LIABILITIES</b>   |                          |            |                             |            |                          |            |
| Short-term borrowings (Notes 20 and 33)  | \$ 1,928,366             | 7          | \$ 1,846,767                | 7          | \$ 1,009,811             | 4          |
| Short-term bills payable (Note 20)   | 149,906                  | 1          | 129,869                     | 1          | 69,924                   | -          |
| Contract liabilities - current (Note 25)   | 170,079                  | 1          | 748,044                     | 3          | 224,495                  | 1          |
| Notes payable (Note 21)  | 348,624                  | 1          | 90,333                      | -          | 292,901                  | 1          |
| Trade payables (Note 21)   | 1,360,601                | 5          | 2,107,188                   | 8          | 1,535,080                | 7          |
| Trade payables to related parties (Note 32)  | 13,394                   | -          | 20,526                      | -          | 12,859                   | -          |
| Other payables (Note 22)   | 5,171,525                | 18         | 3,442,258                   | 12         | 4,911,813                | 19         |
| Current tax liabilities  | 394,734                  | 2          | 399,020                     | 1          | 444,394                  | 2          |
| Lease liabilities - current (Note 16)  | 76,672                   | -          | 77,782                      | -          | 80,322                   | -          |
| Other current liabilities (Note 22)  | 116,071                  | -          | 94,108                      | -          | 34,067                   | -          |
| Total current liabilities  | <u>9,729,972</u>         | <u>35</u>  | <u>8,955,895</u>            | <u>32</u>  | <u>8,615,666</u>         | <u>34</u>  |
| <b>NON-CURRENT LIABILITIES</b>   |                          |            |                             |            |                          |            |
| Deferred tax liabilities   | 322,672                  | 1          | 351,328                     | 1          | 297,694                  | 1          |
| Lease liabilities - non-current (Note 16)  | 156,519                  | 1          | 200,191                     | 1          | 219,173                  | 1          |
| Net defined benefit liabilities - non-current  | 256,074                  | 1          | 280,701                     | 1          | 261,795                  | 1          |
| Other non-current liabilities (Note 22)  | 23,703                   | -          | 20,120                      | -          | 29,084                   | -          |
| Total non-current liabilities  | <u>758,968</u>           | <u>3</u>   | <u>852,340</u>              | <u>3</u>   | <u>807,746</u>           | <u>3</u>   |
| Total liabilities  | <u>10,488,940</u>        | <u>38</u>  | <u>9,808,235</u>            | <u>35</u>  | <u>9,423,412</u>         | <u>37</u>  |
| <b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 24)</b>                            |                          |            |                             |            |                          |            |
| Ordinary Shares  | <u>9,150,897</u>         | <u>33</u>  | <u>9,150,897</u>            | <u>33</u>  | <u>9,150,897</u>         | <u>36</u>  |
| Capital surplus  | <u>127,392</u>           | <u>-</u>   | <u>127,392</u>              | <u>-</u>   | <u>109,718</u>           | <u>1</u>   |
| Retained earnings  |                          |            |                             |            |                          |            |
| Legal reserve  | 3,606,189                | 13         | 3,287,022                   | 12         | 3,287,022                | 13         |
| Special reserve  | 577,494                  | 2          | 577,494                     | 2          | 577,494                  | 2          |
| Unappropriated Earnings  | <u>3,692,025</u>         | <u>14</u>  | <u>4,918,357</u>            | <u>18</u>  | <u>3,312,356</u>         | <u>13</u>  |
| Total retained earnings  | <u>7,875,708</u>         | <u>29</u>  | <u>8,782,873</u>            | <u>32</u>  | <u>7,176,872</u>         | <u>28</u>  |
| Other equity   | ( 307,005 )              | ( 1 )      | ( 355,492 )                 | ( 1 )      | ( 777,122 )              | ( 3 )      |
| Treasury stock   | ( 21,182 )               | -          | ( 21,182 )                  | -          | ( 21,182 )               | -          |
| Total equity attributable to owners of the Company                                       | <u>16,825,810</u>        | <u>61</u>  | <u>17,684,488</u>           | <u>64</u>  | <u>15,639,183</u>        | <u>62</u>  |
| <b>NON-CONTROLLING INTERESTS (Note 24)</b>   | <u>356,315</u>           | <u>1</u>   | <u>331,139</u>              | <u>1</u>   | <u>258,297</u>           | <u>1</u>   |
| Total equity   | <u>17,182,125</u>        | <u>62</u>  | <u>18,015,627</u>           | <u>65</u>  | <u>15,897,480</u>        | <u>63</u>  |
| <b>TOTAL LIABILITIES AND EQUITY</b>  | <u>\$ 27,671,065</u>     | <u>100</u> | <u>\$ 27,823,862</u>        | <u>100</u> | <u>\$ 25,320,892</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 MONTHS AND SIX MONTHS ENDED JUNE 30, 2021 AND 2020 (REVIEWED, NOT AUDITED) (IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE)

|   | For the Three Months Ended<br>June 30, 2021 |            | For the Three Months Ended<br>June 30, 2020 |            | For the Six Months Ended<br>June 30, 2021 |            | For the Six Months Ended<br>June 30, 2020 |            |
|---|---|------------|---|------------|---|------------|---|------------|
|   | Amount                                      | %          | Amount                                      | %          | Amount                                    | %          | Amount                                    | %          |
| OPERATING REVENUE   |   |            |   |            |   |            |   |            |
| Sales (Notes 25 and 32)   | \$ 7,407,505                                | 100        | \$ 7,952,636                                | 100        | \$ 15,676,507                             | 100        | \$ 14,624,069                             | 100        |
| OPERATING COSTS   |   |            |   |            |   |            |   |            |
| Cost of goods sold (Notes 12, 26, and 32)   | <u>5,414,473</u>                            | <u>73</u>  | <u>5,486,827</u>                            | <u>69</u>  | <u>11,577,941</u>                         | <u>74</u>  | <u>10,262,762</u>                         | <u>70</u>  |
| GROSS PROFIT  | <u>1,993,032</u>                            | <u>27</u>  | <u>2,465,809</u>                            | <u>31</u>  | <u>4,098,566</u>                          | <u>26</u>  | <u>4,361,307</u>                          | <u>30</u>  |
| OPERATING EXPENSES (Note 26)  |   |            |   |            |   |            |   |            |
| Selling and marketing expenses  | 784,716                                     | 11         | 935,439                                     | 12         | 1,881,735                                 | 12         | 1,797,812                                 | 13         |
| General and administrative expenses   | 241,359                                     | 3          | 248,881                                     | 3          | 495,021                                   | 3          | 500,808                                   | 3          |
| Research and development expenses   | 45,213                                      | -          | 36,914                                      | -          | 83,893                                    | -          | 71,746                                    | -          |
| Expected credit losses (or reversal)  | <u>1,077</u>                                | <u>-</u>   | <u>818</u>                                  | <u>-</u>   | <u>(2,935)</u>                            | <u>-</u>   | <u>8,104</u>                              | <u>-</u>   |
| Total operating expenses  | <u>1,072,365</u>                            | <u>14</u>  | <u>1,222,052</u>                            | <u>15</u>  | <u>2,457,714</u>                          | <u>15</u>  | <u>2,378,470</u>                          | <u>16</u>  |
| OPERATING INCOME  | <u>920,667</u>                              | <u>13</u>  | <u>1,243,757</u>                            | <u>16</u>  | <u>1,640,852</u>                          | <u>11</u>  | <u>1,982,837</u>                          | <u>14</u>  |
| NON-OPERATING INCOME AND<br>EXPENSES (Note 26)  |   |            |   |            |   |            |   |            |
| Interest income   | 30,398                                      | -          | 34,141                                      | -          | 61,689                                    | -          | 66,946                                    | -          |
| Other income  | 16,413                                      | -          | 14,716                                      | -          | 25,177                                    | -          | 22,241                                    | -          |
| Other gains and losses  | 27,902                                      | -          | 31,739                                      | -          | 4,373                                     | -          | 34,445                                    | -          |
| Financial cost  | <u>(14,454)</u>                             | <u>-</u>   | <u>(16,509)</u>                             | <u>-</u>   | <u>(25,979)</u>                           | <u>-</u>   | <u>(31,317)</u>                           | <u>-</u>   |
| Total non-operating income and<br>expenses  | <u>60,259</u>                               | <u>-</u>   | <u>64,087</u>                               | <u>-</u>   | <u>65,260</u>                             | <u>-</u>   | <u>92,315</u>                             | <u>-</u>   |
| PROFIT BEFORE INCOME TAX  | 980,926                                     | 13         | 1,307,844                                   | 16         | 1,706,112                                 | 11         | 2,075,152                                 | 14         |
| INCOME TAX EXPENSE (Note 27)  | <u>158,500</u>                              | <u>2</u>   | <u>322,264</u>                              | <u>4</u>   | <u>312,250</u>                            | <u>2</u>   | <u>482,085</u>                            | <u>3</u>   |
| NET PROFIT FOR THE PERIOD   | <u>822,426</u>                              | <u>11</u>  | <u>985,580</u>                              | <u>12</u>  | <u>1,393,862</u>                          | <u>9</u>   | <u>1,593,067</u>                          | <u>11</u>  |
| OTHER COMPREHENSIVE INCOME<br>(LOSS)  |   |            |   |            |   |            |   |            |
| Items that will not be reclassified<br>subsequently to profit or loss:  |   |            |   |            |   |            |   |            |
| Unrealized gain (loss) on<br>investments in equity instruments<br>at fair value through other<br>comprehensive income | 55,589                                      | 1          | 69,330                                      | 1          | 192,099                                   | 1          | (14,969)                                  | -          |
| Income tax relating to items that will<br>not be reclassified subsequently to<br>profit or loss (Note 27)             | <u>5</u>                                    | <u>-</u>   | <u>1</u>                                    | <u>-</u>   | <u>1</u>                                  | <u>-</u>   | <u>(3)</u>                                | <u>-</u>   |
|   | <u>55,594</u>                               | <u>1</u>   | <u>69,331</u>                               | <u>1</u>   | <u>192,100</u>                            | <u>1</u>   | <u>(14,972)</u>                           | <u>-</u>   |
| Items that may be reclassified<br>subsequently to profit or loss:   |   |            |   |            |   |            |   |            |
| Exchange differences on translating<br>the financial statements of foreign<br>operations                              | (65,434)                                    | (1)        | (170,073)                                   | (2)        | (122,650)                                 | (1)        | (227,686)                                 | (1)        |
| Income tax relating to the items that<br>may be reclassified subsequently<br>to profit or loss (Note 27)              | <u>13,017</u>                               | <u>-</u>   | <u>33,836</u>                               | <u>-</u>   | <u>24,414</u>                             | <u>-</u>   | <u>45,299</u>                             | <u>-</u>   |
|   | <u>(52,417)</u>                             | <u>(1)</u> | <u>(136,237)</u>                            | <u>(2)</u> | <u>(98,236)</u>                           | <u>(1)</u> | <u>(182,387)</u>                          | <u>(1)</u> |
| Other comprehensive loss for the<br>period, net of income tax   | <u>3,177</u>                                | <u>-</u>   | <u>(66,906)</u>                             | <u>(1)</u> | <u>93,864</u>                             | <u>-</u>   | <u>(197,359)</u>                          | <u>(1)</u> |
| TOTAL COMPREHENSIVE INCOME FOR<br>THE PERIOD  | <u>\$ 825,603</u>                           | <u>11</u>  | <u>\$ 918,674</u>                           | <u>11</u>  | <u>\$ 1,487,726</u>                       | <u>9</u>   | <u>\$ 1,395,708</u>                       | <u>10</u>  |
| NET PROFIT ATTRIBUTABLE TO:   |   |            |   |            |   |            |   |            |
| Owners of the Company   | \$ 815,590                                  | 11         | \$ 976,185                                  | 12         | \$ 1,380,559                              | 9          | \$ 1,585,671                              | 11         |
| Non-controlling Interests   | <u>6,836</u>                                | <u>-</u>   | <u>9,395</u>                                | <u>-</u>   | <u>13,303</u>                             | <u>-</u>   | <u>7,396</u>                              | <u>-</u>   |
|   | <u>\$ 822,426</u>                           | <u>11</u>  | <u>\$ 985,580</u>                           | <u>12</u>  | <u>\$ 1,393,862</u>                       | <u>9</u>   | <u>\$ 1,593,067</u>                       | <u>11</u>  |
| TOTAL COMPREHENSIVE INCOME<br>ATTRIBUTABLE TO:  |   |            |   |            |   |            |   |            |
| Owners of the Company   | \$ 802,874                                  | 11         | \$ 895,140                                  | 11         | \$ 1,429,046                              | 9          | \$ 1,386,043                              | 10         |
| Non-controlling Interests   | <u>22,729</u>                               | <u>-</u>   | <u>23,534</u>                               | <u>-</u>   | <u>58,680</u>                             | <u>-</u>   | <u>9,665</u>                              | <u>-</u>   |
|   | <u>\$ 825,603</u>                           | <u>11</u>  | <u>\$ 918,674</u>                           | <u>11</u>  | <u>\$ 1,487,726</u>                       | <u>9</u>   | <u>\$ 1,395,708</u>                       | <u>10</u>  |
| EARNINGS PER SHARE (Note 28)  |   |            |   |            |   |            |   |            |
| Basic   | <u>\$ 0.90</u>                              |            | <u>\$ 1.07</u>                              |            | <u>\$ 1.52</u>                            |            | <u>\$ 1.75</u>                            |            |
| Diluted   | <u>\$ 0.90</u>                              |            | <u>\$ 1.07</u>                              |            | <u>\$ 1.52</u>                            |            | <u>\$ 1.74</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 Months Ended June 30, 2021 and 2020

(Reviewed, not Audited)

(In Thousands of New Taiwan Dollars)

|   | Equity Attributable to Owners of the Company |                 |               |                 |                         |              |  |  |              |                |               |                           |               |
|---|--|-----------------|---------------|-----------------|-------------------------|--------------|--|--|--------------|----------------|---------------|---------------------------|---------------|
|   | Retained earnings                            |                 |               |                 |                         |              | Other Equity Items   |  |              |                |               |                           |               |
|   |  |                 |               |                 |                         |              | Exchange differences on translating the financial statements of foreign operations | Unrealized gain (loss) on financial assets at FVTOCI | Total        | Treasury stock | Total         | Non-controlling Interests | Total equity  |
|   | Ordinary Shares                              | Capital surplus | Legal reserve | Special reserve | Unappropriated Earnings | Total        |  |  |              |                |               |                           |               |
| Balance as of 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                  |  |                 |               |                 |                         |              |  |  |              |                |               |                           |               |
| Legal reserve   | -  | -               | 341,610       | -               | ( 341,610)              | -            | -  | -  | -            | -              | -             | -                         | -             |
| Special reserve   | -  | -               | -             | 246,549         | ( 246,549)              | -            | -  | -  | -            | -              | -             | -                         | -             |
| Cash dividends  | -  | -               | -             | -               | ( 2,424,987)            | ( 2,424,987) | -  | -  | -            | -              | ( 2,424,987)  | -                         | ( 2,424,987)  |
| Decrease in non-controlling interests                             | -  | -               | -             | -               | -                       | -            | -  | -  | -            | -              | -             | ( 23,932)                 | ( 23,932)     |
| Net profit for the six months ended June 30, 2020                 | -  | -               | -             | -               | 1,585,671               | 1,585,671    | -  | -  | -            | -              | 1,585,671     | 7,396                     | 1,593,067     |
| Other comprehensive income for the six months ended June 30, 2020 | -  | -               | -             | -               | -                       | -            | ( 181,200)   | ( 18,428)  | ( 199,628)   | -              | ( 199,628)    | 2,269                     | ( 197,359)    |
| Total comprehensive income for the six months ended June 30, 2020 | -  | -               | -             | -               | 1,585,671               | 1,585,671    | ( 181,200)   | ( 18,428)  | ( 199,628)   | -              | 1,386,043     | 9,665                     | 1,395,708     |
| Balance as of June 30, 2020                                       | \$ 9,150,897                                 | \$ 109,718      | \$ 3,287,022  | \$ 577,494      | \$ 3,312,356            | \$ 7,176,872 | (\$ 874,238)   | \$ 97,116  | (\$ 777,122) | (\$ 21,182)    | \$ 15,639,183 | \$ 258,297                | \$ 15,897,480 |
| Balance as of January 1, 2021                                     | \$ 9,150,897                                 | \$ 127,392      | \$ 3,287,022  | \$ 577,494      | \$ 4,918,357            | \$ 8,782,873 | (\$ 572,206)   | \$ 216,714   | (\$ 355,492) | (\$ 21,182)    | \$ 17,684,488 | \$ 331,139                | \$ 18,015,627 |
| Appropriations and distribution of 2020 earnings                  |  |                 |               |                 |                         |              |  |  |              |                |               |                           |               |
| Legal reserve   | -  | -               | 319,167       | -               | ( 319,167)              | -            | -  | -  | -            | -              | -             | -                         | -             |
| Cash dividends  | -  | -               | -             | -               | ( 2,287,724)            | ( 2,287,724) | -  | -  | -            | -              | ( 2,287,724)  | -                         | ( 2,287,724)  |
| Decrease in non-controlling interests                             | -  | -               | -             | -               | -                       | -            | -  | -  | -            | -              | -             | ( 33,504)                 | ( 33,504)     |
| Net profit for the six months ended June 30, 2021                 | -  | -               | -             | -               | 1,380,559               | 1,380,559    | -  | -  | -            | -              | 1,380,559     | 13,303                    | 1,393,862     |
| Other comprehensive income for the six months ended June 30, 2021 | -  | -               | -             | -               | -                       | -            | ( 97,657)  | 146,144  | 48,487       | -              | 48,487        | 45,377                    | 93,864        |
| Total comprehensive income for the six months ended June 30, 2021 | -  | -               | -             | -               | 1,380,559               | 1,380,559    | ( 97,657)  | 146,144  | 48,487       | -              | 1,429,046     | 58,680                    | 1,487,726     |
| Balance as of June 30, 2021                                       | \$ 9,150,897                                 | \$ 127,392      | \$ 3,606,189  | \$ 577,494      | \$ 3,692,025            | \$ 7,875,708 | (\$ 669,863)   | \$ 362,858   | (\$ 307,005) | (\$ 21,182)    | \$ 16,825,810 | \$ 356,315                | \$ 17,182,125 |

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 Months Ended June 30, 2021 and 2020

(Reviewed, not Audited)

(In Thousands of New Taiwan Dollars)

|  | For the Six Months<br>Ended June 30,<br>2021 | For the Six Months<br>Ended June 30,<br>2020 |
|--|--|--|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                  |  |  |
| Income before income tax   | \$ 1,706,112                                 | \$ 2,075,152                                 |
| Adjustments for:   |  |  |
| Depreciation expenses  | 300,745                                      | 294,833                                      |
| Amortization expenses  | 38,752                                       | 28,026                                       |
| Expected credit losses (or reversal)   | ( 2,935 )                                    | 8,104  |
| Net gain recognized on financial assets and<br>liabilities measured at FVTPL | ( 6,165 )                                    | ( 1,067 )                                    |
| Financial cost   | 25,979                                       | 31,317                                       |
| Interest income  | ( 61,689 )                                   | ( 66,946 )                                   |
| Dividend income  | ( 7,855 )                                    | ( 7,704 )                                    |
| Net loss (gain) on disposal of property, plant<br>and equipment              | 3,692  | ( 584 )                                      |
| Others   | 1,175  | -  |
| Net changes in operating assets and liabilities                              |  |  |
| Financial assets mandatorily classified as at<br>FVTPL                       | ( 1,168,934 )                                | ( 844,519 )                                  |
| Notes receivable   | ( 14,750 )                                   | ( 11,541 )                                   |
| Trade receivables  | 1,497,452                                    | 1,630,409                                    |
| Trade receivables from related parties                                       | 1,544  | ( 1,648 )                                    |
| Other receivables  | ( 48,759 )                                   | ( 32,677 )                                   |
| Inventories  | ( 483,415 )                                  | ( 704,138 )                                  |
| Prepayments  | ( 377,867 )                                  | ( 65,969 )                                   |
| Other current assets   | ( 18,604 )                                   | 3,426  |
| Net defined benefit assets   | ( 1,566 )                                    | ( 1,576 )                                    |
| Contract liabilities   | ( 575,298 )                                  | ( 95,946 )                                   |
| Notes payable  | 262,722                                      | ( 15,734 )                                   |
| Trade payables   | ( 745,150 )                                  | ( 467,923 )                                  |
| Trade payables to related parties  | ( 7,132 )                                    | ( 13,283 )                                   |
| Other payables   | ( 574,181 )                                  | ( 358,543 )                                  |
| Other current liabilities  | 44,814                                       | 5,903  |
| Net defined benefit liabilities  | ( 23,142 )                                   | ( 37,512 )                                   |

(Continued)



(Continued from the previous page)

|   | For the Six Months<br>Ended June 30,<br>2021 | For the Six Months<br>Ended June 30,<br>2020 |
|---|--|--|
| Cash generated from operations  | (\$ 234,455)                                 | \$ 1,349,860                                 |
| Interest received   | 57,660                                       | 59,019                                       |
| Interest paid   | ( 27,396)                                    | ( 31,344)                                    |
| Income tax paid   | ( 327,026)                                   | ( 565,154)                                   |
| Net cash generated from/(used in) operating activities                                    | ( 531,217)                                   | 812,381                                      |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |  |  |
| Purchase of financial assets at amortized cost  | ( 2,574,055)                                 | ( 1,985,992)                                 |
| Disposal of financial assets at amortized cost  | 1,167,554                                    | 1,737,116                                    |
| Acquisition of property, plant and equipment  | ( 124,868)                                   | ( 113,952)                                   |
| Proceeds from disposal of property, plant and equipment                                   | 491  | 2,169  |
| Payments for intangible assets  | ( 7,827)                                     | ( 34,664)                                    |
| Decrease in finance lease receivables   | 1,440  | 1,370  |
| Increase in other financial assets  | ( 184,496)                                   | ( 8,184)                                     |
| Increase in other non-current assets  | ( 31,221)                                    | ( 24,289)                                    |
| Dividends received  | 7,855  | 7,704  |
| Net cash used in investing activities   | ( 1,745,127)                                 | ( 418,722)                                   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |  |  |
| Increase in short-term borrowings   | 100,159                                      | -  |
| Decrease in short-term borrowings   | -  | ( 349,061)                                   |
| Increase in short-term notes and bills payable  | 20,037                                       | -  |
| Decrease in short-term bills payable  | -  | ( 30,044)                                    |
| Payments for long-term borrowings   | -  | ( 6,000)                                     |
| Payments for principal portion of lease liabilities                                       | ( 50,260)                                    | ( 52,823)                                    |
| Increase in other financial liabilities   | 3,832  | 7,051  |
| Decrease in other non-current liabilities   | -  | ( 564)                                       |
| Net cash generated from/(used in) financing activities                                    | 73,768                                       | ( 431,441)                                   |
| <b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b> | ( 14,731)                                    | ( 64,755)                                    |
| <b>NET DECREASE IN CASH AND CASH EQUIVALENTS FOR THE CURRENT PERIOD</b>                   | ( 2,217,307)                                 | ( 102,537)                                   |
| <b>CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD</b>                                 | 4,332,018                                    | 3,705,903                                    |
| <b>CASH AND CASH EQUIVALENTS, END OF THE PERIOD</b>                                       | \$ 2,114,711                                 | \$ 3,603,366                                 |

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 Months Ended June 30, 2021 and 2020

(Reviewed, not Audited)

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

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### 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 have been approved by the Board of Directors on August 11, 2021.

