

**Standard Foods Corporation and
Subsidiaries**

**Consolidated Financial Statements for the
Years Ended December 31, 2021 and 2020 and
Independent Auditors' Report**

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 year ended December 31, 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

TER-FUNG TSAO
Chairman

March 28, 2022

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Standard Foods Corporation

Opinion

We have audited the accompanying consolidated financial statements of Standard Foods Corporation and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the Group's consolidated financial statements for the year ended December 31, 2021 is stated as follows:

Estimate of Return Liability

Standard Foods Corporation and its subsidiaries which are located in China mainly manufactures and sells nutrient-rich food, edible oil products, dairy products and beverages. Taking into account the current market conditions and the historical experience of its sales in the past, the Group estimates the probable amount of each product's return liability. Refer to Notes 5 and 22 to the consolidated financial statements for detailed information related to return liability. Because the assessment of return liability involves management's critical accounting estimates and judgments, we considered the assessment of return liability to be a key audit matter.

The key audit procedures that we performed in respect of the estimate of return liability included the following:

1. We obtained an understanding and tested the design and operating effectiveness of the key controls over the estimates of the return liability.
2. We selected samples from the sales return transactions and inspected the correctness of the sales returns in the current year.
3. We obtained the relevant reports of estimates of sales return liability, and we recalculated and reviewed that the assessment results were adequate.

Other Matter

We have also audited the parent company only financial statements of Standard Foods Corporation as of and for the years ended December 31, 2021 and 2020, on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Tza-Li Gung and Han-Ni Fang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 28, 2022

Notice to Readers

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

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

STANDARD FOODS CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

| ASSETS | 2021 | | 2020 | |
|--|----------------------|------------|----------------------|------------|
| | Amount | % | Amount | % |
| CURRENT ASSETS | | | | |
| Cash and cash equivalents (Note 6) | \$ 3,748,069 | 14 | \$ 4,332,018 | 16 |
| Financial assets at fair value through profit or loss - current (Note 7) | 1,174,960 | 4 | 1,490,336 | 5 |
| Financial assets at fair value through other comprehensive income - current (Note 8) | 313,940 | 1 | 249,485 | 1 |
| Financial assets at amortized cost - current (Note 9) | 1,936,561 | 7 | 1,728,070 | 6 |
| Notes receivable (Notes 10 and 25) | 18,370 | - | 3,154 | - |
| Trade receivables (Notes 10 and 25) | 5,699,413 | 20 | 6,295,581 | 23 |
| Trade receivable from related parties (Notes 25 and 32) | 7,290 | - | 9,011 | - |
| Finance lease receivables - current (Note 11) | 3,576 | - | 2,917 | - |
| Other receivables (Note 10) | 218,409 | 1 | 224,370 | 1 |
| Current tax assets (Note 27) | 4,765 | - | 23,063 | - |
| Inventories (Note 12) | 5,701,129 | 20 | 5,124,648 | 18 |
| Prepayments (Note 13) | 1,527,503 | 5 | 1,579,289 | 6 |
| Other current assets (Notes 19 and 33) | <u>97,350</u> | <u>-</u> | <u>63,844</u> | <u>-</u> |
| Total current assets | <u>20,451,335</u> | <u>72</u> | <u>21,125,786</u> | <u>76</u> |
| NON-CURRENT ASSETS | | | | |
| Financial assets at fair value through profit or loss - non-current (Note 7) | 7,235 | - | 10,666 | - |
| Financial assets at fair value through other comprehensive income - non-current (Note 8) | 507,240 | 2 | 267,178 | 1 |
| Financial assets at amortized cost - non-current (Note 9) | 716,466 | 3 | - | - |
| Property, plant and equipment (Notes 15 and 33) | 4,333,681 | 15 | 4,201,645 | 15 |
| Right-of-use assets (Note 16) | 652,121 | 2 | 626,440 | 2 |
| Investment properties (Notes 17 and 33) | 785,735 | 3 | 844,797 | 3 |
| Goodwill | 558 | - | 817 | - |
| Other intangible assets (Note 18) | 102,423 | - | 105,391 | - |
| Deferred tax assets (Note 27) | 437,485 | 2 | 417,127 | 2 |
| Finance lease receivables - non-current (Note 11) | 20,455 | - | 24,031 | - |
| Net defined benefit assets - non-current (Note 23) | 6,143 | - | 3,521 | - |
| Other non-current assets (Note 19) | <u>268,263</u> | <u>1</u> | <u>196,463</u> | <u>1</u> |
| Total non-current assets | <u>7,837,805</u> | <u>28</u> | <u>6,698,076</u> | <u>24</u> |
| | <u>\$ 28,289,140</u> | <u>100</u> | <u>\$ 27,823,862</u> | <u>100</u> |
| LIABILITIES AND EQUITY | | | | |
| CURRENT LIABILITIES | | | | |
| Short-term borrowings (Notes 20 and 33) | \$ 1,372,463 | 5 | \$ 1,846,767 | 7 |
| Short-term bills payable (Note 20) | 259,855 | 1 | 129,869 | 1 |
| Contract liabilities - current (Note 25) | 509,315 | 2 | 748,044 | 3 |
| Notes payable (Note 21) | 859,254 | 3 | 90,333 | - |
| Trade payables (Note 21) | 1,895,397 | 7 | 2,107,188 | 8 |
| Trade payables to related parties (Note 32) | 19,472 | - | 20,526 | - |
| Other payables (Note 22) | 3,440,103 | 12 | 3,442,258 | 12 |
| Current tax liabilities (Note 27) | 397,210 | 1 | 399,020 | 1 |
| Lease liabilities - current (Note 16) | 89,117 | - | 77,782 | - |
| Other current liabilities (Notes 5 and 22) | <u>141,994</u> | <u>1</u> | <u>94,108</u> | <u>-</u> |
| Total current liabilities | <u>8,984,180</u> | <u>32</u> | <u>8,955,895</u> | <u>32</u> |
| NON-CURRENT LIABILITIES | | | | |
| Deferred tax liabilities (Note 27) | 323,661 | 1 | 351,328 | 1 |
| Lease liabilities - non-current (Note 16) | 230,856 | 1 | 200,191 | 1 |
| Net defined benefit liabilities - non-current (Note 23) | 242,050 | 1 | 280,701 | 1 |
| Other non-current liabilities (Note 22) | <u>31,176</u> | <u>-</u> | <u>20,120</u> | <u>-</u> |
| Total non-current liabilities | <u>827,743</u> | <u>3</u> | <u>852,340</u> | <u>3</u> |
| Total liabilities | <u>9,811,923</u> | <u>35</u> | <u>9,808,235</u> | <u>35</u> |
| EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 24) | | | | |
| Ordinary shares | <u>9,150,897</u> | <u>32</u> | <u>9,150,897</u> | <u>33</u> |
| Capital surplus | <u>144,066</u> | <u>1</u> | <u>127,392</u> | <u>-</u> |
| Retained earnings | | | | |
| Legal reserve | 3,606,189 | 13 | 3,287,022 | 12 |
| Special reserve | 577,494 | 2 | 577,494 | 2 |
| Unappropriated earnings | <u>4,769,802</u> | <u>17</u> | <u>4,918,357</u> | <u>18</u> |
| Total retained earnings | <u>8,953,485</u> | <u>32</u> | <u>8,782,873</u> | <u>32</u> |
| Other equity | <u>(190,076)</u> | <u>(1)</u> | <u>(355,492)</u> | <u>(1)</u> |
| Treasury shares | <u>(21,182)</u> | <u>-</u> | <u>(21,182)</u> | <u>-</u> |
| Total equity attributable to owners of the Company | 18,037,190 | 64 | 17,684,488 | 64 |
| NON-CONTROLLING INTERESTS (Note 24) | <u>440,027</u> | <u>1</u> | <u>331,139</u> | <u>1</u> |
| Total equity | <u>18,477,217</u> | <u>65</u> | <u>18,015,627</u> | <u>65</u> |
| TOTAL | <u>\$ 28,289,140</u> | <u>100</u> | <u>\$ 27,823,862</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 YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