### 3. Application of New, Amended, and Revised Standards and Interpretations

- a. The first-time application of the amended International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (hereinafter referred to as "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC).

The application of the IFRSs recognized and issued into effect by the FSC should not result in major changes in the accounting policies of the Company and the entities controlled by the Company (hereinafter referred to as the "Group"):

- b. IFRSs endorsed by the FSC and applicable from 2022 onward:

| New/Amended/Revised Standards and Interpretations                                     | Effective Date<br>Announced by IASB |
|---|-------------------------------------|
| Annual improvement of IFRSs 2018-2020   | January 1, 2022 (Note 1)            |
| Amendment to IFRS 3 "References to the Conceptual Framework"                          | January 1, 2022 (Note 2)            |
| Amendments to IAS 16 Real estate, Plant, and Equipment - Proceeds before Intended Use | January 1, 2022 (Note 3)            |
| Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"              | January 1, 2022 (Note 4)            |

Note 1. 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 2. The amendments are applicable to business combinations with acquisition dates in annual reporting periods beginning on or after January 1, 2022.

Note 3. The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4. This amendment applies to contracts that have not fulfilled all obligations on January 1, 2022.

As of the date of authorization of the Consolidated Financial Statements, the Group has continued to assess the effects of amendments to the abovementioned standards and interpretations on its financial conditions and performance. Related impacts will be disclosed upon completion of the assessment.

- c. IFRSs issued by the International Accounting Standards Board (IASB) but not yet endorsed and issued into effect by the FSC:

| New/Amended/Revised Standards and Interpretations  | Effective Date<br>Announced by IASB<br>(Note 1) |
|--|---|
| Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture" | To be determined                                |
| IFRS 17 "Insurance Contracts"  | January 1, 2023                                 |
| Amendments to IFRS 17  | January 1, 2023                                 |
| Amendments to IAS 1 "Classify Liabilities as Current or Non-current"   | January 1, 2023                                 |
| Amendments to IAS 1 "Disclosure of Accounting Policies"  | January 1, 2023 (Note 2)                        |
| Amendment to IAS 8 "Definition of Accounting Estimate"   | January 1, 2023 (Note 3)                        |
| Amendments to IAS 12 "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction"                  | January 1, 2023 (Note 4)                        |

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. This amendment prospectively applies to the annual reporting period beginning after January 1, 2023.

Note 3. This amendment applies to changes in accounting estimates and changes in accounting policies that occur during the annual reporting period beginning after January 1, 2023.

Note 4. Except for the recognition of deferred income tax on temporary differences between lease and decommissioning obligations on January 1, 2022, this amendment is applicable to transactions that occur after January 1, 2022.

As of the date of authorization of the Consolidated Financial Statements, the Group has continued to assess the effects of amendments to the abovementioned standards and interpretations on its financial conditions and performance. Related impacts will be disclosed upon completion of the assessment.

#### **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" recognized and announced to enter into effect by 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. 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 detailed information on subsidiaries (including the percentages of ownership and main businesses).

d. Other Significant Accounting Policies

Except for the following, please refer to the summary of material accounting policies in the 2020 consolidated financial statements.

1) Pension Benefit in a 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 a 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 JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

The key sources of major accounting judgments and uncertainty of estimation and assumptions adopted in these consolidated financial statements are the same as those in the consolidated financial statements for the year ended December 31, 2020.

**6. CASH AND CASH EQUIVALENTS**

|   | <b>June 30, 2021</b> | <b>December 31, 2020</b> | <b>June 30, 2020</b> |
|---|----------------------|--------------------------|----------------------|
| Cash on hand  | \$ 2,079             | \$ 2,336                 | \$ 2,676             |
| Checking accounts and demand deposits   | 1,773,173            | 4,258,398                | 3,118,645            |
| Cash equivalents (investments with original maturities of less than 3 months) |                      |                          |                      |
| Time deposits   | 339,459              | 71,284                   | 367,103              |
| Repurchase agreements collateralized by bonds                                 | -                    | -                        | 114,942              |
|   | <u>\$ 2,114,711</u>  | <u>\$ 4,332,018</u>      | <u>\$ 3,603,366</u>  |

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

|   | <b>June 30, 2021</b> | <b>December 31, 2020</b> | <b>June 30, 2020</b> |
|---|----------------------|--------------------------|----------------------|
| Bank deposits                                 | 0.001%-2.300%        | 0.001%-3.220%            | 0.001%-3.500%        |
| Repurchase agreements collateralized by bonds | -                    | -                        | 0.300%-0.340%        |

## 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

|  | <u>June 30, 2021</u> | <u>December 31, 2020</u> | <u>June 30, 2020</u> |
|--|----------------------|--------------------------|----------------------|
| <u>Financial assets at FVTPL - current</u>     |                      |                          |                      |
| Mandatorily classified as at FVTPL             |                      |                          |                      |
| Non-derivative financial assets                |                      |                          |                      |
| — Fund beneficiary                             |                      |                          |                      |
| certificate                                    | \$ 2,635,870         | \$ 1,461,304             | \$ 1,483,675         |
| — Bonds  | 28,409               | 29,032                   | 30,190               |
|  | <u>\$ 2,664,279</u>  | <u>\$ 1,490,336</u>      | <u>\$ 1,513,865</u>  |
| <u>Financial assets at FVTPL - non-current</u> |                      |                          |                      |
| Mandatorily classified as at FVTPL             |                      |                          |                      |
| Non-derivative financial assets                |                      |                          |                      |
| Listed shares                                  | \$ 4,348             | \$ 4,434                 | \$ -                 |
| Unlisted shares                                | 6,284                | 6,232                    | 6,200                |
|  | <u>\$ 10,632</u>     | <u>\$ 10,666</u>         | <u>\$ 6,200</u>      |

## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

|  | <u>June 30, 2021</u> | <u>December 31, 2020</u> | <u>June 30, 2020</u> |
|--|----------------------|--------------------------|----------------------|
| <u>Current</u>   |                      |                          |                      |
| Investments in equity instruments                              | <u>\$ 329,201</u>    | <u>\$ 249,485</u>        | <u>\$ 178,498</u>    |
| <u>Non-current</u>   |                      |                          |                      |
| Investments in equity instruments                              | <u>\$ 379,544</u>    | <u>\$ 267,178</u>        | <u>\$ 182,903</u>    |
| <u>Investments in equity instruments</u>                       |                      |                          |                      |
|  | <u>June 30, 2021</u> | <u>December 31, 2020</u> | <u>June 30, 2020</u> |
| <u>Current</u>   |                      |                          |                      |
| Listed shares  |                      |                          |                      |
| Ordinary shares - Far Eastern International Bank               | \$ 15,020            | \$ 15,374                | \$ 15,307            |
| Ordinary shares - Chunghwa Telecom Co., Ltd                    | 5,540                | 5,297                    | 5,686                |
| Ordinary shares - Formosa Plastics Corp.                       | 9,418                | 8,815                    | 8,010                |
| Ordinary shares - China Steel Corp.                            | 31,809               | 19,881                   | 16,627               |
| Ordinary shares - Polytronics Technology Corp.                 | 213,864              | 152,418                  | 104,698              |
| Ordinary shares - Taiwan Semiconductor Manufacturing Co., Ltd. | 53,550               | 47,700                   | 28,170               |
|  | <u>\$ 329,201</u>    | <u>\$ 249,485</u>        | <u>\$ 178,498</u>    |
| <u>Non-current</u>   |                      |                          |                      |
| Listed shares  |                      |                          |                      |
| Ordinary shares - GeneFerm Biotechnology Co., Ltd. (GeneFerm)  | \$ 77,867            | \$ 62,423                | \$ 53,199            |

(Continued)

(Continued from the previous page)

|  | <u>June 30, 2021</u> | <u>December 31, 2020</u> | <u>June 30, 2020</u> |
|--|----------------------|--------------------------|----------------------|
| Unlisted shares                                    |                      |                          |                      |
| Ordinary shares - Dah Chung Bills Finance Corp.    | \$ 16,100            | \$ 14,918                | \$ 14,173            |
| Ordinary shares - InnoComm Mobile Technology Corp. | 284,544              | 188,784                  | 114,624              |
| Ordinary shares - AsiaVest Liquidation Co.         | <u>1,033</u>         | <u>1,053</u>             | <u>907</u>           |
|  | <u>\$ 379,544</u>    | <u>\$ 267,178</u>        | <u>\$ 182,903</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 fair value through other comprehensive profit or loss 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, 2021</u> | <u>December 31, 2020</u> | <u>June 30, 2020</u> |
|--|----------------------|--------------------------|----------------------|
| <u>Current</u>   |                      |                          |                      |
| Time deposits with original maturities of more than 3 months | <u>\$ 2,731,765</u>  | <u>\$ 1,728,070</u>      | <u>\$ 2,446,729</u>  |
| <u>Non-current</u>   |                      |                          |                      |
| Time deposits with original maturities of more than 3 months | <u>\$ 388,134</u>    | <u>\$ -</u>              | <u>\$ -</u>          |

The ranges of interest rates for time deposits with original maturities of more than 3 months were 0.26%~4.13%, 0.35%~4.13%, and 0.54%~3.80% per annum as of June 30, 2021, December 31, 2020, and June 30, 2020, respectively.

## 10. NOTE RECEIVABLES, TRADE RECEIVABLES, AND OTHER RECEIVABLES

|   | <u>June 30, 2021</u> | <u>December 31, 2020</u> | <u>June 30, 2020</u> |
|---|----------------------|--------------------------|----------------------|
| <u>Notes receivable</u>                       |                      |                          |                      |
| Operating                                     | <u>\$ 17,252</u>     | <u>\$ 3,154</u>          | <u>\$ 14,236</u>     |
| <u>Trade receivables</u>                      |                      |                          |                      |
| At amortized cost                             |                      |                          |                      |
| Gross carrying amount                         | \$ 4,778,866         | \$ 6,328,068             | \$ 4,767,204         |
| Less: Allowance for impairment loss           | ( <u>25,760</u> )    | ( <u>32,487</u> )        | ( <u>28,460</u> )    |
|   | <u>\$ 4,753,106</u>  | <u>\$ 6,295,581</u>      | <u>\$ 4,738,744</u>  |
| <u>Other receivables</u>                      |                      |                          |                      |
| Accrued income                                | \$ 22,866            | \$ 19,033                | \$ 16,652            |
| Receivables from payments on behalf of others | 1,948                | 3,259                    | 1,430                |
| Receivables from promotion subsidy            | -                    | 19,543                   | -                    |
| Others  | <u>252,085</u>       | <u>182,535</u>           | <u>215,174</u>       |
|   | <u>\$ 276,899</u>    | <u>\$ 224,370</u>        | <u>\$ 233,256</u>    |

The Group's credit period for commodity sales averages 30~90 days. To minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual receivable on the balance sheet date to ensure that adequate allowances are 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, 2021**

|                               | <b>Not Pass Due</b> | <b>Less than 30 Days</b> | <b>31 to 90 Days</b> | <b>91 to 180 Days</b> | <b>Over 180 Days</b> | <b>Total</b>        |
|-------------------------------|---------------------|--------------------------|----------------------|-----------------------|----------------------|---------------------|
| ECL rate                      | 0.07%               | 2.72%                    | 12.35%               | 22.72%                | 30.29%               |                     |
| Gross carrying amount         | \$ 4,654,749        | \$ 30,993                | \$ 44,638            | \$ 49,235             | \$ 16,503            | \$ 4,796,118        |
| Loss allowance (Lifetime ECL) | ( 3,221 )           | ( 842 )                  | ( 5,515 )            | ( 11,184 )            | ( 4,998 )            | ( 25,760 )          |
| Amortized cost                | <u>\$ 4,651,528</u> | <u>\$ 30,151</u>         | <u>\$ 39,123</u>     | <u>\$ 38,051</u>      | <u>\$ 11,505</u>     | <u>\$ 4,770,358</u> |

**December 31, 2020**

|                               | <b>Not Pass Due</b> | <b>Less than 30 Days</b> | <b>31 to 90 Days</b> | <b>91 to 180 Days</b> | <b>Over 180 Days</b> | <b>Total</b>        |
|-------------------------------|---------------------|--------------------------|----------------------|-----------------------|----------------------|---------------------|
| ECL rate                      | 0.01%               | 0.44%                    | 2.97%                | 51.56%                | 96.04%               |                     |
| Gross carrying amount         | \$ 5,855,491        | \$ 353,466               | \$ 74,259            | \$ 40,270             | \$ 7,736             | \$ 6,331,222        |
| Loss allowance (Lifetime ECL) | ( 537 )             | ( 1,549 )                | ( 2,207 )            | ( 20,764 )            | ( 7,430 )            | ( 32,487 )          |
| Amortized cost                | <u>\$ 5,854,954</u> | <u>\$ 351,917</u>        | <u>\$ 72,052</u>     | <u>\$ 19,506</u>      | <u>\$ 306</u>        | <u>\$ 6,298,735</u> |

**June 30, 2020**

|                               | <b>Not Pass Due</b> | <b>Less than 30 Days</b> | <b>31 to 90 Days</b> | <b>91 to 180 Days</b> | <b>Over 180 Days</b> | <b>Total</b>        |
|-------------------------------|---------------------|--------------------------|----------------------|-----------------------|----------------------|---------------------|
| 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) | ( 331 )             | ( 1,443 )                | ( 2,304 )            | ( 13,104 )            | ( 11,278 )           | ( 28,460 )          |
| 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> |

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

|   | <b>For the Six Months<br/>Ended June 30, 2021</b> | <b>For the Six Months<br/>Ended June 30, 2020</b> |
|---|---|---|
| Balance as of January 1                               | \$ 32,487   | \$ 20,933   |
| Add: Impairment loss provided for the current period  | -   | 8,104   |
| Less: Reversal impairment loss for the current period | ( 2,935 )   | -   |
| Less: Actual write-off for the current period         | ( 3,218 )   | -   |
| Foreign exchange translation difference               | ( 574 )   | ( 577 )   |
| Balance as of June 30                                 | <u>\$ 25,760</u>                                  | <u>\$ 28,460</u>                                  |



## 11. FINANCE LEASE RECEIVABLES

The composition of finance lease receivables was as follows:

|   | <b>June 30, 2021</b> | <b>December 31, 2020</b> | <b>June 30, 2020</b> |
|---|----------------------|--------------------------|----------------------|
| Undiscounted lease payments                                     |                      |                          |                      |
| Year 1  | \$ 4,400             | \$ 4,200                 | \$ 4,200             |
| Year 2  | 4,800                | 4,700                    | 4,400                |
| Year 3  | 4,800                | 4,800                    | 4,800                |
| Year 4  | 4,800                | 4,800                    | 4,800                |
| Year 5  | 4,800                | 4,800                    | 4,800                |
| Year 6 onwards  | <u>6,200</u>         | <u>8,600</u>             | <u>11,000</u>        |
|   | 29,800               | 31,900                   | 34,000               |
| Less: Unearned finance income                                   | ( <u>4,293</u> )     | ( <u>4,952</u> )         | ( <u>5,647</u> )     |
| Net investment in leases presented as finance lease receivables | <u>\$ 25,507</u>     | <u>\$ 26,948</u>         | <u>\$ 28,353</u>     |

No finance lease receivable was past due on the balance sheet date. 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

|                   | <b>June 30, 2021</b> | <b>December 31, 2020</b> | <b>June 30, 2020</b> |
|-------------------|----------------------|--------------------------|----------------------|
| Merchandise       | \$ 389,919           | \$ 640,373               | \$ 554,959           |
| Finished goods    | 1,349,914            | 1,977,416                | 1,312,608            |
| Work in progress  | 1,052,219            | 350,629                  | 593,997              |
| Raw materials     | 2,693,489            | 2,092,141                | 1,774,649            |
| Packing materials | <u>79,948</u>        | <u>64,089</u>            | <u>68,742</u>        |
|                   | <u>\$ 5,565,489</u>  | <u>\$ 5,124,648</u>      | <u>\$ 4,304,955</u>  |

Cost of goods sold for the three and six months ended June 30, 2021 and 2020 includes loss in inventory value (gain on recovery) of NT\$8,944 thousand, NT\$(9,250) thousand, NT\$33,979 thousand, and NT\$749 thousand, and inventory obsolescence loss of NT\$14,110 thousand, NT\$11,071 thousand, NT\$19,190 thousand, and NT\$17,797 thousand, respectively.