| | 2021 | | 2020 | |
|---|-------------------|-----------|-------------------|-----------|
| | Amount | % | Amount | % |
| OPERATING REVENUE | | | | |
| Sales (Notes 25 and 32) | \$ 34,307,044 | 100 | \$ 34,466,244 | 100 |
| OPERATING COSTS | | | | |
| Cost of goods sold (Notes 12, 26 and 32) | <u>26,075,184</u> | <u>76</u> | <u>24,856,790</u> | <u>72</u> |
| GROSS PROFIT | <u>8,231,860</u> | <u>24</u> | <u>9,609,454</u> | <u>28</u> |
| OPERATING EXPENSES (Note 26) | | | | |
| Selling and marketing expenses | 4,054,211 | 11 | 4,232,068 | 12 |
| General and administrative expenses | 1,023,005 | 3 | 1,152,067 | 3 |
| Research and development expenses | 177,876 | 1 | 166,035 | 1 |
| Expected credit loss (gain) | <u>(4,817)</u> | <u>-</u> | <u>15,105</u> | <u>-</u> |
| Total operating expenses | <u>5,250,275</u> | <u>15</u> | <u>5,565,275</u> | <u>16</u> |
| OPERATING INCOME | <u>2,981,585</u> | <u>9</u> | <u>4,044,179</u> | <u>12</u> |
| NON-OPERATING INCOME AND EXPENSES (Note 26) | | | | |
| Interest income | 105,660 | - | 119,907 | - |
| Other income | 60,338 | - | 39,862 | - |
| Other gains | 54,442 | - | 136,100 | 1 |
| Finance costs | <u>(49,011)</u> | <u>-</u> | <u>(51,337)</u> | <u>-</u> |
| Total non-operating income and expenses | <u>171,429</u> | <u>-</u> | <u>244,532</u> | <u>1</u> |
| PROFIT BEFORE INCOME TAX | 3,153,014 | 9 | 4,288,711 | 13 |
| INCOME TAX EXPENSE (Note 27) | <u>651,908</u> | <u>2</u> | <u>1,032,881</u> | <u>3</u> |
| NET PROFIT FOR THE YEAR | <u>2,501,106</u> | <u>7</u> | <u>3,255,830</u> | <u>10</u> |
| OTHER COMPREHENSIVE INCOME (LOSS) | | | | |
| Items that will not be reclassified subsequently to profit or loss: | | | | |
| Remeasurement of defined benefit plans | 3,515 | - | (26,831) | - |
| Unrealized gain on investments in equity instruments at fair value through other comprehensive income | 304,523 | 1 | 140,235 | - |

(Continued)