## 13. PREPAYMENTS

|                                | <b>June 30, 2021</b> | <b>December 31, 2020</b> | <b>June 30, 2020</b> |
|--------------------------------|----------------------|--------------------------|----------------------|
| Prepayments for purchases      | \$ 1,333,385         | \$ 1,025,145             | \$ 873,400           |
| Prepayments for rent           | 6,313                | 5,274                    | 9,810                |
| Prepayments for insurance      | 9,618                | 980                      | 10,012               |
| Excess business tax paid       | 335,032              | 212,798                  | 269,641              |
| Prepayments for advertisements | 9,903                | 19,490                   | 33,890               |
| Others                         | <u>245,513</u>       | <u>315,602</u>           | <u>224,935</u>       |
|                                | <u>\$ 1,939,764</u>  | <u>\$ 1,579,289</u>      | <u>\$ 1,421,688</u>  |

## 14. SUBSIDIARIES

### Subsidiaries included in consolidated financial statements.

Entities of the consolidated financial statements were as follows:

| Investor Company                          | Name of Subsidiary   | Main Business   | Proportion of Ownership |                   |               | Remark  |
|---|--|---|-------------------------|-------------------|---------------|---|
|   |  |   | June 30, 2021           | December 31, 2020 | June 30, 2020 |   |
| The Company                               | Standard Dairy Products Taiwan Ltd. (Standard Dairy Products) (Note)       | Manufacture and sale of dairy products and beverages                                | 100.0%                  | 100.0%            | 100.0%        | -   |
| The Company                               | Charng Hui Ltd. (Charng Hui) (Note)  | Investing   | 100.0%                  | 100.0%            | 100.0%        | -   |
| The Company                               | Domex Technology Corporation (Domex Technology) (Note)                     | Manufacture and sale of computer peripherals and computer appliances                | 52.0%                   | 52.0%             | 52.0%         | -   |
| The Company                               | Standard Beverage Company Ltd. (Standard Beverage) (Note)                  | 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) (Note)     | Sale of health food   | 100.0%                  | 100.0%            | 100.0%        | The Company reduced its capital by NTS\$8,397 thousand in March 2021.               |
| The Company                               | Standard Foods, LLC. (Note)  | Sale of health food   | 100.0%                  | 100.0%            | 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) (Note) | Technical consultant on health technology, technical transfer and technical service | 100.0%                  | 100.0%            | 100.0%        | -   |
| Accession Limited                         | Dermalab S.A. (Dermalab) (Note)  | Development and sale of cosmetics   | 100.0%                  | 100.0%            | 100.0%        | Accession Limited invested CHF 1,450 thousand in Dermalab in March 2021.            |
| Dermalab                                  | Swissderma SL (Swissderma) (Note)  | 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) 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) (Note)              | Management of properties  | 100.0%                  | 100.0%            | 100.0%        | -   |
| Hong Kong Standard                        | Shanghai Le Ho Industrial Co., Ltd. (Shanghai Le Ho) (Note)                | 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) (Note)                   | Sale of nutritional foods, cosmetics 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) (Note)            | 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) (Note)                 | 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.

## 15. REAL ESTATE, PLANT, AND EQUIPMENT

|  | Freehold Land     | Buildings           | Equipment           | Other equipment   | Property in Construction and Equipment to Be Tested | Total               |
|--|-------------------|---------------------|---------------------|-------------------|---|---------------------|
| <u>Cost</u>  |                   |                     |                     |                   |   |                     |
| Balance as of 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 )          |
| Reclassification                                       | -                 | 17,293              | 82,878              | 20,271            | ( 120,442 )   | -                   |
| Net foreign currency exchange differences              | -                 | ( 69,136 )          | ( 30,378 )          | ( 5,574 )         | ( 1,107 )   | ( 106,195 )         |
| Balance as of 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 as of 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             |
| Net foreign currency exchange differences              | -                 | ( 12,136 )          | ( 13,203 )          | ( 4,036 )         | -   | ( 29,375 )          |
| Balance as of 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> |
| Net amount as of 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> |
| <u>Cost</u>  |                   |                     |                     |                   |   |                     |
| Balance as of January 1, 2021                          | \$ 705,345        | \$ 3,392,715        | \$ 4,168,193        | \$ 574,828        | \$ 127,003  | \$ 8,968,084        |
| Additions  | -                 | -                   | 623                 | 628               | 123,617   | 124,868             |
| Disposals  | -                 | ( 769 )             | ( 38,070 )          | ( 6,967 )         | -   | ( 45,806 )          |
| Reclassification                                       | 1,690             | 28,527              | 64,747              | 8,438             | ( 103,402 )   | -                   |
| From investment properties                             | -                 | 36,012              | -                   | -                 | -   | 36,012              |
| Net foreign currency exchange differences              | -                 | ( 23,164 )          | ( 14,679 )          | ( 3,420 )         | ( 298 )   | ( 41,561 )          |
| Balance as of June 30, 2021                            | <u>\$ 707,035</u> | <u>\$ 3,433,321</u> | <u>\$ 4,180,814</u> | <u>\$ 573,507</u> | <u>\$ 146,920</u>                                   | <u>\$ 9,041,597</u> |
| <u>Accumulated depreciation and impairment</u>         |                   |                     |                     |                   |   |                     |
| Balance as of January 1, 2021                          | \$ -              | \$ 1,410,765        | \$ 2,914,753        | \$ 440,921        | \$ -  | \$ 4,766,439        |
| Disposals  | -                 | ( 745 )             | ( 33,953 )          | ( 6,925 )         | -   | ( 41,623 )          |
| Depreciation expenses                                  | -                 | 80,287              | 135,290             | 21,558            | -   | 237,135             |
| From investment properties                             | -                 | 17,526              | -                   | -                 | -   | 17,526              |
| Net foreign currency exchange differences              | -                 | ( 6,697 )           | ( 7,300 )           | ( 2,396 )         | -   | ( 16,393 )          |
| Balance as of June 30, 2021                            | <u>\$ -</u>       | <u>\$ 1,501,136</u> | <u>\$ 3,008,790</u> | <u>\$ 453,158</u> | <u>\$ -</u>   | <u>\$ 4,963,084</u> |
| Net amount as of December 31, 2020 and January 1, 2021 | <u>\$ 705,345</u> | <u>\$ 1,981,950</u> | <u>\$ 1,253,440</u> | <u>\$ 133,907</u> | <u>\$ 127,003</u>                                   | <u>\$ 4,201,645</u> |
| Net amount as of June 30, 2021                         | <u>\$ 707,035</u> | <u>\$ 1,932,185</u> | <u>\$ 1,172,024</u> | <u>\$ 120,349</u> | <u>\$ 146,920</u>                                   | <u>\$ 4,078,513</u> |

For the six months ended June 30, 2021 and 2020, there were no signs of impairment, so the Group did not conduct any impairment assessment.

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

### Buildings

|                                     |               |
|-------------------------------------|---------------|
| Main buildings                      | 20 ~ 51 years |
| Electrical and mechanical equipment | 8 ~ 20 years  |
| Engineering system                  | 3 ~ 39 years  |
| Others                              | 3 ~ 20 years  |

### Equipment

|                    |              |
|--------------------|--------------|
| Main equipment     | 2 ~ 20 years |
| Engineering system | 3 ~ 20 years |
| Others             | 3 ~ 15 years |

### Other equipment

2 ~ 15 years

For the amount of real estate, plant, and equipment pledged as collateral, refer to Note 33.

## 16. LEASE ARRANGEMENTS

### a. Right-of-use assets

|   | <u>June 30, 2021</u>                            | <u>December 31, 2020</u>                        | <u>June 30, 2020</u>                          |
|---|---|---|---|
| Carrying amounts of right-of-use assets       |   |   |   |
| Land  | \$ 388,801                                      | \$ 399,166                                      | \$ 389,700                                    |
| Buildings                                     | 185,272   | 218,696   | 248,470                                       |
| Office equipment                              | 397   | 444   | 355   |
| Transportation equipment                      | <u>5,753</u>                                    | <u>8,134</u>                                    | <u>8,969</u>                                  |
|   | <u>\$ 580,223</u>                               | <u>\$ 626,440</u>                               | <u>\$ 647,494</u>                             |
|   |   |   |   |
|   | <b>For the Three Months Ended June 30, 2021</b> | <b>For the Three Months Ended June 30, 2020</b> | <b>For the Six Months Ended June 30, 2021</b> |
| Additions to right-of-use assets              | <u>\$ 1,374</u>                                 | <u>\$ 6,747</u>                                 | <u>\$ 33,084</u>                              |
|   |   |   |   |
| Depreciation expenses for right-of-use assets |   |   |   |
| Land  | \$ 3,100  | \$ 3,037  | \$ 6,222                                      |
| Buildings                                     | 18,432  | 18,673  | 36,774  |
| Office equipment                              | 24  | 18  | 48  |
| Transportation equipment                      | <u>767</u>                                      | <u>860</u>                                      | <u>1,623</u>                                  |
|   | <u>\$ 22,323</u>                                | <u>\$ 22,588</u>                                | <u>\$ 44,667</u>                              |
|   |   |   |   |
|   | <b>For the Six Months Ended June 30, 2020</b>   |   |   |
|   |   |   | <u>\$ 9,349</u>                               |

### b. Lease liabilities

|                                       | <u>June 30, 2021</u> | <u>December 31, 2020</u> | <u>June 30, 2020</u> |
|---------------------------------------|----------------------|--------------------------|----------------------|
| Carrying amounts of lease liabilities |                      |                          |                      |
| Current                               | <u>\$ 76,672</u>     | <u>\$ 77,782</u>         | <u>\$ 80,322</u>     |
| Non-current                           | <u>\$ 156,519</u>    | <u>\$ 200,191</u>        | <u>\$ 219,173</u>    |

Range of discount rate for lease liabilities was as follows:

|                          | <u>June 30, 2021</u> | <u>December 31, 2020</u> | <u>June 30, 2020</u> |
|--------------------------|----------------------|--------------------------|----------------------|
| Land                     | 1.07%~1.49%          | 1.07%~1.49%              | 1.07%~1.49%          |
| Buildings                | 1.07%~4.35%          | 1.07%~4.35%              | 1.07%~4.35%          |
| Office equipment         | 1.07%                | 1.07%                    | 1.07%                |
| Transportation equipment | 1.07%~ 3.77%         | 1.07%~ 3.77%             | 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<br>Months Ended<br>June 30, 2021 | For the Three<br>Months Ended<br>June 30, 2020 | For the Six<br>Months Ended<br>June 30, 2021 | For the Six<br>Months Ended<br>June 30, 2020 |
|---|--|--|--|--|
| Expenses relating to short-term leases  | \$ 23,433                                      | \$ 20,103                                      | \$ 53,330                                    | \$ 42,251                                    |
| Expenses relating to low-value asset leases   | \$ 571   | \$ 252   | \$ 1,362                                     | \$ 538                                       |
| Expenses relating to variable lease payments not included in the measurement of lease liabilities | \$ 19  | \$ 18  | \$ 39  | \$ 38  |
| Total cash outflow for leases   |  |  | ( \$ 109,254 )                               | ( \$ 100,733 )                               |

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

## 17. INVESTMENT PROPERTY

|  | Completed<br>Investment<br>Properties | Right-of-use<br>assets | Total        |
|--|---------------------------------------|------------------------|--------------|
| <u>Cost</u>                                    |                                       |                        |              |
| Balance as of January 1, 2020                  | \$ 241,711                            | \$ 5,548               | \$ 247,259   |
| Net foreign currency exchange differences      | ( 2,203 )                             | ( 144 )                | ( 2,347 )    |
| Balance as of June 30, 2020                    | \$ 239,508                            | \$ 5,404               | \$ 244,912   |
| <u>Accumulated depreciation and impairment</u> |                                       |                        |              |
| Balance as of January 1, 2020                  | \$ 124,434                            | \$ 333                 | \$ 124,767   |
| Depreciation expenses                          | 1,071                                 | 216                    | 1,287        |
| Net foreign currency exchange differences      | ( 1,978 )                             | ( 12 )                 | ( 1,990 )    |
| Balance as of June 30, 2020                    | \$ 123,527                            | \$ 537                 | \$ 124,064   |
| Net amount as of June 30, 2020                 | \$ 115,981                            | \$ 4,867               | \$ 120,848   |
| <u>Cost</u>                                    |                                       |                        |              |
| Balance as of January 1, 2021                  | \$ 1,009,740                          | \$ 5,635               | \$ 1,015,375 |
| Transferred to property, plant and equipment   | ( 36,012 )                            | -                      | ( 36,012 )   |
| Net foreign currency exchange differences      | ( 10,194 )                            | ( 67 )                 | ( 10,261 )   |
| Balance as of June 30, 2021                    | \$ 963,534                            | \$ 5,568               | \$ 969,102   |

(Continued)

(Continued from the previous page)

|  | <b>Completed<br/>Investment<br/>Properties</b> | <b>Right-of-use<br/>assets</b> | <b>Total</b>      |
|--|--|--------------------------------|-------------------|
| <u>Accumulated depreciation and impairment</u>         |  |                                |                   |
| Balance as of January 1, 2021                          | \$ 169,797                                     | \$ 781                         | \$ 170,578        |
| Depreciation expenses                                  | 18,723   | 220                            | 18,943            |
| Transferred to property, plant and equipment           | ( 17,526 )                                     | -                              | ( 17,526 )        |
| Net foreign currency exchange differences              | ( 1,616 )                                      | ( 11 )                         | ( 1,627 )         |
| Balance as of June 30, 2021                            | <u>\$ 169,378</u>                              | <u>\$ 990</u>                  | <u>\$ 170,368</u> |
| Net amount as of December 31, 2020 and January 1, 2021 | <u>\$ 839,943</u>                              | <u>\$ 4,854</u>                | <u>\$ 844,797</u> |
| Net amount as of June 30, 2021                         | <u>\$ 794,156</u>                              | <u>\$ 4,578</u>                | <u>\$ 798,734</u> |

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

**Buildings**

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

The fair values of the investment properties were \$1,106,155 thousand, \$1,146,959 thousand, and \$212,901 thousand as of June 30, 2021, December 31, 2020 and June 30, 2020, respectively. In the absence of hiring an independent appraiser, the management of the Group determined the fair value with reference to market transaction prices of similar properties.

The Group's investment properties are located in Suzhou City, Jiangsu Province, China. Due to the land is included in the industrial districts, the market for comparable properties is inactive and alternative reliable measurements of fair value are not available. Therefore, the fair value is not reliably measurable.

All of the Group's investment properties are held under freehold interests. For the amount of investment real estate set by the Group as a loan guarantee, please refer to Note 33

## 18. INTANGIBLE ASSETS

|  | <b>Trademark</b>  | <b>Computer software</b> | <b>Total</b>      |
|--|-------------------|--------------------------|-------------------|
| <u>Cost</u>  |                   |                          |                   |
| Balance as of January 1, 2020                          | \$ 227,260        | \$ 239,713               | \$ 466,973        |
| Additions  | 31,002            | 3,662                    | 34,664            |
| Disposals  | -                 | ( 28,268 )               | ( 28,268 )        |
| Net foreign currency exchange differences              | ( 4,510 )         | ( 260 )                  | ( 4,770 )         |
| Balance as of June 30, 2020                            | <u>\$ 253,752</u> | <u>\$ 214,847</u>        | <u>\$ 468,599</u> |
| <u>Accumulated amortization and impairment</u>         |                   |                          |                   |
| Balance as of January 1, 2020                          | \$ 163,442        | \$ 236,262               | \$ 399,704        |
| Disposals  | -                 | ( 28,268 )               | ( 28,268 )        |
| Amortization expenses                                  | 2,536             | 1,112                    | 3,648             |
| Net foreign currency exchange differences              | ( 4,773 )         | ( 251 )                  | ( 5,024 )         |
| Balance as of June 30, 2020                            | <u>\$ 161,205</u> | <u>\$ 208,855</u>        | <u>\$ 370,060</u> |
| Net amount as of June 30, 2020                         | <u>\$ 92,547</u>  | <u>\$ 5,992</u>          | <u>\$ 98,539</u>  |
| <u>Cost</u>  |                   |                          |                   |
| Balance as of January 1, 2021                          | \$ 261,737        | \$ 225,239               | \$ 486,976        |
| Additions  | 59                | 7,768                    | 7,827             |
| Disposals  | ( 185 )           | -                        | ( 185 )           |
| Net foreign currency exchange differences              | ( 4,916 )         | ( 9 )                    | ( 4,925 )         |
| Balance as of June 30, 2021                            | <u>\$ 256,695</u> | <u>\$ 232,998</u>        | <u>\$ 489,693</u> |
| <u>Accumulated amortization and impairment</u>         |                   |                          |                   |
| Balance as of January 1, 2021                          | \$ 170,665        | \$ 210,920               | \$ 381,585        |
| Disposals  | ( 185 )           | -                        | ( 185 )           |
| Amortization expenses                                  | 2,582             | 4,532                    | 7,114             |
| Net foreign currency exchange differences              | 570               | ( 8 )                    | 562               |
| Balance as of June 30, 2021                            | <u>\$ 173,632</u> | <u>\$ 215,444</u>        | <u>\$ 389,076</u> |
| Net amount as of December 31, 2020 and January 1, 2021 | <u>\$ 91,072</u>  | <u>\$ 14,319</u>         | <u>\$ 105,391</u> |
| Net amount as of June 30, 2021                         | <u>\$ 83,063</u>  | <u>\$ 17,554</u>         | <u>\$ 100,617</u> |

For the six months ended June 30, 2021 and 2020, there were no signs of impairment, so the Group did not conduct any impairment assessment.

Amortization expenses are calculated on a straight-line basis over the following useful lives:

|                   |             |
|-------------------|-------------|
| Trademark         | 10-20 years |
| Computer software | 2-3 years   |

## 19. OTHER ASSETS

|                                      | <u>June 30, 2021</u> | <u>December 31, 2020</u> | <u>June 30, 2020</u> |
|--------------------------------------|----------------------|--------------------------|----------------------|
| <u>Current</u>                       |                      |                          |                      |
| Pledged bank time deposits (Note 33) | \$ 4,016             | \$ 4,016                 | \$ 4,013             |
| Advances to officers                 | 19,312               | 24,291                   | 14,071               |
| Temporary payments                   | 6,985                | 10,094                   | 6,436                |
| Right of products to be returned     | 43,804               | 25,320                   | -                    |
| Others                               | <u>8,120</u>         | <u>123</u>               | <u>1,438</u>         |
|                                      | <u>\$ 82,237</u>     | <u>\$ 63,844</u>         | <u>\$ 25,958</u>     |
| <u>Non-current</u>                   |                      |                          |                      |
| Prepayments for equipment            | \$ 21,286            | \$ 24,737                | \$ 16,375            |
| Refundable deposits                  | 238,411              | 56,259                   | 60,970               |
| Pledged bank time deposits (Note 33) | -                    | -                        | 83,706               |
| Others                               | <u>115,844</u>       | <u>115,467</u>           | <u>102,806</u>       |
|                                      | <u>\$ 375,541</u>    | <u>\$ 196,463</u>        | <u>\$ 263,857</u>    |

## 20. BORROWINGS

### a. Short-term borrowings

|                                     | <u>June 30, 2021</u> | <u>December 31, 2020</u> | <u>June 30, 2020</u> |
|-------------------------------------|----------------------|--------------------------|----------------------|
| <u>Secured borrowings (Note 33)</u> |                      |                          |                      |
| Bank loans                          | \$ 200,000           | \$ 180,000               | \$ 120,000           |
| <u>Unsecured borrowings</u>         |                      |                          |                      |
| Bank loans                          | 1,713,269            | 1,650,614                | 889,811              |
| Other loans                         | <u>15,097</u>        | <u>16,153</u>            | <u>-</u>             |
|                                     | <u>\$ 1,928,366</u>  | <u>\$ 1,846,767</u>      | <u>\$ 1,009,811</u>  |

The annual interest rates of the aforementioned short-term borrowings or financing are 0.95%~3.00%, 0.95%~3.20%, and 0.95%~3.75% on June 30, 2021, December 31, and June 30, 2020, respectively.

### b. Short-term bills payable

|  | <u>June 30, 2021</u> | <u>December 31, 2020</u> | <u>June 30, 2020</u> |
|--|----------------------|--------------------------|----------------------|
| Commercial paper payable                   | \$ 150,000           | \$ 130,000               | \$ 70,000            |
| Less: Discount on short-term bills payable | ( <u>94</u> )        | ( <u>131</u> )           | ( <u>76</u> )        |
|  | <u>\$ 149,906</u>    | <u>\$ 129,869</u>        | <u>\$ 69,924</u>     |

The annual interest rates payable to commercial promissory notes as of June 30, 2021, December 31, and June 30, 2020 are 1.19%~1.29%, 1.19%~1.29%, and 1.19%~1.31%, respectively.



## 21. NOTES PAYABLE AND TRADE PAYABLES

|                       | <u>June 30, 2021</u> | <u>December 31, 2020</u> | <u>June 30, 2020</u> |
|-----------------------|----------------------|--------------------------|----------------------|
| <u>Notes payable</u>  |                      |                          |                      |
| Operating             | \$ 348,624           | \$ 90,288                | \$ 292,901           |
| Non-operating         | -                    | 45                       | -                    |
|                       | <u>\$ 348,624</u>    | <u>\$ 90,333</u>         | <u>\$ 292,901</u>    |
| <u>Trade payables</u> |                      |                          |                      |
| Operating             | <u>\$ 1,360,601</u>  | <u>\$ 2,107,188</u>      | <u>\$ 1,535,080</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, 2021</u> | <u>December 31, 2020</u> | <u>June 30, 2020</u> |
|---------------------------------------|----------------------|--------------------------|----------------------|
| <u>Current</u>                        |                      |                          |                      |
| <u>Other payables</u>                 |                      |                          |                      |
| Payable for salaries or bonuses       | \$ 310,474           | \$ 368,144               | \$ 217,924           |
| Payable for compensation of employees | 22,369               | 49,921                   | 17,819               |
| Payable for remuneration to directors | 31,280               | 21,965                   | 36,767               |
| Payable for commission and rebates    | 1,056,409            | 1,234,532                | 831,369              |
| Payable for dividends                 | 2,321,228            | -                        | 2,448,919            |
| Payable for advertisement             | 93,063               | 226,393                  | 139,326              |
| Payable for royalties                 | 20,966               | 23,682                   | 21,208               |
| Payable for freight                   | 61,132               | 116,854                  | 103,945              |
| Payable for equipment                 | 60,330               | 86,794                   | 77,684               |
| Others                                | 1,194,274            | 1,313,973                | 1,016,852            |
|                                       | <u>\$ 5,171,525</u>  | <u>\$ 3,442,258</u>      | <u>\$ 4,911,813</u>  |
| <u>Other liabilities</u>              |                      |                          |                      |
| Advance receipts from customers       | \$ 2,971             | \$ 2,430                 | \$ 305               |
| Refund liability                      | 85,381               | 41,596                   | 15,495               |
| Others                                | 27,719               | 50,082                   | 18,267               |
|                                       | <u>\$ 116,071</u>    | <u>\$ 94,108</u>         | <u>\$ 34,067</u>     |
| <u>Non-current</u>                    |                      |                          |                      |
| <u>Other liabilities</u>              |                      |                          |                      |
| Guarantee deposits                    | \$ 23,582            | \$ 19,990                | \$ 26,698            |
| Others                                | 121                  | 130                      | 2,386                |
|                                       | <u>\$ 23,703</u>     | <u>\$ 20,120</u>         | <u>\$ 29,084</u>     |

The Group accepts returns of sold goods according to the business practices. Taking into account the accumulated experience in the past, the Company and its mainland subsidiaries estimate the return rate based on the most probable amount, and recognize the return liability (recorded as other current liabilities) and related pending returns. Product rights (recorded as other current assets).

## 23. RETIREMENT BENEFIT PLANS

Employee benefit expenses in respect of the Group's defined benefit retirement plans for the three and six months ended June 30, 2021 and 2020 were \$7,831 thousand, \$2,868 thousand, \$11,946 thousand, and \$5,739 thousand by the actuarially determined pension cost discount rate as of December 31, 2020 and 2019, respectively.

## 24. EQUITY

### a. Share capital

#### 1) Ordinary shares

|  | <u>June 30, 2021</u> | <u>December 31, 2020</u> | <u>June 30, 2020</u> |
|--|----------------------|--------------------------|----------------------|
| Number of shares authorized<br>(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<br>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, 2021, 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, 2021</u> | <u>December 31, 2020</u> | <u>June 30, 2020</u> |
|---|----------------------|--------------------------|----------------------|
| <u>May be used to offset a deficit,<br/>distributed as cash dividends,<br/>or transferred to share capital<br/>(1)</u>                                      |                      |                          |                      |
| Difference between consideration<br>received or paid and the<br>carrying amount of the<br>subsidiaries' net assets during<br>actual disposal or acquisition | \$ 1                 | \$ 1                     | \$ 1                 |
| Treasury share transactions   | 126,925              | 126,925                  | 109,251              |
| <u>May only be used to offset a<br/>deficit</u>   |                      |                          |                      |
| Changes in percentage of<br>ownership interests in<br>subsidiaries (2)  | <u>466</u>           | <u>466</u>               | <u>466</u>           |
|   | <u>\$ 127,392</u>    | <u>\$ 127,392</u>        | <u>\$ 109,718</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 any profits in a fiscal year, the profits 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 board of directors and shareholders' meetings proposed and resolved the distribution of earnings for years ended December 31, 2020 and 2019 on July 22, 2021 and June 16, 2020 as follows:

|                                 | <b>2020</b>         | <b>2019</b>         |
|---------------------------------|---------------------|---------------------|
| Legal reserve                   | <u>\$ 319,167</u>   | <u>\$ 341,610</u>   |
| Special reserve                 | <u>\$ -</u>         | <u>\$ 246,549</u>   |
| Cash dividends                  | <u>\$ 2,287,724</u> | <u>\$ 2,424,987</u> |
| Cash dividends per share (NT\$) | \$ 2.5              | \$ 2.65             |

In response to the "Measures in relation to the extension of shareholders' meeting of the public company affected by the epidemic" announced by the Financial Supervisory Commission, the Group ceased to convene the original shareholders' meeting and held it on July 22, 2021. The distribution of earnings for 2020 has reached the legal threshold of resolution through electronic voting and the Group has been adjusted and accounted for.

d. Special reserve

|  | <b>For the Six Months<br/>Ended June 30, 2021</b> | <b>For the Six Months<br/>Ended June 30, 2020</b> |
|--|---|---|
| Balance as of January 1                            | \$ 577,494  | \$ 330,945  |
| Appropriation of special reserve                   |   |   |
| Appropriation for deductions in other equity items | <u>-</u>  | <u>246,549</u>                                    |
| Balance as of June 30                              | <u>\$ 577,494</u>                                 | <u>\$ 577,494</u>                                 |

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. If there is a subsequent reversal of the net deduction of other shareholders' equity, the special reserve reversed may be reverted to distribute the surplus.

e. Other equity items

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

|  | <b>For the Six Months<br/>Ended June 30, 2021</b> | <b>For the Six Months<br/>Ended June 30, 2020</b> |
|--|---|---|
| Balance as of January 1  | ( \$ 572,206 )                                    | ( \$ 693,038 )                                    |
| Recognized for the year  |   |   |
| Exchange differences on translating the financial statements of foreign operations | ( <u>97,657</u> )                                 | ( <u>181,200</u> )                                |
| Other comprehensive income for the period  | ( <u>97,657</u> )                                 | ( <u>181,200</u> )                                |
| Balance as of June 30  | ( <u>\$ 669,863</u> )                             | ( <u>\$ 874,238</u> )                             |

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

|   | <b>For the Six Months<br/>Ended June 30, 2021</b> | <b>For the Six Months<br/>Ended June 30, 2020</b> |
|---|---|---|
| Balance as of January 1                   | \$ 216,714  | \$ 115,544  |
| Recognized for the year                   |   |   |
| Unrealized gain (loss)                    |   |   |
| Equity instruments                        | <u>146,144</u>                                    | ( <u>18,428</u> )                                 |
| Other comprehensive income for the period | <u>146,144</u>                                    | ( <u>18,428</u> )                                 |
| Balance as of June 30                     | <u>\$ 362,858</u>                                 | <u>\$ 97,116</u>                                  |

f. Non-controlling interests

|  | <b>For the Six Months<br/>Ended June 30, 2021</b> | <b>For the Six Months<br/>Ended June 30, 2020</b> |
|--|---|---|
| Balance as of January 1  | \$ 331,139  | \$ 272,564  |
| Net profit for the period  | 13,303  | 7,396   |
| Other comprehensive income for the period  |   |   |
| Exchange differences on translating the<br>financial statements of foreign<br>operations | ( 579 )   | ( 1,187 )   |
| Unrealized gain (loss) on financial assets<br>at FVTOCI                                  | 45,956  | 3,456   |
| Cash dividends distributed by subsidiaries to<br>non-controlling interests               | ( 33,504 )  | ( 23,932 )  |
| Balance as of June 30  | <u>\$ 356,315</u>                                 | <u>\$ 258,297</u>                                 |

g. Treasury shares

| <b>Purpose of Buy-back</b>                         | <b>Shares Held by<br/>Subsidiaries (In<br/>Thousands of Shares)</b> |
|--|---|
| Number of shares as of January 1 and June 30, 2020 | <u>6,669</u>  |
| Number of shares as of January 1 and June 30, 2021 | <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:

| <b>Name of Subsidiary</b> | <b>Number of<br/>shares held<br/>(thousand<br/>shares)</b> | <b>Carrying<br/>Amount</b> | <b>Market Price</b> |
|---------------------------|--|----------------------------|---------------------|
| <u>June 30, 2021</u>      |  |                            |                     |
| Charng Hui                | 6,669  | <u>\$ 21,182</u>           | <u>\$ 360,818</u>   |
| <u>December 31, 2020</u>  |  |                            |                     |
| Charng Hui                | 6,669  | <u>\$ 21,182</u>           | <u>\$ 408,839</u>   |
| <u>June 30, 2020</u>      |  |                            |                     |
| Charng Hui                | 6,669  | <u>\$ 21,182</u>           | <u>\$ 420,177</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<br>Months Ended<br>June 30, 2021 | For the Three<br>Months Ended<br>June 30, 2020 | For the Six<br>Months Ended<br>June 30, 2021 | For the Six<br>Months Ended<br>June 30, 2020 |
|---------------------------------------|--|--|--|--|
| Revenue from contracts with customers |  |  |  |  |
| Sale of goods                         | <u>\$ 7,407,505</u>                            | <u>\$ 7,952,636</u>                            | <u>\$ 15,676,507</u>                         | <u>\$ 14,624,069</u>                         |

### a. Contract balances

|  | June 30, 2021       | December 31, 2020   | June 30, 2020       | January 1, 2020     |
|--|---------------------|---------------------|---------------------|---------------------|
| Notes receivable (Note 10)                       | <u>\$ 17,252</u>    | <u>\$ 3,154</u>     | <u>\$ 14,236</u>    | <u>\$ 2,977</u>     |
| Trade receivables (Note 10)                      | <u>\$ 4,753,106</u> | <u>\$ 6,295,581</u> | <u>\$ 4,738,744</u> | <u>\$ 6,439,550</u> |
| Trade receivables from related parties (Note 10) | <u>\$ 7,467</u>     | <u>\$ 9,011</u>     | <u>\$ 1,648</u>     | <u>\$ -</u>         |
| Contract liabilities - current                   |                     |                     |                     |                     |
| Sale of goods                                    | <u>\$ 170,079</u>   | <u>\$ 748,044</u>   | <u>\$ 224,495</u>   | <u>\$ 326,644</u>   |

### b. Disaggregation of revenue

#### For the Six Months Ended June 30, 2021

|                                   | Reportable Segments |                          |                     |                      |
|-----------------------------------|---------------------|--------------------------|---------------------|----------------------|
|                                   | Nutritious<br>Foods | Cooking<br>products Food | Others              | Total                |
| <u>Types of goods or services</u> |                     |                          |                     |                      |
| Sale of goods                     | <u>\$ 5,744,146</u> | <u>\$ 7,430,762</u>      | <u>\$ 2,501,599</u> | <u>\$ 15,676,507</u> |

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

|                                   | Reportable Segments |                          |                     |                      |
|-----------------------------------|---------------------|--------------------------|---------------------|----------------------|
|                                   | Nutritious<br>Foods | Cooking<br>products Food | 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> |

## 26. NET PROFIT

Components of net profit includes:

a. Interest income

|  | For the Three<br>Months Ended<br>June 30, 2021 | For the Three<br>Months Ended<br>June 30, 2020 | For the Six<br>Months Ended<br>June 30, 2021 | For the Six<br>Months Ended<br>June 30, 2020 |
|--|--|--|--|--|
| Interest income                                  |  |  |  |  |
| Bank deposits                                    | \$ 21,170                                      | \$ 19,493                                      | \$ 36,214                                    | \$ 36,601                                    |
| Financial assets at<br>amortized cost            | 8,902  | 14,237   | 24,829                                       | 29,188                                       |
| Repurchase agreements<br>collateralized by bonds | 30   | 85   | 30   | 471  |
| Others   | 296  | 326  | 616  | 686  |
|  | <u>\$ 30,398</u>                               | <u>\$ 34,141</u>                               | <u>\$ 61,689</u>                             | <u>\$ 66,946</u>                             |

b. Other income

|  | For the Three<br>Months Ended<br>June 30, 2021 | For the Three<br>Months Ended<br>June 30, 2020 | For the Six<br>Months Ended<br>June 30, 2021 | For the Six<br>Months Ended<br>June 30, 2020 |
|--|--|--|--|--|
| Operating lease rental income                  |  |  |  |  |
| Investment properties<br>(Note 17)             | \$ 8,417                                       | \$ 6,970                                       | \$ 16,687                                    | \$ 14,002                                    |
| Others   | 366  | 267  | 635  | 535  |
|  | <u>8,783</u>                                   | <u>7,237</u>                                   | <u>17,322</u>                                | <u>14,537</u>                                |
| Dividend income                                |  |  |  |  |
| Investments in equity<br>instruments at FVTOCI | 7,630  | 7,479  | 7,855  | 7,704  |
|  | <u>\$ 16,413</u>                               | <u>\$ 14,716</u>                               | <u>\$ 25,177</u>                             | <u>\$ 22,241</u>                             |

c. Other profits and losses

|  | For the Three<br>Months Ended<br>June 30, 2021 | For the Three<br>Months Ended<br>June 30, 2020 | For the Six<br>Months Ended<br>June 30, 2021 | For the Six<br>Months Ended<br>June 30, 2020 |
|--|--|--|--|--|
| Gains and losses of financial<br>assets and financial liabilities  |  |  |  |  |
| Financial assets<br>mandatorily classified<br>as at FVTPL          | \$ 25,070                                      | \$ 6,183                                       | \$ 6,165                                     | \$ 1,067                                     |
| Net foreign exchange losses  | ( 8,620 )                                      | ( 14,789 )                                     | ( 19,146 )                                   | ( 7,738 )                                    |
| Net gains (losses) on disposal of<br>property, plant and equipment | ( 2,926 )                                      | ( 792 )  | ( 3,692 )                                    | 584  |
| Government grants  | 7,280  | 35,681   | 10,951                                       | 42,426                                       |
| Others   | 7,098  | 5,456  | 10,095                                       | ( 1,894 )                                    |
|  | <u>\$ 27,902</u>                               | <u>\$ 31,739</u>                               | <u>\$ 4,373</u>                              | <u>\$ 34,445</u>                             |

d. Finance cost

|   | For the Three<br>Months Ended<br>June 30, 2021 | For the Three<br>Months Ended<br>June 30, 2020 | For the Six<br>Months Ended<br>June 30, 2021 | For the Six<br>Months Ended<br>June 30, 2020 |
|---|--|--|--|--|
| Interest on bank loans                  | \$ 11,672                                      | \$ 13,954                                      | \$ 20,779                                    | \$ 25,852                                    |
| Interest on short-term bills<br>payable | 237  | 116  | 474  | 357  |
| Interest on lease liabilities           | 2,091  | 2,426  | 4,263  | 5,083  |
| Other interest expenses                 | 454  | 13   | 463  | 25   |
|   | <u>\$ 14,454</u>                               | <u>\$ 16,509</u>                               | <u>\$ 25,979</u>                             | <u>\$ 31,317</u>                             |

e. Derogation loss (or reversal)

|  | <b>For the Three<br/>Months Ended<br/>June 30, 2021</b> | <b>For the Three<br/>Months Ended<br/>June 30, 2020</b> | <b>For the Six<br/>Months Ended<br/>June 30, 2021</b> | <b>For the Six<br/>Months Ended<br/>June 30, 2020</b> |
|--|---|---|---|---|
| Trade receivables                            | <u>\$ 1,077</u>   | <u>\$ 818</u>   | <u>( \$ 2,935 )</u>                                   | <u>\$ 8,104</u>                                       |
| Inventories (included in<br>operating costs) | <u>\$ 8,944</u>   | <u>( \$ 9,250 )</u>                                     | <u>\$ 33,979</u>                                      | <u>\$ 749</u>   |

f. Depreciation and amortization

|  | <b>For the Three<br/>Months Ended<br/>June 30, 2021</b> | <b>For the Three<br/>Months Ended<br/>June 30, 2020</b> | <b>For the Six<br/>Months Ended<br/>June 30, 2021</b> | <b>For the Six<br/>Months Ended<br/>June 30, 2020</b> |
|--|---|---|---|---|
| An analysis of depreciation by<br>function |   |   |   |   |
| OPERATING COSTS                            | \$ 101,138  | \$ 99,496   | \$ 201,679  | \$ 198,705  |
| Operating expenses                         | 39,255  | 47,072  | 80,123  | 94,841  |
| Non-operating revenue<br>and expenses      | <u>9,324</u>  | <u>642</u>  | <u>18,943</u>   | <u>1,287</u>  |
|  | <u>\$ 149,717</u>                                       | <u>\$ 147,210</u>                                       | <u>\$ 300,745</u>                                     | <u>\$ 294,833</u>                                     |
| An analysis of amortization by<br>function |   |   |   |   |
| OPERATING COSTS                            | \$ 5,921  | \$ 4,805  | \$ 12,551   | \$ 9,732  |
| Operating expenses                         | <u>12,778</u>   | <u>9,476</u>  | <u>26,201</u>   | <u>18,294</u>   |
|  | <u>\$ 18,699</u>  | <u>\$ 14,281</u>  | <u>\$ 38,752</u>                                      | <u>\$ 28,026</u>                                      |

g. Operating expenses directly related to investment properties

|   | <b>For the Three<br/>Months Ended<br/>June 30, 2021</b> | <b>For the Three<br/>Months Ended<br/>June 30, 2020</b> | <b>For the Six<br/>Months Ended<br/>June 30, 2021</b> | <b>For the Six<br/>Months Ended<br/>June 30, 2020</b> |
|---|---|---|---|---|
| Direct operating expenses of<br>investment properties   |   |   |   |   |
| Direct operating expenses<br>of investment<br>properties that<br>generated rental<br>income         | \$ 486  | \$ 174  | \$ 850  | \$ 351  |
| Direct operating expenses<br>of investment<br>properties that did not<br>generated rental<br>income | <u>151</u>  | <u>142</u>  | <u>296</u>  | <u>286</u>  |
|   | <u>\$ 637</u>   | <u>\$ 316</u>   | <u>\$ 1,146</u>                                       | <u>\$ 637</u>   |



h. Employee benefit expenses

|   | For the Three<br>Months Ended<br>June 30, 2021 | For the Three<br>Months Ended<br>June 30, 2020 | For the Six<br>Months Ended<br>June 30, 2021 | For the Six<br>Months Ended<br>June 30, 2020 |
|---|--|--|--|--|
| Post-employment benefits                                |  |  |  |  |
| Defined contribution plans                              | \$ 37,539                                      | \$ 5,864                                       | \$ 75,257                                    | \$ 33,480                                    |
| Defined benefit plans<br>(Note 23)                      | <u>7,831</u>                                   | <u>2,868</u>                                   | <u>11,946</u>                                | <u>5,739</u>                                 |
|   | 45,370   | 8,732  | 87,203                                       | 39,219                                       |
| Other employee benefits                                 | <u>635,864</u>                                 | <u>631,657</u>                                 | <u>1,322,364</u>                             | <u>1,240,804</u>                             |
| Total employee benefit expenses                         | <u>\$ 681,234</u>                              | <u>\$ 640,389</u>                              | <u>\$ 1,409,567</u>                          | <u>\$ 1,280,023</u>                          |
| An analysis of employee benefit<br>expenses by function |  |  |  |  |
| Operating costs   | \$ 265,459                                     | \$ 228,250                                     | \$ 470,470                                   | \$ 434,898                                   |
| Operating expenses                                      | <u>415,775</u>                                 | <u>412,139</u>                                 | <u>939,097</u>                               | <u>845,125</u>                               |
|   | <u>\$ 681,234</u>                              | <u>\$ 640,389</u>                              | <u>\$ 1,409,567</u>                          | <u>\$ 1,280,023</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. Compensation to employees and remuneration to directors for the three and six months ended June 30, 2021 and 2020 are as follows:

Accrual rate

|                           | For the Six Months<br>Ended June 30, 2021 | For the Six Months<br>Ended June 30, 2020 |
|---------------------------|---|---|
| Compensation of employees | 1.25%                                     | 0.90%                                     |
| Remuneration of directors | 0.55%                                     | 0.59%                                     |

Amount

|                           | For the Three<br>Months Ended<br>June 30, 2021 | For the Three<br>Months Ended<br>June 30, 2020 | For the Six<br>Months Ended<br>June 30, 2021 | For the Six<br>Months Ended<br>June 30, 2020 |
|---------------------------|--|--|--|--|
| Compensation of employees | <u>\$ 12,377</u>                               | <u>\$ 10,869</u>                               | <u>\$ 21,169</u>                             | <u>\$ 17,819</u>                             |
| Remuneration of directors | <u>\$ 5,446</u>                                | <u>\$ 7,118</u>                                | <u>\$ 9,315</u>                              | <u>\$ 11,693</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.