STANDARD FOODS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

| | 2021 | | 2020 | |
|---|---------------------|----------|---------------------|-----------|
| | Amount | % | Amount | % |
| Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 27) | \$ (2,148) | - | \$ 5,347 | - |
| Total items that will not be reclassified subsequently to profit or loss | <u>305,890</u> | <u>1</u> | <u>118,751</u> | <u>-</u> |
| Items that may be reclassified subsequently to profit or loss: | | | | |
| Exchange differences on translation of the financial statements of foreign operations | (51,015) | - | 151,809 | - |
| Income tax relating to the items that may be reclassified subsequently to profit or loss (Note 27) | <u>10,163</u> | <u>-</u> | <u>(30,209)</u> | <u>-</u> |
| Total items that may be reclassified subsequently to profit or loss | <u>(40,852)</u> | <u>-</u> | <u>121,600</u> | <u>-</u> |
| Other comprehensive income (loss) for the year, net of income tax | <u>265,038</u> | <u>1</u> | <u>240,351</u> | <u>-</u> |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | <u>\$ 2,766,144</u> | <u>8</u> | <u>\$ 3,496,181</u> | <u>10</u> |
| NET PROFIT ATTRIBUTABLE TO: | | | | |
| Owners of the Company | \$ 2,456,628 | 7 | \$ 3,212,801 | 10 |
| Non-controlling interests | <u>44,478</u> | <u>-</u> | <u>43,029</u> | <u>-</u> |
| | <u>\$ 2,501,106</u> | <u>7</u> | <u>\$ 3,255,830</u> | <u>10</u> |
| TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO: | | | | |
| Owners of the Company | \$ 2,623,752 | 8 | \$ 3,413,674 | 10 |
| Non-controlling interests | <u>142,392</u> | <u>-</u> | <u>82,507</u> | <u>-</u> |
| | <u>\$ 2,766,144</u> | <u>8</u> | <u>\$ 3,496,181</u> | <u>10</u> |
| EARNINGS PER SHARE (Note 28) | | | | |
| Basic | <u>\$ 2.70</u> | | <u>\$ 3.54</u> | |
| Diluted | <u>\$ 2.70</u> | | <u>\$ 3.53</u> | |

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

(Concluded)

STANDARD FOODS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

| | Equity Attributable to Owners of the Company | | | | | | | | | | | |
|---|--|-----------------|---------------|-----------------|-------------------------|--------------|---|---|--------------|-----------------|---------------------------|---------------|
| | Retained Earnings | | | | | | Exchange Differences on Translation of the Financial Statements of Foreign Operations | Other Equity | | Treasury Shares | Non-controlling Interests | Total Equity |
| | Ordinary Shares | Capital Surplus | Legal Reserve | Special Reserve | Unappropriated Earnings | Total | | Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income | Total | | | |
| BALANCE AT JANUARY 1, 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 | \$ 16,950,691 |
| Appropriation of 2019 earnings | | | | | | | | | | | | |
| Legal reserve | - | - | 341,610 | - | (341,610) | - | - | - | - | - | - | - |
| Special reserve | - | - | - | 246,549 | (246,549) | - | - | - | - | - | - | - |
| Cash dividends to shareholders | - | - | - | - | (2,424,987) | (2,424,987) | - | - | - | - | - | (2,424,987) |
| Adjustment of capital surplus for the Company's cash dividends received by subsidiaries | - | 17,674 | - | - | - | - | - | - | - | - | - | 17,674 |
| Decrease in non-controlling interests | - | - | - | - | - | - | - | - | - | - | (23,932) | (23,932) |
| Net profit for the year ended December 31, 2020 | - | - | - | - | 3,212,801 | 3,212,801 | - | - | - | - | 43,029 | 3,255,830 |
| Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax | - | - | - | - | (21,129) | (21,129) | 120,832 | 101,170 | 222,002 | - | 39,478 | 240,351 |
| Total comprehensive income for the year ended December 31, 2020 | - | - | - | - | 3,191,672 | 3,191,672 | 120,832 | 101,170 | 222,002 | - | 82,507 | 3,496,181 |
| BALANCE AT DECEMBER 31, 2020 | 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 | 18,015,627 |
| Appropriation of 2020 earnings | | | | | | | | | | | | |
| Legal reserve | - | - | 319,167 | - | (319,167) | - | - | - | - | - | - | - |
| Cash dividends to shareholders | - | - | - | - | (2,287,724) | (2,287,724) | - | - | - | - | - | (2,287,724) |
| Adjustment of capital surplus for the Company's cash dividends received by subsidiaries | - | 16,674 | - | - | - | - | - | - | - | - | - | 16,674 |
| Decrease in non-controlling interests | - | - | - | - | - | - | - | - | - | - | (33,504) | (33,504) |
| Net profit for the year ended December 31, 2021 | - | - | - | - | 2,456,628 | 2,456,628 | - | - | - | - | 44,478 | 2,501,106 |
| Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax | - | - | - | - | 1,708 | 1,708 | (40,651) | 206,067 | 165,416 | - | 97,914 | 265,038 |
| Total comprehensive income (loss) for the year ended December 31, 2021 | - | - | - | - | 2,458,336 | 2,458,336 | (40,651) | 206,067 | 165,416 | - | 142,392 | 2,766,144 |
| BALANCE AT DECEMBER 31, 2021 | \$ 9,150,897 | \$ 144,066 | \$ 3,606,189 | \$ 577,494 | \$ 4,769,802 | \$ 8,953,485 | \$ (612,857) | \$ 422,781 | \$ (190,076) | \$ (21,182) | \$ 18,037,190 | \$ 18,477,217 |