Remunerations for employees and directors for 2020 and 2019 were resolved by the Board of Directors on March 22, 2021 and March 18, 2020, respectively.

|                           | 2020      | 2019      |
|---------------------------|-----------|-----------|
|                           | Cash      | Cash      |
| Compensation of employees | \$ 49,921 | \$ 52,013 |
| Remuneration of directors | 21,965    | 25,073    |

The amounts of employee and directors' compensation distributed for the years ended December 31, 2020 and 2019 and those recognized in the consolidated financial statements are consistent.

Information on compensation to employees and remuneration to directors approved by the Board of Directors is available at the Market Observation Post System website of Taiwan Stock Exchange.

j. Profit or loss on foreign currency exchange

|                         | <b>For the Three<br/>Months Ended<br/>June 30, 2021</b> | <b>For the Three<br/>Months Ended<br/>June 30, 2020</b> | <b>For the Six<br/>Months Ended<br/>June 30, 2021</b> | <b>For the Six<br/>Months Ended<br/>June 30, 2020</b> |
|-------------------------|---|---|---|---|
| Foreign exchange gains  | \$ 25,218   | \$ 23,321   | \$ 49,095   | \$ 44,986   |
| Foreign exchange losses | ( 33,838 )  | ( 38,110 )  | ( 68,241 )  | ( 52,724 )  |
| Net losses              | ( \$ 8,620 )  | ( \$ 14,789 )   | ( \$ 19,146 )   | ( \$ 7,738 )  |

## 27. INCOME TAX

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

|  | <b>For the Three<br/>Months Ended<br/>June 30, 2021</b> | <b>For the Three<br/>Months Ended<br/>June 30, 2020</b> | <b>For the Six<br/>Months Ended<br/>June 30, 2021</b> | <b>For the Six<br/>Months Ended<br/>June 30, 2020</b> |
|--|---|---|---|---|
| Current tax                                      |   |   |   |   |
| In respect of the current year                   | \$ 179,128  | \$ 269,518  | \$ 381,026  | \$ 477,984  |
| Additional tax on undistributed earnings         | ( 203 )   | 18,783  | 120   | 18,783  |
| Adjustments from previous years                  | ( 41,428 )  | ( 11,544 )  | ( 39,885 )  | ( 11,544 )  |
|  | <u>137,497</u>  | <u>276,757</u>  | <u>341,261</u>  | <u>485,223</u>  |
| Deferred tax                                     |   |   |   |   |
| In respect of the current year                   | <u>21,003</u>   | <u>45,507</u>   | ( 29,011 )  | ( 3,138 )   |
| Income tax expenses recognized in profit or loss | <u>\$ 158,500</u>                                       | <u>\$ 322,264</u>                                       | <u>\$ 312,250</u>                                     | <u>\$ 482,085</u>                                     |

b. Income tax recognized in other comprehensive income

|  | <b>For the Three<br/>Months Ended<br/>June 30, 2021</b> | <b>For the Three<br/>Months Ended<br/>June 30, 2020</b> | <b>For the Six<br/>Months Ended<br/>June 30, 2021</b> | <b>For the Six<br/>Months Ended<br/>June 30, 2020</b> |
|--|---|---|---|---|
| <u>Deferred tax</u>                                    |   |   |   |   |
| Recognized for the year                                |   |   |   |   |
| - Exchange differences of foreign operations           | ( \$ 13,017 )   | ( \$ 33,836 )   | ( \$ 24,414 )   | ( \$ 45,299 )   |
| - Unrealized gain (loss) on financial assets at FVTOCI | ( 5 )   | ( 1 )   | ( 1 )   | 3   |
| Income tax recognized in other comprehensive income    | ( \$ 13,022 )   | ( \$ 33,837 )   | ( \$ 24,415 )   | ( \$ 45,296 )   |

c. Income tax assessments

The income tax returns of the Company for the year ended December 31, 2018 had been assessed by the tax authorities.

The income tax returns of Standard Dairy Products, Charng Hui, Standard Beverage, and Domex Technology for the year ended December 31, 2019 had been assessed by the tax authorities.

The income tax returns of Le Bonta Wellness International for the year ended December 31, 2020 had been assessed by the tax authorities.

## 28. EARNINGS PER SHARE EARNINGS PER SHARE

|                            | For the Three<br>Months Ended<br>June 30, 2021 | For the Three<br>Months Ended<br>June 30, 2020 | For the Six<br>Months Ended<br>June 30, 2021 | For the Six<br>Months Ended<br>June 30, 2020 |
|----------------------------|--|--|--|--|
| Basic earnings per share   | <u>\$ 0.90</u>                                 | <u>\$ 1.07</u>                                 | <u>\$ 1.52</u>                               | <u>\$ 1.75</u>                               |
| Diluted earnings per share | <u>\$ 0.90</u>                                 | <u>\$ 1.07</u>                                 | <u>\$ 1.52</u>                               | <u>\$ 1.74</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<br>Months Ended<br>June 30, 2021 | For the Three<br>Months Ended<br>June 30, 2020 | For the Six<br>Months Ended<br>June 30, 2021 | For the Six<br>Months Ended<br>June 30, 2020 |
|---|--|--|--|--|
| Earnings used in the computation of<br>basic and diluted earnings per share | <u>\$ 815,590</u>                              | <u>\$ 976,185</u>                              | <u>\$ 1,380,559</u>                          | <u>\$ 1,585,671</u>                          |

### Shares

|  | For the Three<br>Months Ended<br>June 30, 2021 | For the Three<br>Months Ended<br>June 30, 2020 | For the Six<br>Months Ended<br>June 30, 2021 | For the Six<br>Months Ended<br>June 30, 2020 |
|--|--|--|--|--|
| Weighted average number of ordinary<br>shares used in computation of<br>basic earnings per share       | 908,420  | 908,420  | 908,420                                      | 908,420                                      |
| Effect of potentially dilutive ordinary<br>shares:   |  |  |  |  |
| Compensation of employees  | <u>410</u>                                     | <u>295</u>                                     | <u>806</u>                                   | <u>736</u>                                   |
| Weighted average number of ordinary<br>shares used in the computation of<br>diluted earnings per share | <u>908,830</u>                                 | <u>908,715</u>                                 | <u>909,226</u>                               | <u>909,156</u>                               |

Unit: Thousand shares

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. INFORMATION ON CASH FLOWS

Changes in liabilities arising from financing activities:

For the Six Months Ended June 30, 2021

|                               | <b>January 1,<br/>2021</b> | <b>Cash Flows</b> | <b>Non-cash flow<br/>Adjustment of<br/>changes in<br/>exchange rates</b> | <b>June 30, 2021</b> |
|-------------------------------|----------------------------|-------------------|--|----------------------|
| Short-term borrowings         | \$ 1,846,767               | \$ 100,159        | ( \$ 18,560 )  | \$ 1,928,366         |
| Short-term bills payable      | 129,869                    | 20,037            | -  | 149,906              |
| Lease liabilities             | 277,973                    | ( 50,260 )        | 5,478  | 233,191              |
| Guarantee deposits            | 19,990                     | 3,832             | ( 240 )  | 23,582               |
| Other non-current liabilities | 130                        | -                 | ( 9 )  | 121                  |
|                               | <u>\$ 2,274,729</u>        | <u>\$ 73,768</u>  | <u>( \$ 13,331 )</u>   | <u>\$ 2,335,166</u>  |

For the Six Months Ended June 30, 2020

|                               | <b>January 1,<br/>2020</b> | <b>Cash Flows</b>     | <b>Non-cash flow<br/>Adjustment of<br/>changes in<br/>exchange rates</b> | <b>June 30, 2020</b> |
|-------------------------------|----------------------------|-----------------------|--|----------------------|
| 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 )             | -  | -                    |
| Lease liabilities             | 347,615                    | ( 52,823 )            | 4,703  | 299,495              |
| Guarantee deposits            | 20,044                     | 7,051                 | ( 397 )  | 26,698               |
| 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>  |

## 30. CAPITAL RISK 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.

### 31. FINANCIAL INSTRUMENTS

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

##### 1) Fair value hierarchy

##### June 30, 2021

|                                       | <u>Level 1</u>     | <u>Level 2</u>   | <u>Level 3</u>    | <u>Total</u>       |
|---------------------------------------|--------------------|------------------|-------------------|--------------------|
| <u>Financial assets at FVTPL</u>      |                    |                  |                   |                    |
| Listed shares                         | \$ 4,348           | \$ -             | \$ -              | \$ 4,348           |
| Unlisted shares                       | -                  | -                | 6,284             | 6,284              |
| Mutual fund beneficiary certification | 2,635,870          | -                | -                 | 2,635,870          |
| Debt securities                       | -                  | 28,409           | -                 | 28,409             |
| Total                                 | <u>\$2,640,218</u> | <u>\$ 28,409</u> | <u>\$ 6,284</u>   | <u>\$2,674,911</u> |
| <u>Financial assets at FVTOCI</u>     |                    |                  |                   |                    |
| Investments in equity instruments     |                    |                  |                   |                    |
| Listed shares                         | \$ 407,068         | \$ -             | \$ -              | \$ 407,068         |
| Unlisted shares                       | -                  | -                | 301,677           | 301,677            |
|                                       | <u>\$ 407,068</u>  | <u>\$ -</u>      | <u>\$ 301,677</u> | <u>\$ 708,745</u>  |

##### December 31, 2020

|                                       | <u>Level 1</u>     | <u>Level 2</u>   | <u>Level 3</u>    | <u>Total</u>       |
|---------------------------------------|--------------------|------------------|-------------------|--------------------|
| <u>Financial assets at FVTPL</u>      |                    |                  |                   |                    |
| Listed shares                         | \$ 4,434           | \$ -             | \$ -              | \$ 4,434           |
| Unlisted shares                       | -                  | -                | 6,232             | 6,232              |
| Mutual fund beneficiary certification | 1,461,304          | -                | -                 | 1,461,304          |
| Debt securities                       | -                  | 29,032           | -                 | 29,032             |
| Total                                 | <u>\$1,465,738</u> | <u>\$ 29,032</u> | <u>\$ 6,232</u>   | <u>\$1,501,002</u> |
| <u>Financial assets at FVTOCI</u>     |                    |                  |                   |                    |
| Investments in equity instruments     |                    |                  |                   |                    |
| Listed shares                         | \$ 311,908         | \$ -             | \$ -              | \$ 311,908         |
| Unlisted shares                       | -                  | -                | 204,755           | 204,755            |
|                                       | <u>\$ 311,908</u>  | <u>\$ -</u>      | <u>\$ 204,755</u> | <u>\$ 516,663</u>  |

##### June 30, 2020

|                                       | <u>Level 1</u>     | <u>Level 2</u>   | <u>Level 3</u>    | <u>Total</u>       |
|---------------------------------------|--------------------|------------------|-------------------|--------------------|
| <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> |
| <u>Financial assets at FVTOCI</u>     |                    |                  |                   |                    |
| Investments in equity instruments     |                    |                  |                   |                    |
| Listed 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>  |

For the six months ended June 30, 2021 and 2020, there was no transfer between Level 1 and Level 2 fair value measurement.

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

For the Six Months Ended June 30, 2021

| <b>Financial assets</b>  | <b>Financial assets<br/>at FVTPL<br/>Equity<br/>instruments</b> | <b>Financial assets<br/>at FVTOCI<br/>Equity<br/>instruments</b> | <b>Total</b>      |
|--|---|--|-------------------|
| Balance as of January 1  | \$ 6,232  | \$ 204,755   | \$ 210,987        |
| Recognized in profit or loss (included<br>in other gains and losses)   | 52  | -  | 52                |
| Recognized in other comprehensive<br>income (included in unrealized<br>gain (loss) on financial assets at<br>FVTOCI) | -   | 96,948   | 96,948            |
| Impact of exchange rates   | -   | ( 26 )   | ( 26 )            |
| Balance as of June 30  | <u>\$ 6,284</u>   | <u>\$ 301,677</u>  | <u>\$ 307,961</u> |
| Recognized in other gains and losses<br>- unrealized   | <u>\$ 52</u>  | <u>\$ -</u>  | <u>\$ 52</u>      |

For the Six Months Ended June 30, 2020

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

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

| <b>Financial Instrument</b> | <b>Valuation Technique and Inputs</b>   |
|-----------------------------|---|
| 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, 2021</u> | <u>December 31, 2020</u> | <u>June 30, 2020</u> |
|--|----------------------|--------------------------|----------------------|
| <u>Financial assets</u>                          |                      |                          |                      |
| Financial assets at FVTPL                        |                      |                          |                      |
| Mandatorily classified as at FVTPL               | \$ 2,674,911         | \$ 1,501,002             | \$ 1,520,065         |
| Financial assets at amortized cost (Note 1)      | 10,531,761           | 12,652,479               | 11,186,668           |
| Financial assets at FVTOCI                       |                      |                          |                      |
| Investments in equity instruments                | 708,745              | 516,663                  | 361,401              |
| <u>Financial liabilities</u>                     |                      |                          |                      |
| Financial liabilities at amortized cost (Note 2) | 6,207,693            | 4,304,650                | 5,477,343            |

Note 1. The balance includes financial assets measured at amortized cost, such as cash and cash equivalents, debt instrument investments, note receivables, account receivables, other receivables, and other financial assets.

Note 2. The balance includes short-term borrowings, short-term bills payable, note payable, trade payables and other financial liabilities, which are financial liabilities measured at amortized cost.

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 (1) below) and interest rates (see (2) below).

a) Foreign currency risk

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

For the monetary assets and liabilities of the Group denominated in non-functional currencies on the balance sheet date (including those written off in the consolidated financial statements), refer to Note 35.

### 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.

|                | <b>RMB Impact</b>                             |   | <b>USD Impact</b>                             |   |
|----------------|---|---|---|---|
|                | <b>For the Six Months Ended June 30, 2021</b> | <b>For the Six Months Ended June 30, 2020</b> | <b>For the Six Months Ended June 30, 2021</b> | <b>For the Six Months Ended June 30, 2020</b> |
| Profit or loss | \$28,575(i)                                   | \$20,806(i)                                   | \$ 766(ii)                                    | \$18,681(ii)                                  |

  

|                | <b>EUR Impact</b>                             |   | <b>AUD Impact</b>                             |   |
|----------------|---|---|---|---|
|                | <b>For the Six Months Ended June 30, 2021</b> | <b>For the Six Months Ended June 30, 2020</b> | <b>For the Six Months Ended June 30, 2021</b> | <b>For the Six Months Ended June 30, 2020</b> |
| Profit or loss | (\$ 474)(iii)                                 | \$ 763(iii)                                   | \$ 1,661(iv)                                  | (\$ 267)(iv)                                  |

  

|                | <b>CHF Impact</b>                             |   |
|----------------|---|---|
|                | <b>For the Six Months Ended June 30, 2021</b> | <b>For the Six Months Ended June 30, 2020</b> |
| Profit or loss | \$ 387(v)                                     | \$ 2,112(v)                                   |

- i. This was mainly derived from the outstanding RMB-denominated bank deposits which were not hedged at the end of the reporting period.
- ii. This was mainly derived from the outstanding USD-denominated bank deposits, receivables and payables which were not hedged at the end of the reporting period.
- iii. This was mainly derived from the outstanding EUR-denominated bank deposits and payables which were not hedged at the end of the reporting period.
- iv. This was mainly derived from the outstanding AUD-denominated bank deposits and receivables which were not hedged at the end of the reporting period.



- v. This was mainly derived from the outstanding CHF-denominated 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.

|                               | <u>June 30, 2021</u> | <u>December 31, 2020</u> | <u>June 30, 2020</u> |
|-------------------------------|----------------------|--------------------------|----------------------|
| Fair value interest rate risk |                      |                          |                      |
| Financial assets              | \$ 2,558,981         | \$ 1,136,118             | \$ 1,950,646         |
| Financial liabilities         | 2,195,463            | 2,147,609                | 1,344,230            |
| Cash flow interest rate risk  |                      |                          |                      |
| Financial assets              | 929,900              | 694,200                  | 1,094,200            |
| Financial liabilities         | 116,000              | 107,000                  | 35,000               |

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 by assuming that 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 the interest rate increases by 1% and all other variables remain unchanged, the Group's pre-tax profit for the six months period ended June 30, 2021 and 2020 would increase (decrease) by NT\$4,070 thousand and NT\$5,296 thousand, respectively; if the interest rate decreases by 1%, its impact on the pre-tax profit will be the negative of the same amount.

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.

For the six months ended June 30, 2021, if prices rise/fall by 1%, the pre-tax income would increase/decrease by NT\$26,749 thousand due to the increase/decrease in the fair value of financial assets measured at fair value through profit or loss, while the pre-tax other comprehensive income for the six months ended June 30, 2021 would increase/decrease by NT\$7,087 thousand due to the increase/decrease in the fair value of financial assets measured at fair value through other comprehensive income.

If equity prices had been 1% higher/lower, pre-tax profit for the six months period ended June 30, 2020 would have increased/decreased by \$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 \$3,614 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 the counterparty will default on its contractual obligations resulting in financial loss to the Group. As of 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 accounts receivable cover a number of customers in different industries and geographical areas. The Group continuously evaluates the collateral and financial status obtained by accounts receivable customers.

## 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, 2021, December 31, 2020, and June 30, 2020, the Group has available bank loan facilities in the amounts of NT\$5,035,130 thousand, NT\$5,296,868 thousand, and NT\$5,062,532 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. As a result, bank loans of the Group that are repayable on demand are included in the earliest period presented regardless of the probability of the banks exercising their right immediately. The maturity analysis for other non-derivative financial liabilities is prepared based on the agreed repayment dates.

June 30, 2021

|                                 | <b>On Demand<br/>or Less than<br/>1 Month</b> | <b>1-3 Months</b>   | <b>3 Months to 1<br/>Year</b> | <b>1-5 Years</b>  |
|---------------------------------|---|---------------------|-------------------------------|-------------------|
| <u>Non-derivative financial</u> |   |                     |                               |                   |
| <u>liabilities</u>              |   |                     |                               |                   |
| Non-interest bearing            | \$ 579,425                                    | \$ 3,479,504        | \$ 46,760                     | \$ 23,582         |
| Lease liabilities               | 5,418   | 13,371              | 63,718                        | 165,697           |
| Variable interest rate          |   |                     |                               |                   |
| liabilities                     | 15,004  | 41,012              | 60,006                        | -                 |
| Fixed interest rate             |   |                     |                               |                   |
| liabilities                     | 1,136,421                                     | 566,357             | 264,124                       | -                 |
| Contract liabilities            | 56,693  | 113,386             | -                             | -                 |
|                                 | <u>\$ 1,792,961</u>                           | <u>\$ 4,213,630</u> | <u>\$ 434,608</u>             | <u>\$ 189,279</u> |

December 31, 2020

|                                 | <b>On Demand<br/>or Less than<br/>1 Month</b> | <b>1-3 Months</b>   | <b>3 Months to 1<br/>Year</b> | <b>1-5 Years</b>  |
|---------------------------------|---|---------------------|-------------------------------|-------------------|
| <u>Non-derivative financial</u> |   |                     |                               |                   |
| <u>liabilities</u>              |   |                     |                               |                   |
| Non-interest bearing            | \$ 741,613                                    | \$ 1,498,132        | \$ 66,711                     | \$ 19,990         |
| Lease liabilities               | 23,864  | 12,939              | 47,976                        | 212,012           |
| Variable interest rate          |   |                     |                               |                   |
| liabilities                     | -   | 33,911              | 73,126                        | -                 |
| Fixed interest rate             |   |                     |                               |                   |
| liabilities                     | 721,695                                       | 961,677             | 193,263                       | -                 |
| Contract liabilities            | 249,348                                       | 498,696             | -                             | -                 |
|                                 | <u>\$ 1,736,520</u>                           | <u>\$ 3,005,355</u> | <u>\$ 381,076</u>             | <u>\$ 232,002</u> |

June 30, 2020

|                                 | <b>On Demand<br/>or Less than<br/>1 Month</b> | <b>1-3 Months</b>   | <b>3 Months to 1<br/>Year</b> | <b>1-5 Years</b>  |
|---------------------------------|---|---------------------|-------------------------------|-------------------|
| <u>Non-derivative financial</u> |   |                     |                               |                   |
| <u>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> |

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.

### 32. RELATED PARTY TRANSACTIONS

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

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

#### b. Sales of goods

| <b>Related Party Category</b>       | <b>For the Three Months Ended June 30, 2021</b> | <b>For the Three Months Ended June 30, 2020</b> | <b>For the Six Months Ended June 30, 2021</b> | <b>For the Six Months Ended June 30, 2020</b> |
|-------------------------------------|---|---|---|---|
| The Company is one of the directors | <u>\$ 4,825</u>                                 | <u>\$ 1,523</u>                                 | <u>\$ 11,056</u>                              | <u>\$ 6,582</u>                               |

Sales from related parties were conducted on normal commercial terms.

#### c. Purchases of goods

| <b>Related Party Category</b>       | <b>For the Three Months Ended June 30, 2021</b> | <b>For the Three Months Ended June 30, 2020</b> | <b>For the Six Months Ended June 30, 2021</b> | <b>For the Six Months Ended June 30, 2020</b> |
|-------------------------------------|---|---|---|---|
| The Company is one of the directors | <u>\$ 13,947</u>                                | <u>\$ 13,437</u>                                | <u>\$ 36,386</u>                              | <u>\$ 34,942</u>                              |

Purchases from related parties were conducted on normal commercial terms.

#### d. Receivables from related parties

| <b>Line Item</b>                       | <b>Name of Related Party</b> | <b>June 30, 2021</b> | <b>December 31, 2020</b> | <b>June 30, 2020</b> |
|--|------------------------------|----------------------|--------------------------|----------------------|
| Trade receivables from related parties | GeneFerm                     | <u>\$ 7,467</u>      | <u>\$ 9,011</u>          | <u>\$ 1,648</u>      |

The outstanding receivables from related parties were unsecured. No loss allowances were set aside for receivables from related parties for the three months ended June 30, 2021 and 2020.

#### e. Payables to related parties

| <b>Line Item</b>                  | <b>Name of Related Party</b> | <b>June 30, 2021</b> | <b>December 31, 2020</b> | <b>June 30, 2020</b> |
|-----------------------------------|------------------------------|----------------------|--------------------------|----------------------|
| Trade payables to related parties | GeneFerm                     | <u>\$ 13,394</u>     | <u>\$ 20,526</u>         | <u>\$ 12,859</u>     |

The outstanding payables to related parties were unsecured.

f. Compensation of key management personnel

|                              | For the Three<br>Months Ended<br>June 30, 2021 | For the Three<br>Months Ended<br>June 30, 2020 | For the Six<br>Months Ended<br>June 30, 2021 | For the Six<br>Months Ended<br>June 30, 2020 |
|------------------------------|--|--|--|--|
| Short-term employee benefits | \$ 11,165                                      | \$ 9,723                                       | \$ 17,624                                    | \$ 23,403                                    |
| Post-employment benefits     | 61   | 69   | 120  | 186  |
|                              | <u>\$ 11,226</u>                               | <u>\$ 9,792</u>                                | <u>\$ 17,744</u>                             | <u>\$ 23,589</u>                             |

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

### 33. PLEDGED ASSETS

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

|   | June 30, 2021     | December 31, 2020 | June 30, 2020     |
|---|-------------------|-------------------|-------------------|
| Pledge time deposits (included in other current assets)     | \$ 4,016          | \$ 4,016          | \$ 4,013          |
| Pledge time deposits (included in other non-current assets) | -                 | -                 | 83,706            |
| Property, plant and equipment - net                         | 107,774           | 121,362           | 129,346           |
| Investment properties - net                                 | <u>35,848</u>     | <u>55,122</u>     | <u>56,015</u>     |
|   | <u>\$ 147,638</u> | <u>\$ 180,500</u> | <u>\$ 273,080</u> |

### 34. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

Except for those disclosed in other notes, significant commitments and contingencies of the Group on June 30, 2021 are as follows:

- a. 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).
- b. Unused letters of credit of approximately US\$1,480 thousand.
- c. Unrecognized commitments for acquisition of property, plant and equipment of approximately \$935,739 thousand.
- d. Unrecognized commitments for acquiring colostrum from dairymen were approximately 22,294 tons.

### 35. INFORMATION ON FOREIGN CURRENCY-DENOMINATED ASSETS AND LIABILITIES OF SIGNIFICANT INFLUENCE

The following information is aggregated in foreign currencies other than the functional currency of the Group. The exchange rate disclosed is the exchange rate of the foreign currency into the functional currency. Foreign currency assets and liabilities with significant influences are as follows:

June 30, 2021

|                       | <u>Foreign Currencies</u> | <u>Exchange Rate</u> | <u>Carrying Amount</u> |
|-----------------------|---------------------------|----------------------|------------------------|
| Financial assets      |                           |                      |                        |
| <u>Monetary items</u> |                           |                      |                        |
| USD                   | \$ 6,869                  | 27.86 (USD:NTD)      | \$ 191,368             |
| USD                   | 1,213                     | 6.46 (USD:RMB)       | 33,762                 |
| EUR                   | 263                       | 33.15 (EUR:NTD)      | 8,733                  |
| RMB                   | 221,052                   | 4.31 (RMB:NTD)       | 952,513                |
| AUD                   | 2,644                     | 20.94 (AUD:NTD)      | 55,357                 |
| CHF                   | 1,030                     | 30.20 (CHF:NTD)      | 31,104                 |
| CHF                   | 326                       | 7.01 (CHF:RMB)       | 9,852                  |
|                       |                           |                      | <u>\$ 1,282,689</u>    |
| Financial liabilities |                           |                      |                        |
| <u>Monetary items</u> |                           |                      |                        |
| USD                   | 7,164                     | 27.86 (USD:NTD)      | \$ 199,593             |
| EUR                   | 741                       | 33.15 (EUR:NTD)      | 24,549                 |
| CHF                   | 929                       | 7.01 (CHF:RMB)       | 28,045                 |
|                       |                           |                      | <u>\$ 252,187</u>      |

December 31, 2020

|                       | <u>Foreign Currencies</u> | <u>Exchange Rate</u> | <u>Carrying Amount</u> |
|-----------------------|---------------------------|----------------------|------------------------|
| Financial assets      |                           |                      |                        |
| <u>Monetary items</u> |                           |                      |                        |
| USD                   | \$ 12,230                 | 28.48 (USD:NTD)      | \$ 348,298             |
| USD                   | 2,785                     | 6.52 (USD:RMB)       | 79,539                 |
| RMB                   | 206,642                   | 4.38 (RMB:NTD)       | 904,473                |
| AUD                   | 1,576                     | 21.95 (AUD:NTD)      | 34,585                 |
| CHF                   | 1,450                     | 32.31 (CHF:NTD)      | 46,842                 |
| CHF                   | 754                       | 7.38 (CHF:RMB)       | 24,355                 |
|                       |                           |                      | <u>\$ 1,438,092</u>    |
| Financial liabilities |                           |                      |                        |
| <u>Monetary items</u> |                           |                      |                        |
| USD                   | 2,294                     | 28.48 (USD:NTD)      | \$ 65,335              |
| CHF                   | 1,086                     | 7.38 (CHF:RMB)       | 35,089                 |
|                       |                           |                      | <u>\$ 100,424</u>      |

June 30, 2020

|                              | Foreign Currencies | Exchange Rate   | Carrying Amount     |
|------------------------------|--------------------|-----------------|---------------------|
| <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>    |

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:

| <u>For the Three Months Ended June 30, 2021</u> |                      |  | <u>For the Three Months Ended June 30, 2020</u> |  |  |
|---|----------------------|--|---|--|--|
| <u>Functional Currencies</u>                    | <u>Exchange Rate</u> | <u>Net Foreign Exchange Gains (Losses)</u> | <u>Exchange Rate</u>                            |  | <u>Net Foreign Exchange Gains (Losses)</u> |
|   |                      |  |   |  |  |
| NTD   | 1 (NTD:NTD)          | ( \$ 7,110 )                               | 1 (NTD:NTD)                                     |  | ( \$ 14,780 )                              |
| RMB   | 4.33 (RMB:NTD)       | ( 1,342 )                                  | 4.21 (RMB:NTD)                                  |  | ( 19 )                                     |
| CHF   | 30.71 (CHF:NTD)      | ( 168 )                                    | 30.99 (CHF:NTD)                                 |  | 10   |
|   |                      | <u>( \$ 8,620 )</u>                        |   |  | <u>( \$ 14,789 )</u>                       |

  

| <u>For the Six Months Ended June 30, 2021</u> |                      |  | <u>For the Six Months Ended June 30, 2020</u> |  |  |
|---|----------------------|--|---|--|--|
| <u>Functional Currencies</u>                  | <u>Exchange Rate</u> | <u>Net Foreign Exchange Gains (Losses)</u> | <u>Exchange Rate</u>                          |  | <u>Net Foreign Exchange Gains (Losses)</u> |
|   |                      |  |   |  |  |
| NTD   | 1 (NTD:NTD)          | ( \$ 19,469 )                              | 1 (NTD:NTD)                                   |  | ( \$ 9,967 )                               |
| RMB   | 4.35 (RMB:NTD)       | 488  | 4.26 (RMB:NTD)                                |  | 2,221                                      |
| CHF   | 31.03 (CHF:NTD)      | ( 165 )                                    | 31.05 (CHF:NTD)                               |  | 8  |
|   |                      | <u>( \$ 19,146 )</u>                       |   |  | <u>( \$ 7,738 )</u>                        |

### 36. Supplementary Disclosures

#### a. Information on Significant Transactions

- 1) Financing provided to others: Table 1.
- 2) Endorsements/guarantees provided to others: Table 2.
- 3) Marketable securities held (excluding investments in subsidiaries): Table 3.
- 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: Table 4.
  - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 5.
  - 9) Trading in derivative instruments: None.
  - 10) Others: Intercompany relationships and significant intercompany transactions: Table 6.
- b. Information on reinvestments (excluding investees in Mainland China): Table 7.
- 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: Table 8.
  - 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. (Table 9)

### **37. 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<br>Segment | Standard Dairy<br>Products<br>Segment | China Standard<br>Segment | Other Segments       | Adjustments<br>and<br>Eliminations | Total               |
|---|---------------------------|---------------------------------------|---------------------------|----------------------|------------------------------------|---------------------|
| <u>For the Six Months Ended June 30, 2021</u> |                           |                                       |                           |                      |                                    |                     |
| Sales from external customers                 | \$ 5,816,476              | \$ 1,165,366                          | \$ 6,858,491              | \$ 1,836,174         | \$ -                               | \$15,676,507        |
| Sales among intersegments                     | 637,649                   | 390,294                               | 494                       | 1,808                | ( 1,030,245 )                      | -                   |
| Total sales                                   | <u>\$ 6,454,125</u>       | <u>\$ 1,555,660</u>                   | <u>\$ 6,858,985</u>       | <u>\$ 1,837,982</u>  | <u>( \$ 1,030,245 )</u>            | <u>\$15,676,507</u> |
| Interest income                               | \$ 7,694                  | \$ 1,527                              | \$ 55,370                 | \$ 1,773             | ( \$ 4,675 )                       | \$ 61,689           |
| Financial cost                                | \$ 229                    | \$ 17                                 | \$ 24,517                 | \$ 5,891             | ( \$ 4,675 )                       | \$ 25,979           |
| Depreciation expenses                         | \$ 111,987                | \$ 24,951                             | \$ 118,358                | \$ 47,249            | ( \$ 1,800 )                       | \$ 300,745          |
| Amortization expenses                         | \$ 6,731                  | \$ 2,622                              | \$ 22,317                 | \$ 7,082             | \$ -                               | \$ 38,752           |
| Operating segment income (loss)               | <u>\$ 1,530,261</u>       | <u>\$ 268,004</u>                     | <u>( \$ 145,358 )</u>     | <u>\$ 11,844</u>     | <u>\$ 41,361</u>                   | <u>\$ 1,706,112</u> |
| Unallocated amount                            |                           |                                       |                           |                      |                                    | -                   |
| PROFIT BEFORE INCOME TAX                      |                           |                                       |                           |                      |                                    | <u>\$ 1,706,112</u> |
| <u>For the Six Months 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                     | 689,333                   | 401,269                               | 170                       | 6,152                | ( 1,096,924 )                      | -                   |
| 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                               | \$ 12,622                 | \$ 4,470                              | \$ 47,072                 | \$ 5,659             | ( \$ 2,877 )                       | \$ 66,946           |
| Financial cost                                | \$ 501                    | \$ 10                                 | \$ 28,612                 | \$ 5,071             | ( \$ 2,877 )                       | \$ 31,317           |
| Depreciation expenses                         | \$ 112,912                | \$ 24,402                             | \$ 117,021                | \$ 42,257            | ( \$ 1,759 )                       | \$ 294,833          |
| Amortization expenses                         | \$ 3,580                  | \$ 1,515                              | \$ 17,532                 | \$ 5,399             | \$ -                               | \$ 28,026           |
| 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                            |                           |                                       |                           |                      |                                    | -                   |
| PROFIT BEFORE INCOME TAX                      |                           |                                       |                           |                      |                                    | <u>\$ 2,075,152</u> |

**TABLE 1****STANDARD FOODS CORPORATION AND SUBSIDIARIES**

**FINANCING PROVIDED TO OTHERS**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2021**  
(In Thousands of New Taiwan Dollars)

| No.<br>(Note 1) | Lender   | Borrower                              | Financial Statement Account             | Related Parties | Highest Balance for the Period | Balance as of June 30 | Amount Actually Drawn | Interest Rate | Nature of Financing (Note 2) | Business Transaction Amounts | Reasons for Short-term Financing | Allowance for Bad Debts | Collateral |       | Financing Limit for Each Borrowing Company | Financing Amount Limit | Note    |
|-----------------|--|---------------------------------------|---|-----------------|--------------------------------|-----------------------|-----------------------|---------------|------------------------------|------------------------------|----------------------------------|-------------------------|------------|-------|--|------------------------|---------|
|                 |  |                                       |   |                 |                                |                       |                       |               |                              |                              |                                  |                         | Name       | Value |  |                        |         |
| 0               | Standard Foods Corporation                     | Dermalab S.A.                         | Financing receivables - related parties | Yes             | \$ 63,578                      | \$ 18,117             | \$ 18,117             | 1.000%        | 2                            | \$ -                         | Need for operation               | \$ -                    | -          | \$ -  | \$ 7,324,264 (Note 3)                      | \$ 7,324,264 (Note 3)  | Note 11 |
| 0               | Standard Foods Corporation                     | Standard Foods (China) Co., Ltd.      | Financing receivables - related parties | Yes             | 350,984                        | 215,630               | -                     | 1.000%        | 2                            | -                            | Need for operation               | -                       | -          | -     | 3,662,132 (Note 4)                         | 7,324,264 (Note 5)     | Note 11 |
| 0               | Standard Foods Corporation                     | Standard Foods (Xiamen) Co., Ltd.     | Financing receivables - related parties | Yes             | 651,045                        | 646,890               | -                     | 1.000%        | 2                            | -                            | Need for operation               | -                       | -          | -     | 3,662,132 (Note 4)                         | 7,324,264 (Note 5)     | Note 11 |
| 0               | Standard Foods Corporation                     | Standard Beverage Company Ltd.        | Financing receivables - related parties | Yes             | 50,000                         | 50,000                | 20,500                | 0.950%        | 2                            | -                            | Need for operation               | -                       | -          | -     | 7,324,264 (Note 3)                         | 7,324,264 (Note 3)     | Note 11 |
| 1               | Standard Investment (China) Co., Ltd.          | Shanghai Dermalab Corporation         | Financing receivables - related parties | Yes             | 175,492                        | 172,504               | 55,348                | 1.000%        | 2                            | -                            | Need for operation               | -                       | -          | -     | 1,871,014 (Note 6)                         | 1,871,014 (Note 6)     | Note 11 |
| 1               | Standard Investment (China) Co., Ltd.          | Le Bonta Wellness Co., Ltd.           | Financing receivables - related parties | Yes             | 175,492                        | 172,504               | 81,107                | 1.000%        | 2                            | -                            | Need for operation               | -                       | -          | -     | 1,871,014 (Note 6)                         | 1,871,014 (Note 6)     | Note 11 |
| 1               | Standard Investment (China) Co., Ltd.          | Standard Foods (Xiamen) Co., Ltd.     | Financing receivables - related parties | Yes             | 526,476                        | 517,512               | 513,312               | 1.000%        | 2                            | -                            | Need for operation               | -                       | -          | -     | 1,871,014 (Note 6)                         | 1,871,014 (Note 6)     | Note 11 |
| 1               | Standard Investment (China) Co., Ltd.          | Standard Foods (China) Co., Ltd.      | Financing receivables - related parties | Yes             | 438,730                        | 431,260               | 430,837               | 1.000%        | 2                            | -                            | Need for operation               | -                       | -          | -     | 1,871,014 (Note 6)                         | 1,871,014 (Note 6)     | Note 11 |
| 2               | Shanghai Standard Foods Co., Ltd.              | Standard Investment (China) Co., Ltd. | Financing receivables - related parties | Yes             | 614,222                        | 603,764               | 43,557                | 1.000%        | 2                            | -                            | Need for operation               | -                       | -          | -     | 1,294,000 (Note 7)                         | 1,294,000 (Note 7)     | Note 11 |
| 2               | Shanghai Standard Foods Co., Ltd.              | Standard Foods (Xiamen) Co., Ltd.     | Financing receivables - related parties | Yes             | 460,667                        | 452,823               | 452,823               | 1.000%        | 2                            | -                            | Need for operation               | -                       | -          | -     | 1,294,000 (Note 7)                         | 1,294,000 (Note 7)     | Note 11 |
| 3               | Shanghai Le Ben De Health Technology Co., Ltd. | Standard Investment (China) Co., Ltd. | Financing receivables - related parties | Yes             | 10,968                         | 10,782                | 10,782                | 1.000%        | 2                            | -                            | Need for operation               | -                       | -          | -     | 11,909 (Note 8)                            | 11,909 (Note 8)        | Note 11 |
| 4               | Shanghai Le Ho Industrial Co., Ltd.            | Standard Investment (China) Co., Ltd. | Financing receivables - related parties | Yes             | 8,775                          | 8,625                 | 6,866                 | 1.000%        | 2                            | -                            | Need for operation               | -                       | -          | -     | 194,778 (Note 9)                           | 194,778 (Note 9)       | Note 11 |
| 5               | Shanghai Le Min Industrial Co., Ltd.           | Standard Investment (China) Co., Ltd. | Financing receivables - related parties | Yes             | 8,775                          | 8,625                 | 5,895                 | 1.000%        | 2                            | -                            | Need for operation               | -                       | -          | -     | 121,599 (Note 10)                          | 121,599 (Note 10)      | Note 11 |

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 having business transactions.
- 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 Co., Ltd per the latest financial statements, which was calculated to be \$7,324,264 thousand (the net value per financial statements of \$18,310,660 thousand x 40% as of March 31, 2021).

Note 4. The individual and total amount shall not exceed 20% of net value of Standard Foods Co., Ltd per the latest financial statements, which was calculated to be \$3,662,132 thousand (the net value per financial statements of \$18,310,660 thousand x 20% as of March 31, 2021).

Note 5. The individual and total amount shall not exceed 40% of net value of Standard Foods Co., Ltd per the latest financial statements, which was calculated to be \$7,324,264 thousand (the net value per financial statements of \$18,310,660 thousand x 40% as of March 31, 2021).

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 \$1,871,014 thousand (the net value per financial statements of \$4,677,534 thousand x 40% as of March 31, 2021).

Note 7. The individual and total amount shall not exceed 40% of the net value of Shanghai Standard Foods Co., Ltd. per the latest financial statements, which was calculated to be NT\$1,294,000 thousand (the net value per financial statements of \$3,235,000 thousand x 40% as of March 31, 2021).

Note 8. 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 \$11,909 thousand (the net value per financial statements of \$29,773 thousand x 40% as of March 31, 2021).

Note 9. 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 \$194,778 thousand (the net value per financial statements of \$486,945 thousand x 40% as of March 31, 2021).

Note 10. 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 \$121,599 thousand (the net value per financial statements of \$303,997 thousand x 40% as of March 31, 2021).

Note 11. When the Consolidated Financial Statements are prepared, the amounts have been offset in a consolidated manner.