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

STANDARD FOODS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

| | 2021 | 2020 |
|--|------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Income before income tax | \$ 3,153,014 | \$ 4,288,711 |
| Adjustments for: | | |
| Depreciation expenses | 605,138 | 596,990 |
| Amortization expenses | 77,892 | 65,479 |
| Expected credit loss recognized (reversed) on trade receivables | (4,817) | 15,105 |
| Net gain (loss) on fair value changes of financial assets and financial liabilities at fair value through profit or loss | 42,047 | (929) |
| Finance costs | 49,011 | 51,337 |
| Interest income | (105,660) | (119,907) |
| Dividend income | (24,059) | (9,809) |
| Net loss on disposal of property, plant and equipment | 20,862 | 2,959 |
| Loss on disposal of investment | 259 | - |
| Others | (998) | - |
| Changes in operating assets and liabilities | | |
| Financial assets mandatorily classified as fair value through profit or loss | 276,351 | (823,078) |
| Notes receivable | (15,212) | (134) |
| Trade receivables | 565,283 | 172,746 |
| Trade receivables from related parties | 1,721 | (9,011) |
| Other receivables | 5,990 | (21,040) |
| Inventories | (593,914) | (1,427,914) |
| Prepayments | 45,750 | (172,766) |
| Other current assets | (33,568) | (34,073) |
| Accrued pension assets | (2,622) | (2,602) |
| Contract liabilities | (235,573) | 409,533 |
| Notes payable | 768,540 | (227,045) |
| Trade payables | (208,778) | 85,049 |
| Trade payables - related parties | (1,054) | (5,615) |
| Other payables | 6,719 | 562,724 |
| Other current liabilities | 70,363 | 64,643 |
| Net defined benefit liabilities | (33,751) | (46,228) |
| Cash generated from operations | 4,428,934 | 3,415,125 |
| Interest received | 105,543 | 110,023 |
| Interest paid | (49,624) | (51,777) |
| Income tax paid | (675,794) | (1,043,196) |
| Net cash generated from operating activities | <u>3,809,059</u> | <u>2,430,175</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of financial assets at amortized cost | (3,668,940) | (3,929,027) |
| Refund of financial assets at amortized cost | 2,744,087 | 4,412,156 |
| Payments for property, plant and equipment | (619,206) | (281,891) |
| Proceeds from disposal of property, plant and equipment | 3,968 | 20,943 |
| Payments for intangible assets | (17,247) | (42,768) |

(Continued)

STANDARD FOODS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

| | 2021 | 2020 |
|---|---------------------|---------------------|
| Decrease in finance lease receivables | \$ 2,917 | \$ 2,775 |
| Increase in other financial assets | (82,902) | - |
| Decrease in other financial assets | - | 83,674 |
| Increase in other non-current assets | (53,969) | (73,606) |
| Other dividends received | <u>24,059</u> | <u>9,809</u> |
| Net cash generated from (used in) investing activities | <u>(1,667,233)</u> | <u>202,065</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Increase in short-term borrowings | - | 440,344 |
| Decrease in short-term borrowings | (467,003) | - |
| Increase in short-term bills payable | 129,986 | 29,901 |
| Payments for long-term borrowings | - | (6,000) |
| Repayment of the principal portion of lease liabilities | (83,532) | (88,207) |
| Increase in other financial liabilities | 11,112 | - |
| Decrease in other financial liabilities | - | (286) |
| Decrease in other non-current liabilities | - | (2,851) |
| Dividends paid to owners of the Company | <u>(2,304,554)</u> | <u>(2,431,245)</u> |
| Net cash used in financing activities | <u>(2,713,991)</u> | <u>(2,058,344)</u> |
| EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES | | |
| | <u>(11,784)</u> | <u>52,219</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (583,949) | 626,115 |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | <u>4,332,018</u> | <u>3,705,903</u> |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | <u>\$ 3,748,069</u> | <u>\$ 4,332,018</u> |

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

(Concluded)

STANDARD FOODS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on March 21, 2022.

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

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies.

- b. The IFRSs endorsed by the Financial Supervisory Commission (FSC) for application starting from 2022

| New IFRSs | Effective Date Announced by IASB |
|---|-------------------------------------|
| “Annual Improvements to IFRS Standards 2018-2020” | January 1, 2022 (Note 1) |
| Amendments to IFRS 3 “Reference to the Conceptual Framework” | January 1, 2022 (Note 2) |
| Amendment to IFRS 16 “Property, Plant and Equipment - Proceeds before Intended Use” | January 1, 2022 (Note 3) |
| Amendment to IFRS 37 “Onerous Contracts - Cost of Fulfilling a Contract” | January 1, 2022 (Note 4) |

Note 1: The amendments to IFRS 9 apply to exchanges or modification of terms of financial liabilities for annual reporting periods beginning after January 1, 2022; the amendments to IAS 41 “Agriculture” apply to annual reporting periods beginning after January 1, 2022 Fair value measurement of IFRS 1; the amendments to IFRS 1 “First application of IFRSs” apply retrospectively to annual reporting periods beginning after January 1, 2022.

Note 2: This amendment applies to business combinations whose acquisition date begins after January 1, 2022 during the annual reporting period.

Note 3: This amendment applies to plant, property and equipment that is in the necessary location and condition for the manner in which management intends to operate after January 1, 2021.

Note 4: This amendment applies to contracts for which all obligations have not been fulfilled as of January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group assessed that the application of other standards and interpretations will not have impact on the Group's financial position and financial performance.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

| New IFRSs | Effective Date Announced by IASB (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 by IASB |
| IFRS 17 "Insurance Contracts" | January 1, 2023 |
| Amendments to IFRS 17 | January 1, 2023 |
| Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information" | January 1, 2023 |
| Amendments to IAS 1 "Classification of Liabilities as Current or Non-current" | January 1, 2023 |
| Amendments to IAS 1 "Disclosure of Accounting Policies" | January 1, 2023 (Note 2) |
| Amendments to IAS 8 "Definition of Accounting Estimates" | January 1, 2023 (Note 3) |
| Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction" | January 1, 2022 (Note 4) |

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4: The amendment applies to transactions occurring after January 1, 2022, except for the recognition of deferred tax on temporary differences in lease and decommissioning obligations at January 1, 2022.

As of the date the financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IFRSs as endorsed and issued into effect by the FSC.

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;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

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

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within twelve months after the reporting period; and
- 3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least twelve months after the reporting period.

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

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other 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 Company.

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, Tables 7 and 8 for the detailed information on subsidiaries (including the percentages of ownership and main businesses).

e. Foreign currencies

In preparing the financial statements of each individual entity in the Group, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

For the purpose of presenting consolidated financial statements, the functional currencies of the Company and the entities in the Group (including subsidiaries that use currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

f. Inventories

Inventories consist of raw materials, work in progress, finished goods and merchandise and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

g. Property, plant and equipment

Property, plant and equipment (including assets held under finance leases) are stated at cost, less recognized accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are carried at cost, less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. If the lease term is shorter than the useful lives, assets are depreciated over the lease term. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation. Investment properties include right-of-use assets and properties under construction that meet the definition of investment properties. Investment properties also include land held for a currently undetermined future use.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

i. Goodwill

Goodwill arising from the acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal, and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

j. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

3) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

k. Impairment of property, plant and equipment, right-of-use asset, investment properties, intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset, cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

l. Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement category

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 32.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, notes receivable, trade receivables, other receivables and other financial assets that measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables) and finance lease receivables.

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables and finance lease receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

c) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

Before 2018, on derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. Starting from 2018, on derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Group's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

m. Revenue recognition

The Group identifies contracts with customers and recognizes revenue when performance obligations are satisfied.

For contracts where the period between the date on which the Group transfers a promised good to a customer and the date on which the customer pays for that good is one year or less, the Group does not adjust the promised amount of consideration for the effects of a significant financing component.

- Revenue from the sale of goods

Revenue from the sale of goods comes from sales of nutritious foods, cooking products. Sales of goods are recognized as revenue when the goods are delivered to the customer's specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables and contract assets are recognized concurrently. Any amounts previously recognized as contract assets are reclassified to trade receivables when the remaining obligations are performed. When the customer initially purchases the goods, the transaction price received is recognized as a contract liability until the goods have been delivered to the customer.

n. Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Under finance leases, the lease payments comprise fixed payments, residual value guarantees. The net investment in a lease is measured at (a) the present value of the sum of the lease payments receivable by a lessor and any unguaranteed residual value accrued to the lessor plus (b) initial direct costs and is presented as a finance lease receivable. Finance lease income is allocated to the relevant accounting periods so as to reflect a constant, periodic rate of return on the Group's net investment outstanding in respect of leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments and in-substance fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in future lease payments resulting from a change in a lease term, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

o. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

p. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to the grants and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

q. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined contribution retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses, effect of changes to asset ceiling and return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

3) Termination benefits

A liability for a termination benefit is recognized at the earlier of when the Group can no longer withdraw the offer of the termination benefit and when the Group recognizes any related restructuring costs.

r. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused tax credits for research and development expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current tax and deferred taxes for the year

Current tax and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current tax and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Estimate of Return Liability

The sales of goods are recognized upon completion of the profit-making process, on the conditions set out in Note 4. Management estimates the return liability based on market condition and the historical return rates. The sales return allowance are recorded as the deduction of sales, and management periodically reviews the reasonableness of accounting estimates.

6. CASH AND CASH EQUIVALENTS

| | December 31 | |
|---|---------------------|---------------------|
| | 2021 | 2020 |
| Cash on hand | \$ 1,940 | \$ 2,336 |
| Checking accounts and demand deposits | 2,279,149 | 4,258,398 |
| Cash equivalents (investments with original maturities of 3 months or less) | | |
| Time deposits | <u>1,466,980</u> | <u>71,284</u> |
| | <u>\$ 3,748,069</u> | <u>\$ 4,332,018</u> |

The market rate intervals of cash in bank at the end of the reporting period were as follows:

| | December 31 | |
|--------------|--------------------|---------------|
| | 2021 | 2020 |
| Bank balance | 0.001%-4.125% | 0.001%-3.220% |

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | December 31 | |
|--|---------------------|---------------------|
| | 2021 | 2020 |
| <u>Financial assets at fair value through profit or loss (FVTPL) - current</u> | | |
| Financial assets mandatorily classified as at FVTPL | | |
| Non-derivative financial assets | | |
| Mutual funds | \$ 1,146,721 | \$ 1,461,304 |
| Note cash | <u>28,239</u> | <u>29,032</u> |
| | <u>\$ 1,174,960</u> | <u>\$ 1,490,336</u> |

(Continued)

| | December 31 | |
|---|--------------------|------------------|
| | 2021 | 2020 |
| <u>Financial assets at FVTPL - non-current</u> | | |
| Financial assets mandatorily classified as at FVTPL | | |
| Non-derivative financial assets | | |
| Listed shares | \$ 4,991 | \$ 4,434 |
| Domestic unlisted shares | <u>2,244</u> | <u>6,232</u> |
| | <u>\$ 7,235</u> | <u>\$ 10,666</u> |
| | | (Concluded) |

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

| | December 31 | |
|---|--------------------|-------------------|
| | 2021 | 2020 |
| <u>Current</u> | | |
| Investments in equity instruments at fair value through other comprehensive income (FVTOCI) | <u>\$ 313,940</u> | <u>\$ 249,485</u> |

Non-current

| | | |
|---|-------------------|-------------------|
| Investments in equity instruments at FVTOCI | <u>\$ 507,240</u> | <u>\$ 267,178</u> |
|---|-------------------|-------------------|

a. Investments in equity instruments at FVTOCI

| | December 31 | |
|--|--------------------|-------------------|
| | 2021 | 2020 |
| <u>Current</u> | | |
| Listed shares and emerging market shares | | |
| Ordinary shares - Far Eastern International Bank | \$ 15,523 | \$ 15,374 |
| Ordinary shares - Chunghwa Telecom Co., Ltd | 5,662 | 5,297 |
| Ordinary shares - Formosa Plastics Corporation | 9,510 | 8,815 |
| Ordinary shares - China Steel Corporation | 28,395 | 19,881 |
| Ordinary shares - Polytronics Technology Corp. | 199,500 | 152,418 |
| Ordinary shares - Taiwan Semiconductor Manufacturing Co., Ltd. | <u>55,350</u> | <u>47,700</u> |
| | <u>\$ 313,940</u> | <u>\$ 249,485</u> |