**TABLE 2****STANDARD FOODS CORPORATION AND SUBSIDIARIES**

**ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE SIX MONTHS ENDED JUNE 30, 2021  
(IN THOUSANDS OF NEW TAIWAN DOLLARS)**

| No.<br>(Note 1) | Endorsement/<br>Guarantee Provider | Guaranteed Party                  |  | Endorse to single<br>entity Balance on<br>guarantee | Maximum Balance<br>for the Period | Ending Balance | Amount Actually<br>Drawn | Amount of<br>Endorsement/<br>Guarantee<br>Collateralized by<br>Properties | Ratio of<br>Accumulated<br>Endorsement/<br>Guarantee to Net<br>Equity Per Latest<br>Financial<br>Statements | Maximum<br>Endorsement/<br>Guarantee<br>Amount | Guarantee<br>Provided<br>by Parent<br>Company<br>(Note 5) | Guarantee<br>Provided<br>by<br>Subsidiary<br>(Note 5) | Guarantee<br>Provided to<br>Subsidiaries<br>in Mainland<br>China<br>(Note 5) | Note |
|-----------------|------------------------------------|-----------------------------------|--|---|-----------------------------------|----------------|--------------------------|---|---|--|---|---|--|------|
|                 |                                    | Name                              | Nature of<br>Relations<br>hips<br>(Note 2) |   |                                   |                |                          |   |   |  |   |   |  |      |
| 0               | Standard Foods<br>Corporation      | Standard Beverage<br>Company Ltd. | (2)  | \$ 14,648,528<br>(Note 3)                           | \$ 145,605                        | \$ 143,580     | \$ -                     | \$ -  | 0.78%   | \$ 18,310,660<br>(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 in which the Company holds, directly or indirectly, more than fifty percent (50%) of the voting shares.
- c. The company that holds, directly or indirectly, more than fifty percent (50%) of the Company's voting shares.
- d. The company in which the Company holds, directly or indirectly, more than fifty percent (90%) of the voting shares.
- 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 and total amount shall not exceed 80% of net value of Standard Foods Co., Ltd. per the latest financial statements, which was calculated to be \$14,648,528 thousand (the net value per financial statements of \$18,310,660 thousand x 80% as of March 31, 2021).

Note 4. The individual and total amount shall not exceed 100% of net value of Standard Foods Co., Ltd. per the latest financial statements, which was calculated to be \$18,310,660 thousand (the net value per financial statements of \$18,310,660 thousand x 100% as of March 31, 2021).

Note 5. Fill in Y if a listed parent company provides endorsements/guarantees for its subsidiary or if a subsidiary provides endorsements/guarantees for its listed parent company or if endorsements/guarantees involve mainland China.

**TABLE 3**

**STANDARD FOODS CORPORATION AND SUBSIDIARIES**

MARKETABLE SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES)  
JUNE 30, 2021  
(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              | End of the Period |                 |                         |            | 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     | 1,416,950         | \$ 15,020       | -                       | \$ 15,020  |      |
|                            | Shares                        | Chunghwa Telecom Co., Ltd.                          |                                       | Financial assets at FVTOCI - current     | 48,600            | 5,540           | -                       | 5,540      |      |
|                            | Shares                        | GeneFerm Biotechnology Co., Ltd.                    |                                       | Financial assets at FVTOCI - non-current | 2,145,110         | 77,867          | 7.7%                    | 77,867     |      |
|                            | Shares                        | Dah Chung Bills Finance Corp.                       |                                       | Financial assets at FVTOCI - non-current | 1,243,213         | 16,100          | 0.3%                    | 16,100     |      |
|                            | Mutual funds                  | Mega Diamond Money Market                           |                                       | Financial assets at FVTPL - current      | 12,512,356        | 158,480         | -                       | 158,480    |      |
|                            | Mutual funds                  | Jih Sun Money Market Fund                           |                                       | Financial assets at FVTPL - current      | 4,019,723         | 60,180          | -                       | 60,180     |      |
|                            | Mutual funds                  | Taishin 1699 Money Market Fund                      |                                       | Financial assets at FVTPL - current      | 24,922,335        | 340,526         | -                       | 340,526    |      |
|                            | Mutual funds                  | Taishin Ta-Chong Money Market Fund                  |                                       | Financial assets at FVTPL - current      | 16,751,969        | 240,163         | -                       | 240,163    |      |
|                            | Mutual funds                  | FSITC Taiwan Money Market Fund                      |                                       | Financial assets at FVTPL - current      | 48,528,892        | 749,985         | -                       | 749,985    |      |
|                            | Mutual funds                  | Hua Nan Phoenix Money Market Fund                   |                                       | Financial assets at FVTPL - current      | 9,149,689         | 150,090         | -                       | 150,090    |      |
|                            | Mutual funds                  | President Hang Seng TECH Index ETN                  |                                       | Financial assets at FVTPL - current      | 5,900,000         | 59,944          | -                       | 59,944     |      |
|                            | Mutual funds                  | Cathay Taiwan Money Market Fund                     |                                       | Financial assets at FVTPL - current      | 8,216,248         | 103,095         | -                       | 103,095    |      |
|                            | Mutual funds                  | Cathay China Domestic Demand Growth Fund            |                                       | Financial assets at FVTPL - current      | 3,585,869         | 124,107         | -                       | 124,107    |      |
|                            | Mutual funds                  | Cathay Target Date 2029 Fund of Funds               |                                       | Financial assets at FVTPL - current      | 4,720,915         | 59,079          | -                       | 59,079     |      |
|                            | Mutual funds                  | Cathay Glb Aggressive FOFs                          |                                       | Financial assets at FVTPL - current      | 2,284,844         | 61,462          | -                       | 61,462     |      |
|                            | Debt securities               | CODEIS Smart Cash Note                              |                                       | Financial assets at FVTPL - current      | 10,000            | 28,409          | -                       | 28,409     |      |
|                            | 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%                    | -          |      |

(Continued)

(Continued from the previous page)

| Holding Company Name                | Type of Marketable Securities | Name of Marketable Securities               | Relationship with the Holding Company   | Financial Statement Account             | End of the Period |                 |                         |            | Note |
|-------------------------------------|-------------------------------|---|---|---|-------------------|-----------------|-------------------------|------------|------|
|                                     |                               |   |   |   | Shares            | Carrying Amount | Percentage of Ownership | Fair Value |      |
| Standard Dairy Products Taiwan Ltd. | Shares                        | Paradigm Venture Capital Corporation        |   | Financial assets at FVTPL - non-current | 180,376           | \$ 1,946        | 7.0%                    | \$ 1,946   |      |
|                                     | 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%                    | -          |      |
|                                     | 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                  | Mega Diamond Money Market Fund              |   | Financial assets at FVTPL - current     | 3,963,725         | 50,204          | -                       | 50,204     |      |
|                                     | Mutual funds                  | Jih Sun Money Market Fund                   |   | Financial assets at FVTPL - current     | 5,866,056         | 87,822          | -                       | 87,822     |      |
|                                     | Mutual funds                  | Taishin 1699 Money Market Fund              |   | Financial assets at FVTPL - current     | 5,573,526         | 76,154          | -                       | 76,154     |      |
|                                     | Mutual funds                  | FSITC Taiwan Money Market Fund              |   | Financial assets at FVTPL - current     | 6,384,086         | 98,662          | -                       | 98,662     |      |
|                                     | Mutual funds                  | Cathay China Domestic Demand Growth Fund    |   | Financial assets at FVTPL - current     | 1,195,290         | 41,369          | -                       | 41,369     |      |
|                                     | Mutual funds                  | Cathay Target Date 2029 Fund of Funds       |   | Financial assets at FVTPL - current     | 786,819           | 9,846           | -                       | 9,846      |      |
|                                     | Mutual funds                  | Cathay Glb Aggressive FOFs                  |   | Financial assets at FVTPL - current     | 761,615           | 20,488          | -                       | 20,488     |      |
| Charng Hui Ltd.                     | Shares                        | Standard Foods Corporation                  | Parent of Charng Hui Ltd.               | Financial assets at FVTOCI - current    | 6,669,471         | 360,818         | 0.7%                    | 360,818    | Note |
|                                     | Shares                        | Formosa Plastics Corporation                |   | Financial assets at FVTOCI - current    | 91,440            | 9,418           | -                       | 9,418      |      |
|                                     | Shares                        | China Steel Corporation                     |   | Financial assets at FVTOCI - current    | 803,258           | 31,809          | -                       | 31,809     |      |
|                                     | Shares                        | Polytronics Technology Corporation          | Charng Hui Ltd. is one of the directors | Financial assets at FVTOCI - current    | 1,596,000         | 213,864         | 2.0%                    | 213,864    |      |

(Continued)

(Continued from the previous page)

| Holding Company Name                              | Type of Marketable Securities | Name of Marketable Securities  | Relationship with the Holding Company   | Financial Statement Account              | End of the Period |                 |                         |            | Note |
|---|-------------------------------|--|---|--|-------------------|-----------------|-------------------------|------------|------|
|   |                               |  |   |  | Shares            | Carrying Amount | Percentage of Ownership | Fair Value |      |
| Standard Beverage Company Ltd.                    | Shares                        | Taiwan Semiconductor Manufacturing Co., Ltd.                                   | Charng Hui Ltd. is one of the directors | Financial assets at FVTOCI - current     | 90,000            | \$ 53,550       | -                       | \$ 53,550  |      |
|   | Mutual funds                  | Fuh Hwa Global Strategic Allocation FoF  |   | Financial assets at FVTPL - current      | 1,000,000         | 13,160          | -                       | 13,160     |      |
|   | Mutual funds                  | Franklin Templeton SinoAm Franklin Templeton Global Bond Fund of Funds         |   | Financial assets at FVTPL - current      | 1,453,360         | 18,734          | -                       | 18,734     |      |
|   | Mutual funds                  | Taishin 1699 Money Market Fund   |   | Financial assets at FVTPL - current      | 490,638           | 6,704           | -                       | 6,704      |      |
|   | Shares                        | Global Strategic Investment Co., Ltd.  |   | Financial assets at FVTPL - non-current  | 850,500           | 4,338           | 1.9%                    | 4,338      |      |
|   | Shares                        | Hong Da Leasing & Finance Co., Ltd.  |   | Financial assets at FVTPL - non-current  | 8,297,000         | -               | 23.7%                   | -          |      |
|   | Shares                        | CNEX Co., Ltd.   |   | Financial assets at FVTPL - non-current  | 1,000,000         | -               | 6.0%                    | -          |      |
|   | Shares                        | Amphastar Pharmaceuticals Inc. (AMPH)  |   | Financial assets at FVTPL - non-current  | 7,742             | 4,348           | -                       | 4,348      |      |
|   | Mutual funds                  | Fuh Hwa Greater China Mid & Small Cap Fund                                     |   | Financial assets at FVTPL - current      | 225,000           | 3,895           | -                       | 3,895      |      |
|   | Mutual funds                  | Franklin Templeton SinoAm Franklin Templeton Global Bond Fund of Funds - Accu. |   | Financial assets at FVTPL - current      | 282,988           | 3,648           | -                       | 3,648      |      |
| Domex Technology Corporation<br>Accession Limited | Shares                        | InnoComm Mobile Technology Corp.   |   | Financial assets at FVTOCI - non-current | 3,600,000         | 284,544         | 13.4%                   | 284,544    |      |
|   | Shares                        | AsiaVest Liquidation Co.   |   | Financial assets at FVTOCI - non-current | 200               | 1,033           | 0.7%                    | 1,033      |      |
|   | Mutual funds                  | Term Liquidity Fund  |   | Financial assets at FVTPL - current      | 33,453            | 98,073          | -                       | 98,073     |      |

Note 1: The Fund had no number of unit.

Note 2: The amount was eliminated upon consolidation.

TABLE 4

## 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 MONTHS ENDED JUNE 30, 2021  
(IN THOUSANDS OF NEW TAIWAN DOLLARS)

| Company Name                          | Counter-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                   | Ratio to Total Notes or Accounts Receivable (payable) |      |
| Standard Foods Corporation            | Standard Dairy Products Taiwan Ltd.   | The Company's subsidiary                                 | Sales               | ( \$ 637,648 ) | 9.88%      | 55 days after month-end closing (net of receivables and payables) | -                    | -             | \$ 191,807                       | 9.75%   | Note |
|                                       |                                       |  | Purchases           | 390,293        | 11.93%     | 55 days after month-end closing (net of receivables and payables) | -                    | -             | -                                | -   | Note |
| Standard Dairy Products Taiwan Ltd.   | Standard Foods Corporation            | Parent company of Standard Dairy Products Taiwan Ltd.    | Purchases           | 637,648        | 56.85%     | 55 days after month-end closing (net of receivables and payables) | -                    | -             | ( 191,807 )                      | 47.94%  | Note |
|                                       |                                       |  | Sales               | ( 390,293 )    | 25.09%     | 55 days after month-end closing (net of receivables and payables) | -                    | -             | -                                | -   | Note |
| Shanghai Standard Foods Co., Ltd      | Standard Investment (China) Co., Ltd. | Brother company of Shanghai Standard Foods Co., Ltd.     | Sales               | ( 729,900 )    | 70.58%     | 60 days after month-end closing                                   | -                    | -             | 294,575                          | 99.96%  | Note |
|                                       |                                       |  | Purchases           | 251,761        | 18.52%     | 60 days after month-end closing                                   | -                    | -             | ( 54,355 )                       | 77.16%  | Note |
| Standard Investment (China) Co., Ltd. | Shanghai Standard Foods Co., Ltd      | Brother company of Standard Investment (China) Co., Ltd. | Purchases           | 729,900        | 15.14%     | 60 days after month-end closing                                   | -                    | -             | ( 294,575 )                      | 16.26%  | Note |
|                                       |                                       |  | Sales               | ( 251,761 )    | 3.87%      | 60 days after month-end closing                                   | -                    | -             | 54,355                           | 2.91%   | Note |
| Standard Foods (China) Co., Ltd.      | Standard Investment (China) Co., Ltd. | Parent company of Standard Foods (China) Co., Ltd.       | Sales               | ( 2,367,782 )  | 99.74%     | 60 days after month-end closing                                   | -                    | -             | 973,363                          | 99.97%  | Note |
| Standard Investment (China) Co., Ltd. | Standard Foods (China) Co., Ltd.      | Standard Investment (China) Co., Ltd.'s subsidiary       | Purchases           | 2,367,782      | 49.01%     | 60 days after month-end closing                                   | -                    | -             | ( 973,363 )                      | 53.73%  | Note |
| Standard Foods (Xiamen) Co., Ltd      | Standard Investment (China) Co., Ltd. | Parent company of Standard Foods (Xiamen) Co., Ltd.      | Sales               | ( 1,730,442 )  | 84.54%     | 60 days after month-end closing                                   | -                    | -             | 534,762                          | 100.00%   | Note |
| Standard Foods (China) Co., Ltd.      | Standard Foods (Xiamen) Co., Ltd      | Standard Investment (China) Co., Ltd.'s subsidiary       | Purchases           | 1,730,442      | 35.82%     | 60 days after month-end closing                                   | -                    | -             | ( 534,762 )                      | 29.52%  | Note |

Note: The amounts presented above were eliminated upon consolidation.



TABLE 5

## 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, 2021

(IN THOUSANDS OF NEW TAIWAN DOLLARS)

| Company Name                             | Counter-party                            | Nature of Relationships                                 | Ending Balance for Trade Receivable<br>- Related Parties | Turnover<br>Rate  | Overdue |               | Amounts Received in<br>Subsequent Period | Allowance for loss<br>amount | Note     |
|--|--|---|--|-------------------|---------|---------------|--|------------------------------|----------|
|  |  |   |  |                   | Amount  | Actions Taken |  |                              |          |
| Standard Foods Corporation               | Standard Dairy Products<br>Taiwan Ltd.   | The Company's subsidiary                                | Trade receivables  | \$ 191,807        | 7.99    | \$ -          | \$ 49,866 (Note 1)                       | \$ -                         | (Note 2) |
|  |  |   | Other receivables  | 6,999             |         | -             | 6,999 (Note 1)                           | -                            | (Note 2) |
|  |  |   |  | <u>\$ 198,806</u> |         | <u>\$ -</u>   | <u>\$ 56,865</u> (Note 1)                | <u>\$ -</u>                  |          |
| Shanghai Standard Foods Co.,<br>Ltd.     | Standard Foods (China) Co.,<br>Ltd.      | Brother company of Shanghai Standard<br>Foods Co., Ltd. | Trade receivables  | \$ 239,417        | 3.45    | \$ -          | \$ 119,915 (Note 1)                      | \$ -                         | (Note 2) |
|  |  |   | Notes receivable   | 55,158            | 3.45    | -             | 55,158 (Note 1)                          | -                            | (Note 2) |
|  |  |   | Financing receivables<br>- related parties               | 43,557            |         | -             | - (Note 1)                               | -                            | (Note 2) |
|  |  |   | Other receivables  | 4,714             |         | -             | - (Note 1)                               | -                            | (Note 2) |
|  |  |   |  | <u>\$ 342,846</u> |         | <u>\$ -</u>   | <u>\$ 175,073</u> (Note 1)               | <u>\$ -</u>                  |          |
| Shanghai Standard Foods Co.,<br>Ltd.     | Standard Foods (Xiamen)<br>Co., Ltd.     | Brother company of Shanghai Standard<br>Foods Co., Ltd. | Trade receivables  | \$ 130            | 3.57    | \$ -          | \$ - (Note 1)                            | \$ -                         | (Note 2) |
|  |  |   | Financing receivables<br>- related parties               | 452,823           |         | -             | - (Note 1)                               | -                            | (Note 2) |
|  |  |   | Other receivables  | 2,377             |         | -             | - (Note 1)                               | -                            | (Note 2) |
|  |  |   |  | <u>\$ 455,330</u> |         | <u>\$ -</u>   | <u>\$ -</u> (Note 1)                     | <u>\$ -</u>                  |          |
| Standard Foods (China) Co.,<br>Ltd.      | Standard Investment (China)<br>Co., Ltd. | Parent company of Standard Foods<br>(China) Co., Ltd.   | Trade receivables  | \$ 934,550        | 3.56    | \$ -          | \$ 563,005 (Note 1)                      | \$ -                         | (Note 2) |
|  |  |   | Notes receivable   | 38,813            | 3.56    | -             | - (Note 1)                               | -                            | (Note 2) |
|  |  |   | Other receivables  | 3,711             |         | -             | - (Note 1)                               | -                            | (Note 2) |
|  |  |   |  | <u>\$ 977,074</u> |         | <u>\$ -</u>   | <u>\$ 563,005</u> (Note 1)               | <u>\$ -</u>                  |          |
| Standard Investment (China)<br>Co., Ltd. | Standard Foods (China) Co.,<br>Ltd.      | Standard Investment (China) Co., Ltd.'s<br>subsidiary   | Trade receivables  | \$ 89             | 12.55   | \$ -          | \$ 75 (Note 1)                           | \$ -                         | (Note 2) |
|  |  |   | Financing receivables<br>- related parties               | 430,837           |         | -             | - (Note 1)                               | -                            | (Note 2) |
|  |  |   | Other receivables  | 10,824            |         | -             | - (Note 1)                               | -                            | (Note 2) |
|  |  |   |  | <u>\$ 441,750</u> |         | <u>\$ -</u>   | <u>\$ 75</u> (Note 1)                    | <u>\$ -</u>                  |          |
| Standard Investment (China)<br>Co., Ltd. | Standard Foods (Xiamen)<br>Co., Ltd.     | Standard Investment (China) Co., Ltd.'s<br>subsidiary   | Trade receivables  | \$ 57             | 15.87   | \$ -          | \$ - (Note 1)                            | \$ -                         | (Note 2) |
|  |  |   | Financing receivables<br>- related parties               | 513,312           |         | -             | - (Note 1)                               | -                            | (Note 2) |
|  |  |   | Other receivables  | 15,924            |         | -             | 5,101 (Note 1)                           | -                            | (Note 2) |
|  |  |   |  | <u>\$ 529,293</u> |         | <u>\$ -</u>   | <u>\$ 5,101</u> (Note 1)                 | <u>\$ -</u>                  |          |
| Standard Foods (Xiamen)<br>Co., Ltd.     | Standard Investment (China)<br>Co., Ltd. | Parent company of Standard Foods<br>(Xiamen) Co., Ltd.  | Notes receivable   | <u>\$ 534,762</u> | 3.80    | <u>\$ -</u>   | <u>\$ -</u> (Note 1)                     | <u>\$ -</u>                  | (Note 2) |

Note 1: The amount received as of August 11, 2021.

Note 2: The amount was eliminated upon consolidation.