Non-current

| | | |
|--|-------------------|-------------------|
| Listed shares and emerging market shares | | |
| Ordinary shares - GeneFerm Biotechnology Co., Ltd. | \$ 95,136 | \$ 62,423 |
| Unlisted shares | | |
| Ordinary shares - Dah Chung Bills Finance Corp. | 17,129 | 14,918 |
| Ordinary shares - InnoComm Mobile Technology Corp. | 393,948 | 188,784 |
| Ordinary shares - AsiaVest Liquidation Co. | <u>1,027</u> | <u>1,053</u> |
| | <u>\$ 507,240</u> | <u>\$ 267,178</u> |

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

9. FINANCIAL ASSETS AT AMORTIZED COST

| | December 31 | |
|--|---------------------|---------------------|
| | 2021 | 2020 |
| <u>Current</u> | | |
| Time deposits with original maturities of more than 3 months | <u>\$ 1,936,561</u> | <u>\$ 1,728,070</u> |
| | December 31 | |
| | 2021 | 2020 |
| <u>Non-current</u> | | |
| Time deposits with original maturities of more than 3 months | <u>\$ 716,466</u> | <u>\$ -</u> |

The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 0.40%-4.13% and 0.35%-4.13% per annum as of December 31, 2021 and 2020, respectively.

10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

| | December 31 | |
|-------------------------------------|---------------------|---------------------|
| | 2021 | 2020 |
| <u>Notes receivable</u> | | |
| Operating | <u>\$ 18,370</u> | <u>\$ 3,154</u> |
| <u>Trade receivables</u> | | |
| At amortized cost | | |
| Gross carrying amount | \$ 5,722,846 | \$ 6,328,068 |
| Less: Allowance for impairment loss | <u>(23,433)</u> | <u>(32,487)</u> |
| | <u>\$ 5,699,413</u> | <u>\$ 6,295,581</u> |
| <u>Other receivables</u> | | |
| Accrued interest | \$ 19,100 | \$ 19,033 |
| Payments on behalf of others | - | 3,259 |
| Subsidy receivable | - | 19,543 |
| Others | <u>199,309</u> | <u>182,535</u> |
| | <u>\$ 218,409</u> | <u>\$ 224,370</u> |

The average credit period of receivables from sales of goods was 30-90 days. In order 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 trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix approach considering the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Group's provision matrix.

December 31, 2021

| | Not Past Due | Less than 30 Days | 31 to 90 Days | 91 to 180 Days | Over 180 Days | Total |
|-------------------------------|---------------------|-------------------|-------------------|------------------|-----------------|---------------------|
| Expected credit loss rate | 0.02% | 0.96% | 1.32% | 11.66% | 56.74% | |
| Gross carrying amount | \$ 5,148,907 | \$ 115,592 | \$ 415,704 | \$ 42,173 | \$ 18,840 | \$ 5,741,216 |
| Loss allowance (Lifetime ECL) | (1,237) | (1,106) | (5,484) | (4,916) | (10,690) | (23,433) |
| Amortized cost | <u>\$ 5,147,670</u> | <u>\$ 114,486</u> | <u>\$ 410,220</u> | <u>\$ 37,257</u> | <u>\$ 8,150</u> | <u>\$ 5,717,783</u> |

December 31, 2020

| | Not Past Due | Less than 30 Days | 31 to 90 Days | 91 to 180 Days | Over 180 Days | Total |
|-------------------------------|---------------------|-------------------|------------------|------------------|---------------|---------------------|
| Expected credit loss 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> |

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

| | <u>For the Year Ended December 31</u> | |
|---|---------------------------------------|------------------|
| | <u>2021</u> | <u>2020</u> |
| Balance at January 1 | \$ 32,487 | \$ 20,933 |
| Add: Net remeasurement of loss allowance | - | 15,105 |
| Less: Net remeasurement of loss allowance | (4,817) | - |
| Less: Amounts written off | (3,828) | (4,206) |
| Foreign exchange translation gains and losses | <u>(409)</u> | <u>655</u> |
| Balance at December 31 | <u>\$ 23,433</u> | <u>\$ 32,487</u> |

11. FINANCE LEASE RECEIVABLES

| | December 31 | |
|---|------------------|------------------|
| | 2021 | 2020 |
| <u>Undiscounted lease payments</u> | | |
| Year 1 | \$ 4,700 | \$ 4,200 |
| Year 2 | 4,800 | 4,700 |
| Year 3 | 4,800 | 4,800 |
| Year 4 | 4,800 | 4,800 |
| Year 5 | 4,800 | 4,800 |
| Year 6 onwards | <u>3,800</u> | <u>8,600</u> |
| | 27,700 | 31,900 |
| Less: Unearned finance income | <u>(3,669)</u> | <u>(4,952)</u> |
| Net investment in leases presented as finance lease receivables | <u>\$ 24,031</u> | <u>\$ 26,948</u> |

As of December 31, 2021, no finance lease receivable was past due. The Group has not recognized a loss allowance for finance lease receivables after taking into consideration the historical default experience and the future prospects of the industries in which the lessees operate, together with the value of collateral held over these finance lease receivables.

12. INVENTORIES

| | December 31 | |
|-------------------|---------------------|---------------------|
| | 2021 | 2020 |
| Merchandise | \$ 389,687 | \$ 640,373 |
| Finished goods | 2,300,070 | 1,977,416 |
| Work in progress | 736,022 | 350,629 |
| Raw materials | 2,198,038 | 2,092,141 |
| Packing materials | <u>77,312</u> | <u>64,089</u> |
| | <u>\$ 5,701,129</u> | <u>\$ 5,124,648</u> |

The cost of inventories recognized as cost of goods sold for the year ended December 31, 2021 included loss on write-downs of inventories of \$64,547 thousand and loss on abandoned inventories of \$36,587 thousand. The cost of inventories recognized as cost of goods sold for the year ended December 31, 2020 included reversals of write-down of inventories of \$12,132 thousand and loss on abandoned inventories of \$44,415 thousand.

13. PREPAYMENTS

| | December 31 | |
|--------------------------------|---------------------|---------------------|
| | 2021 | 2020 |
| Prepayments for purchases | \$ 1,045,918 | \$ 1,025,145 |
| Prepayments for rent | 5,317 | 5,274 |
| Prepayments for insurance | 974 | 980 |
| Excess business tax paid | 234,419 | 212,798 |
| Prepayments for advertisements | 25,870 | 19,490 |
| Others | <u>215,005</u> | <u>315,602</u> |
| | <u>\$ 1,527,503</u> | <u>\$ 1,579,289</u> |

14. SUBSIDIARIES

Subsidiaries included in consolidated financial statements.

| Investor | Investee | Main Business | Proportion of Ownership | | Remark |
|---|---|---|-------------------------|-------|--|
| | | | 2021 | 2020 | |
| The Company | Standard Dairy Products Taiwan Limited (“Standard Dairy Products”) | Manufacture and sale of dairy products and beverages | 100.0 | 100.0 | - |
| The Company | Charng Hui Ltd. (“Charng Hui”) | Investing | 100.0 | 100.0 | - |
| The Company | Domex Technology Corporation (“Domex Technology”) | Manufacture and sale of computer peripherals and computer appliances | 52.0 | 52.0 | - |
| The Company | Standard Beverage Company Limited (“Standard Beverage”) | Manufacture and sale of beverages | 100.0 | 100.0 | - |
| The Company | Accession Limited | Investing | 100.0 | 100.0 | - |
| The Company | Standard Investment (“Cayman”) Limited (“Cayman Standard”) | Investing | 100.0 | 100.0 | - |
| The Company | Le Bonta Wellness International Corporation (“Le Bonta Wellness”) | Sale of health food | 0.0 | 100.0 | Le Bonta Wellness has been liquidated in August 2021. |
| The Company | Standard Foods, LLC. | Sale of health food | 100.0 | 100.0 | In June 2020, the Company invested US\$300 thousand and established Standard Foods, LLC. |
| Accession Limited | Shanghai Standard Foods Co., Ltd. (“Shanghai Standard”) | Manufacture and sale of edible oils and nutritious foods | 100.0 | 100.0 | - |
| Accession Limited | Shanghai Le Ben De Health Technology Co., Ltd. (“Shanghai Le Ben De”) | Technical consultant on health technology, technical transfer and technical service | 100.0 | 100.0 | - |
| Accession Limited | Dermalab S.A. (“Dermalab”) | Development and sale of cosmetics | 100.0 | 100.0 | Accession Limited invested Dermalab CHF1,450 thousand in March 2021 |
| Dermalab | Swissdema SL (“Swissdema”) | Sale of cosmetics | 100.0 | 100.0 | - |
| Cayman Standard | Standard Corporation (Hong Kong) Limited (“Hong Kong Standard”) | Investing | 100.0 | 100.0 | - |
| Hong Kong Standard | Standard Investment (China) Co., Ltd. (“China Standard Investment”) | Investing and sale of edible oils and nutritious foods | 99.0 | 99.0 | - |
| Hong Kong Standard | Shanghai Le Ming Industrial Co., Ltd. (“Shanghai Le Ming”) | Management of properties | 100.0 | 100.0 | - |
| Hong Kong Standard | Shanghai Le Ho Industrial Co., Ltd. (“Shanghai Le Ho”) | Management of properties | 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 | - |
| China Standard Investment | Shanghai Dermalab Corporation (“Shanghai Dermalab”) | Sale of nutritional foods, cosmetic and engage in import and export business | 100.0 | 100.0 | - |
| The Company and China Standard Investment | Shanghai Le Ben Tuo Health Technology Co., Ltd. (“Shanghai Le Ben Tuo”) | Sale of nutritional foods and engage in import and export business | 100.0 | 100.0 | - |
| China Standard Investment | Standard Foods (Xiamen) Co., Ltd. (“Xiamen Standard”) | Manufacture and sale of edible oils and nutritious foods | 100.0 | 100.0 | - |

15. PROPERTY, PLANT AND EQUIPMENT

| | Freehold Land | Buildings | Equipment | Other Equipment | Property in Construction | Total |
|--|-------------------|---------------------|---------------------|-------------------|--------------------------|---------------------|
| <u>Cost</u> | | | | | | |
| Balance at January 1, 2020 | \$ 702,405 | \$ 4,078,150 | \$ 4,069,198 | \$ 561,938 | \$ 138,888 | \$ 9,550,579 |
| Additions | - | 324 | 16,303 | 4,434 | 260,830 | 281,891 |
| Disposals | - | (9,510) | (104,134) | (34,845) | (13,512) | (162,001) |
| Reclassified | 2,940 | 48,874 | 167,842 | 39,470 | (259,126) | - |
| Transfers to investment properties | - | (748,948) | - | - | - | (748,948) |
| Effects of foreign currency exchange differences | - | 23,825 | 18,984 | 3,831 | (77) | 46,563 |
| Balance at December 31, 2020 | <u>\$ 705,345</u> | <u>\$ 3,392,715</u> | <u>\$ 4,168,193</u> | <u>\$ 574,828</u> | <u>\$ 127,003</u> | <u>\$ 8,968,084</u> |