**TABLE 6**

**STANDARD FOODS CORPORATION AND SUBSIDIARIES**

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE SIX MONTHS ENDED JUNE 30, 2021  
(IN THOUSANDS OF NEW TAIWAN DOLLARS)

| No.<br>(Note 1) | Name of Company            | Counterparty              | Relationship<br>(Note 2) | Transactions Details                              |                 |                                     |  |
|-----------------|----------------------------|---------------------------|--------------------------|---|-----------------|-------------------------------------|--|
|                 |                            |                           |                          | Financial Statement Accounts                      | Amount (Note 4) | Payment Terms                       | % to Consolidated<br>Total Sales or Assets<br>(Note 3) |
| 0               | Standard Foods Corporation | Standard Dairy Products   | 1                        | Trade receivables                                 | \$ 191,807      | According to the general conditions | 0.7%   |
| 0               | Standard Foods Corporation | Standard Dairy Products   | 1                        | Other receivables                                 | 6,999           | According to the general conditions | -  |
| 0               | Standard Foods Corporation | Standard Dairy Products   | 1                        | Sales   | 637,648         | According to the general conditions | 4.1%   |
| 0               | Standard Foods Corporation | Standard Dairy Products   | 1                        | Purchases   | 390,293         | According to the general conditions | 2.5%   |
| 0               | Standard Foods Corporation | Standard Dairy Products   | 1                        | Royalty revenue                                   | 4,244           | According to the general conditions | -  |
| 0               | Standard Foods Corporation | Standard Beverage         | 1                        | Other receivables                                 | 116             | According to the general conditions | -  |
| 0               | Standard Foods Corporation | Standard Beverage         | 1                        | Financing receivables - related parties           | 20,500          | Interest rate 0.950% per annum      | 0.1%   |
| 0               | Standard Foods Corporation | Standard Beverage         | 1                        | Interest income                                   | 61              | Interest rate 0.950% per annum      | -  |
| 0               | Standard Foods Corporation | Standard Beverage         | 1                        | Service revenue (recognized under sundry revenue) | 660             | According to the general conditions | -  |
| 0               | Standard Foods Corporation | Dermalab                  | 1                        | Financing receivables - related parties           | 18,117          | Interest rate 1.000% per annum      | 0.1%   |
| 0               | Standard Foods Corporation | Dermalab                  | 1                        | Interest income                                   | 443             | Interest rate 1.000% per annum      | -  |
| 0               | Standard Foods Corporation | China Standard Foods      | 1                        | Interest income                                   | 1,075           | Interest rate 1.000% per annum      | -  |
| 0               | Standard Foods Corporation | Xiamen Standard           | 1                        | Interest income                                   | 1,798           | Interest rate 1.000% per annum      | -  |
| 1               | Shanghai Standard          | China Standard Investment | 3                        | Trade receivables                                 | 239,417         | According to the general conditions | 0.9%   |
| 1               | Shanghai Standard          | China Standard Investment | 3                        | Notes receivable                                  | 55,158          | According to the general conditions | 0.2%   |
| 1               | Shanghai Standard          | China Standard Investment | 3                        | Financing receivables - related parties           | 43,557          | Interest rate 1.000% per annum      | 0.2%   |
| 1               | Shanghai Standard          | China Standard Investment | 3                        | Other receivables                                 | 4,714           | According to the general conditions | -  |
| 1               | Shanghai Standard          | China Standard Investment | 3                        | Trade payables                                    | 54,355          | According to the general conditions | 0.2%   |
| 1               | Shanghai Standard          | China Standard Investment | 3                        | Other payables                                    | 2,261           | According to the general conditions | -  |
| 1               | Shanghai Standard          | China Standard Investment | 3                        | Sales   | 729,900         | According to the general conditions | 4.7%   |
| 1               | Shanghai Standard          | China Standard Investment | 3                        | Purchases   | 251,761         | According to the general conditions | 1.6%   |
| 1               | Shanghai Standard          | China Standard Investment | 3                        | Interest income                                   | 269             | Interest rate 1.000% per annum      | -  |
| 1               | Shanghai Standard          | China Standard Investment | 3                        | Other expenses                                    | 65              | According to the general conditions | -  |
| 1               | Shanghai Standard          | China Standard Investment | 3                        | Research and development expenses                 | 1,989           | According to the general conditions | -  |
| 1               | Shanghai Standard          | China Standard Foods      | 3                        | Sales   | 9,911           | According to the general conditions | 0.1%   |
| 1               | Shanghai Standard          | China Standard Foods      | 3                        | Purchases   | 4,760           | According to the general conditions | -  |
| 1               | Shanghai Standard          | Xiamen Standard           | 3                        | Trade receivables                                 | 130             | According to the general conditions | -  |
| 1               | Shanghai Standard          | Xiamen Standard           | 3                        | Other receivables                                 | 2,377           | According to the general conditions | -  |
| 1               | Shanghai Standard          | Xiamen Standard           | 3                        | Financing receivables - related parties           | 452,823         | Interest rate 1.000% per annum      | 1.6%   |
| 1               | Shanghai Standard          | Xiamen Standard           | 3                        | Sales   | 116             | According to the general conditions | -  |
| 1               | Shanghai Standard          | Xiamen Standard           | 3                        | Interest income                                   | 2,296           | Interest rate 1.000% per annum      | -  |

(Continued)

(Continued from the previous page)

| No.<br>(Note 1) | Name of Company           | Counterparty         | Relationship<br>(Note 2) | Transactions Details                          |                 |                                     |  |
|-----------------|---------------------------|----------------------|--------------------------|---|-----------------|-------------------------------------|--|
|                 |                           |                      |                          | Financial Statement Accounts                  | Amount (Note 4) | Payment Terms                       | % to Consolidated<br>Total Sales or Assets<br>(Note 3) |
| 2               | China Standard Investment | China Standard Foods | 1                        | Trade receivables                             | \$ 89           | According to the general conditions | -  |
| 2               | China Standard Investment | China Standard Foods | 1                        | Other receivables                             | 10,824          | According to the general conditions | -  |
| 2               | China Standard Investment | China Standard Foods | 1                        | Financing receivables - related parties       | 430,837         | Interest rate 1.000% per annum      | 1.6%   |
| 2               | China Standard Investment | China Standard Foods | 1                        | Trade payables                                | 934,550         | According to the general conditions | 3.4%   |
| 2               | China Standard Investment | China Standard Foods | 1                        | Notes payable                                 | 38,813          | According to the general conditions | 0.1%   |
| 2               | China Standard Investment | China Standard Foods | 1                        | Other payables                                | 3,711           | According to the general conditions | -  |
| 2               | China Standard Investment | China Standard Foods | 1                        | Sales   | 295             | According to the general conditions | -  |
| 2               | China Standard Investment | China Standard Foods | 1                        | Purchases                                     | 2,367,782       | According to the general conditions | 15.1%  |
| 2               | China Standard Investment | China Standard Foods | 1                        | Interest income                               | 1,810           | Interest rate 1.000% per annum      | -  |
| 2               | China Standard Investment | China Standard Foods | 1                        | Other income                                  | 10,942          | According to the general conditions | 0.1%   |
| 2               | China Standard Investment | China Standard Foods | 1                        | Rental expenses                               | 48              | According to the general conditions | -  |
| 2               | China Standard Investment | Shanghai Dermalab    | 1                        | Other receivables                             | 610             | According to the general conditions | -  |
| 2               | China Standard Investment | Shanghai Dermalab    | 1                        | Financing receivables - related parties       | 55,348          | Interest rate 1.000% per annum      | 0.2%   |
| 2               | China Standard Investment | Shanghai Dermalab    | 1                        | Interest income                               | 615             | Interest rate 1.000% per annum      | -  |
| 2               | China Standard Investment | Shanghai Dermalab    | 1                        | Expenses (social expenses and other expenses) | 82              | According to the general conditions | -  |
| 2               | China Standard Investment | Xiamen Standard      | 1                        | Trade receivables                             | 57              | According to the general conditions | -  |
| 2               | China Standard Investment | Xiamen Standard      | 1                        | Other receivables                             | 15,924          | According to the general conditions | 0.1%   |
| 2               | China Standard Investment | Xiamen Standard      | 1                        | Financing receivables - related parties       | 513,312         | Interest rate 1.000% per annum      | 1.9%   |
| 2               | China Standard Investment | China Standard Foods | 1                        | Notes payable                                 | 534,762         | According to the general conditions | 1.9%   |
| 2               | China Standard Investment | Xiamen Standard      | 1                        | Prepayments for purchases                     | 105,468         | According to the general conditions | 0.4%   |
| 2               | China Standard Investment | Xiamen Standard      | 1                        | Sales   | 238             | According to the general conditions | -  |
| 2               | China Standard Investment | Xiamen Standard      | 1                        | Purchases                                     | 1,730,442       | According to the general conditions | 11.0%  |
| 2               | China Standard Investment | Xiamen Standard      | 1                        | Interest income                               | 9,135           | Interest rate 1.000% per annum      | 0.1%   |
| 2               | China Standard Investment | Xiamen Standard      | 1                        | Other income                                  | 6,963           | According to the general conditions | -  |
| 2               | China Standard Investment | Shanghai Le Bonta    | 1                        | Trade receivables                             | 5               | According to the general conditions | -  |
| 2               | China Standard Investment | Shanghai Le Bonta    | 1                        | Other receivables                             | 245             | According to the general conditions | -  |
| 2               | China Standard Investment | Shanghai Le Bonta    | 1                        | Financing receivables - related parties       | 81,107          | Interest rate 1.000% per annum      | 0.3%   |
| 2               | China Standard Investment | Shanghai Le Bonta    | 1                        | Trade payables                                | 485             | According to the general conditions | -  |
| 2               | China Standard Investment | Shanghai Le Bonta    | 1                        | Sales   | 2               | According to the general conditions | -  |
| 2               | China Standard Investment | Shanghai Le Bonta    | 1                        | Purchases                                     | 1,595           | According to the general conditions | -  |
| 2               | China Standard Investment | Shanghai Le Bonta    | 1                        | Interest income                               | 491             | Interest rate 1.000% per annum      | -  |
| 2               | China Standard Investment | Shanghai Le Bonta    | 1                        | Other expenses                                | 80              | According to the general conditions | -  |
| 2               | China Standard Investment | Shanghai Le Ho       | 3                        | Other payables                                | 68              | According to the general conditions | -  |
| 2               | China Standard Investment | Shanghai Le Ho       | 3                        | Financing payables - related parties          | 6,866           | Interest rate 1.000% per annum      | -  |
| 2               | China Standard Investment | Shanghai Le Ho       | 3                        | Interest expenses                             | 69              | Interest rate 1.000% per annum      | -  |
| 2               | China Standard Investment | Shanghai Le Ming     | 3                        | Other payables                                | 68              | According to the general conditions | -  |

(Continued)

(Continued from the previous page)

| No.<br>(Note 1) | Name of Company           | Counterparty       | Relationship<br>(Note 2) | Transactions Details                 |                 |                                     |  |
|-----------------|---------------------------|--------------------|--------------------------|--------------------------------------|-----------------|-------------------------------------|--|
|                 |                           |                    |                          | Financial Statement Accounts         | Amount (Note 4) | Payment Terms                       | % to Consolidated<br>Total Sales or Assets<br>(Note 3) |
| 2               | China Standard Investment | Shanghai Le Ming   | 3                        | Financing payables - related parties | \$ 5,895        | Interest rate 1.000% per annum      | -  |
| 2               | China Standard Investment | Shanghai Le Ming   | 3                        | Interest expenses                    | 67              | Interest rate 1.000% per annum      | -  |
| 2               | China Standard Investment | Shanghai Le Ben De | 3                        | Other payables                       | 56              | According to the general conditions | -  |
| 2               | China Standard Investment | Shanghai Le Ben De | 3                        | Financing payables - related parties | 10,782          | Interest rate 1.000% per annum      | -  |
| 2               | China Standard Investment | Shanghai Le Ben De | 3                        | Interest expenses                    | 55              | Interest rate 1.000% per annum      | -  |
| 3               | Shanghai Dermalab         | Dermalab           | 3                        | Trade payables                       | 26,535          | According to the general conditions | 0.1%   |
| 3               | Shanghai Dermalab         | Dermalab           | 3                        | Purchases                            | 43,156          | According to the general conditions | 0.3%   |
| 4               | China Standard Foods      | Shanghai Le Bonta  | 3                        | Other receivables                    | 1,334           | According to the general conditions | -  |
| 4               | China Standard Foods      | Shanghai Le Bonta  | 3                        | Sales                                | 492             | According to the general conditions | -  |
| 4               | China Standard Foods      | Shanghai Le Bonta  | 3                        | Rental income                        | 1,800           | According to the general conditions | -  |
| 4               | China Standard Foods      | Shanghai Le Bonta  | 3                        | Other expenses                       | 2,443           | According to the general conditions | -  |
| 4               | China Standard Foods      | Xiamen Standard    | 3                        | Trade payables                       | 22              | According to the general conditions | -  |
| 4               | China Standard Foods      | Xiamen Standard    | 3                        | Sales                                | 128             | According to the general conditions | -  |
| 4               | China Standard Foods      | Xiamen Standard    | 3                        | Purchases                            | 20              | According to the general conditions | -  |
| 5               | Shanghai Le Bonta         | Shanghai Le Ben De | 3                        | Trade receivables                    | 451             | According to the general conditions | -  |
| 5               | Shanghai Le Bonta         | Shanghai Le Ben De | 3                        | Sales                                | 452             | According to the general conditions | -  |
| 5               | Shanghai Le Bonta         | Shanghai Le Ben De | 3                        | Purchases                            | 51              | 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:

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

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

- a. Parent company to its subsidiaries.
- b. Subsidiaries to its parent company.
- c. 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.

**TABLE 7**

**STANDARD FOODS CORPORATION AND SUBSIDIARIES**  
**INFORMATION ON INVESTEE COMPANIES (EXCLUDING MAINLAND INVESTED COMPANIES)**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2021**  
**(IN THOUSANDS OF NEW TAIWAN DOLLARS)**

| Investor Company                     | Investee Company                         | Location                        | Main Businesses and Products   | Original Investment Amount |                   | As of June 30, 2021 |      |                 | Net Income (Loss) of the Investee | Share of Profits (Loss) | Note                           |
|--------------------------------------|--|---------------------------------|--|----------------------------|-------------------|---------------------|------|-----------------|-----------------------------------|-------------------------|--------------------------------|
|                                      |  |                                 |  | June 30, 2021              | December 31, 2020 | Shares              | %    | Carrying Amount |                                   |                         |                                |
| Standard Foods Corporation           | Accession Limited                        | Tortola, British Virgin Islands | Investing  | \$ 3,936,267               | \$ 3,936,267      | 123,600,000         | 100% | \$ 3,596,962    | \$ 23,855                         | \$ 27,585 (Note 1)      | Subsidiary (Note 5)            |
|                                      | Standard Investment (Cayman) Limited     | Grand Cayman , Cayman Islands   | Investing  | 4,710,865                  | 4,710,865         | 150,124,815         | 100% | 5,506,380       | ( 112,426 )                       | ( 112,426 )             | Subsidiary (Note 5)            |
|                                      | Standard Dairy Products Taiwan Ltd.      | Taipei, Taiwan                  | Manufacture and sale of dairy products and beverages                 | 300,853                    | 300,853           | 30,000,000          | 100% | 1,219,672       | 211,450                           | 213,082 (Note 2)        | Subsidiary (Note 5)            |
|                                      | Charng Hui Ltd.                          | Taipei, Taiwan                  | Investing  | 230,000                    | 230,000           | 24,100,000          | 100% | 440,190         | 5,481                             | 5,481                   | 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%  | 335,001         | 29,834                            | 15,517                  | Subsidiary (Note 5)            |
|                                      | Standard Beverage Company Ltd.           | Taipei, Taiwan                  | Manufacture and sale of beverages                                    | 79,072                     | 79,072            | 7,907,000           | 100% | 84,767          | 1,180                             | 1,170 (Note 3)          | Subsidiary (Note 5)            |
|                                      | Le Bonta Wellness International Co.      | Taipei, Taiwan                  | Sale of health food  | 5,953                      | 14,350            | Note 4              | 100% | 446             | ( 115 )                           | ( 115 )                 | Subsidiary (Note 5)            |
|                                      | Standard Foods, LLC.                     | U.S.A.                          | Sale of health food  | 9,056                      | 9,056             | Note 4              | 100% | 8,358           | -                                 | -                       | Subsidiary (Note 5)            |
| Accession Limited                    | Dermalab S.A.                            | Switzerland                     | Development and sale of cosmetics                                    | 379,489                    | 335,215           | 4,050               | 100% | 235,948         | 18,546                            |                         | Sub-subsubsidiary (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% | 5,505,959       | ( 112,280 )                       |                         | Sub-subsubsidiary (Note 5)     |

Note 1: This amount was the share of profit from the investee of NT\$23,855 thousand minus the unrealized gain on sidestream transactions of NT\$3,730 thousand.

Note 2: This amount was the share of profit of the investee of \$211,450 thousand plus the unrealized gain on upstream transactions of \$1,632 thousand.

Note 3: This amount was the share of profit from the investee of NT\$1,180 thousand plus the realized profit on upstream transactions of NT\$10 thousand.

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

Note 5: The amount was eliminated upon consolidation.

TABLE 8

## STANDARD FOODS CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE SIX MONTHS ENDED JUNE 30, 2021  
(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 at the Beginning of the Period | Remittance or Recovery of Funds |        | Accumulated Outward Remittance for Investment from Taiwan at the End of the Period | Net Income (Loss) of the Investee | % of Ownership of Direct or Indirect Investment | Investment Profit (Loss) Recognized (Note 2) | Carrying Amount as of June 30, 2020 | Accumulated Repatriation of Investment Income at the End of the Period | 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)  | \$ 14,759                         | 100.0%  | \$ 21,352 (Note 9)                           | \$ 3,219,396                        | \$ -   | Note 12 |
| Standard Investment (China) Co., Ltd.          | 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)   | ( 101,448 )                       | 99.0%   | ( 100,434 ) (Note 9)                         | 4,724,270                           | -  | 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)   | ( 83,355 )                        | 99.0%   | ( 63,247 ) (Note 9)                          | 1,913,452                           | -  | Note 12 |
| Shanghai Dermalab Corporation                  | Sale of nutritional foods, cosmetics and engage in import and export business | 93,989          | (3) (Note 6)                  | - (Note 6)   | -                               | -      | - (Note 6)   | 4,766                             | 99.0%   | 4,718 (Note 10)                              | 12,879                              | -  | 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)   | ( 34,225 )                        | 99.5%   | ( 34,058 ) (Note 10)                         | 139,960                             | -  | Note 12 |
| Shanghai Le Ben De Health Technology Co., Ltd. | Sale of nutritional foods and engagement in export business                   | 31,220          | (3) (Note 4 and 8)            | 31,220 (Note 4)  | -                               | -      | 31,220 (Note 4)  | 295                               | 100.0%  | 295 (Note 10)                                | 29,766                              | -  | 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)   | ( 53,171 )                        | 99.0%   | ( 35,905 ) (Note 10)                         | 1,402,236                           | -  | Note 12 |
| Shanghai Le Ho Industrial Co., Ltd.            | Management of properties  | 607,717         | (2) (Note 5)                  | 607,717 (Note 5)   | -                               | -      | 607,717 (Note 5)   | ( 7,260 )                         | 100.0%  | ( 7,260 ) (Note 10)                          | 480,966                             | -  | Note 12 |
| Shanghai Le Min Industrial Co., Ltd.           | Management of properties  | 378,009         | (2) (Note 5)                  | 378,009 (Note 5)   | -                               | -      | 378,009 (Note 5)   | ( 4,489 )                         | 100.0%  | ( 4,489 ) (Note 10)                          | 300,239                             | -  | Note 12 |

|  |  |   |
|--|--|---|
| Accumulated Outward Remittance for Investment in Mainland China at the End of the Period | 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 a 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 accounting firm in ROC.
- 2) The financial statements were audited by the CPA of the parent company in Taiwan.
- 3) Others.

Note 3. Accession Ltd. is the investor company in a 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 current period. The investment remained at \$4,034,074 thousand. Of the \$4,034,074 thousand, \$53,279 thousand has been retained in Accession Ltd. The remaining balance thereof, amounting to \$3,980,795 thousand, was originally the outward remittance of the investment of Shanghai Standard Foods Co., Ltd. However, as of July 2015, of the \$3,980,795 thousand, \$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 \$3,949,575 thousand and \$31,220 thousand, respectively.

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

Note 6. The company in mainland China was reinvested through a company registered in mainland China, namely Standard Investment (China) 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) Ltd. The amount invested directly was \$181,048 thousand.

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

Note 9. The basis for recognition of investment profit and loss is Note 2.b. Item c) is based on the financial statements of the investee reviewed by CPAs of the parent company in Taiwan during the same period.

Note 10. The basis for recognition of investment profit and loss is Note 2.b. Item c) is based on the financial statements of the investee that have not been reviewed by any CPA during the same period.

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, 2021**

| Name of Major Shareholder                              | Shares                |                         |
|--|-----------------------|-------------------------|
|  | Number of Shares Held | 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%                  |
| Nan Shan Life Insurance Company, Ltd.                  | 46,506,000            | 5.08%                   |

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 shares above 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.