(Continued)

| | Freehold Land | Buildings | Equipment | Other Equipment | Property in Construction | Total |
|--|-------------------|---------------------|---------------------|-------------------|--------------------------|---------------------|
| <u>Accumulated depreciation and impairment</u> | | | | | | |
| Balance at January 1, 2020 | \$ - | \$ 1,269,679 | \$ 2,730,217 | \$ 425,371 | \$ - | \$ 4,425,267 |
| Disposals | - | (9,171) | (95,763) | (33,165) | - | (138,099) |
| Depreciation expenses | - | 171,841 | 271,391 | 46,004 | - | 489,236 |
| Transfers to investment properties | - | (29,475) | - | - | - | (29,475) |
| Effects of foreign currency exchange differences | - | 7,891 | 8,908 | 2,711 | - | 19,510 |
| Balance at December 31, 2020 | <u>\$ -</u> | <u>\$ 1,410,765</u> | <u>\$ 2,914,753</u> | <u>\$ 440,921</u> | <u>\$ -</u> | <u>\$ 4,766,439</u> |
| Carrying amount at December 31, 2020 | <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> |
| <u>Cost</u> | | | | | | |
| Balance at January 1, 2021 | \$ 705,345 | \$ 3,392,715 | \$ 4,168,193 | \$ 574,828 | \$ 127,003 | \$ 8,968,084 |
| Additions | - | - | 4,240 | 2,047 | 612,919 | 619,206 |
| Disposals | - | (59,058) | (169,035) | (33,515) | (1,209) | (262,817) |
| Reclassified | 10,805 | 72,387 | 167,977 | 51,126 | (302,295) | - |
| Transfers to investment properties | - | 36,012 | - | - | - | 36,012 |
| Effects of foreign currency exchange differences | - | (7,961) | (4,921) | (1,601) | 29 | (14,454) |
| Balance at December 31, 2021 | <u>\$ 716,150</u> | <u>\$ 3,434,095</u> | <u>\$ 4,166,454</u> | <u>\$ 592,885</u> | <u>\$ 436,447</u> | <u>\$ 9,346,031</u> |
| <u>Accumulated depreciation and impairment</u> | | | | | | |
| Balance at January 1, 2021 | \$ - | \$ 1,410,765 | \$ 2,914,753 | \$ 440,921 | \$ - | \$ 4,766,439 |
| Disposals | - | (48,168) | (158,090) | (31,729) | - | (237,987) |
| Depreciation expenses | - | 160,426 | 268,424 | 42,877 | - | 471,727 |
| | - | - | (109) | 109 | - | - |
| Transfers to investment properties | - | 17,526 | - | - | - | 17,526 |
| Effects of foreign currency exchange differences | - | (2,125) | (2,204) | (1,026) | - | (5,355) |
| Balance at December 31, 2021 | <u>\$ -</u> | <u>\$ 1,538,424</u> | <u>\$ 3,022,774</u> | <u>\$ 451,152</u> | <u>\$ -</u> | <u>\$ 5,012,350</u> |
| Carrying amount at December 31, 2021 | <u>\$ 716,150</u> | <u>\$ 1,895,671</u> | <u>\$ 1,143,680</u> | <u>\$ 141,733</u> | <u>\$ 434,447</u> | <u>\$ 4,333,681</u> |

(Concluded)

No impairment assessment was performed for the years ended December 31, 2021 and 2020 as there was no indication of impairment.

The above items of property, plant and equipment are depreciated on a straight-line basis over the following estimated useful lives of the assets:

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

Refer to Note 33 for the carrying amount of property, plant and equipment pledged by the Group to secure borrowings granted to the Group.

16. LEASE ARRANGEMENTS

a. Right-of-use assets

| | December 31 | |
|---|---------------------------------------|-------------------|
| | 2021 | 2020 |
| <u>Carrying amounts</u> | | |
| Land | \$ 386,459 | \$ 399,166 |
| Buildings | 259,442 | 218,696 |
| Office equipment | 348 | 444 |
| Transportation equipment | <u>5,872</u> | <u>8,134</u> |
| | <u>\$ 652,121</u> | <u>\$ 626,440</u> |
| | For the Year Ended December 31 | |
| | 2021 | 2020 |
| Additions to right-of-use assets | <u>\$ 196,069</u> | <u>\$ 15,812</u> |
| Depreciation charge for right-of-use assets | | |
| Land | \$ 12,414 | \$ 12,314 |
| Buildings | 77,229 | 77,501 |
| Office equipment | 96 | 76 |
| Transportation equipment | <u>6,125</u> | <u>3,633</u> |
| | <u>\$ 95,864</u> | <u>\$ 93,524</u> |

b. Lease liabilities

| | December 31 | |
|-------------------------|--------------------|-------------------|
| | 2021 | 2020 |
| <u>Carrying amounts</u> | | |
| Current | <u>\$ 89,117</u> | <u>\$ 77,782</u> |
| Non-current | <u>\$ 230,856</u> | <u>\$ 200,191</u> |

Range of discount rates for lease liabilities was as follows:

| | December 31 | |
|--------------------------|--------------------|-------------|
| | 2021 | 2020 |
| Land | 1.07%-1.49% | 1.07%-1.49% |
| Buildings | 1.07%-4.35% | 1.07%-4.35% |
| Office equipment | 1.07% | 1.07% |
| Transportation equipment | 1.07%-3.77% | 1.07%-3.77% |

c. Material lease-in activities and terms

The Group also 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 Year Ended December 31 | |
|---|---------------------------------------|--------------|
| | 2021 | 2020 |
| Expenses relating to short-term leases | \$ 100,631 | \$ 92,994 |
| Expenses relating to low-value asset leases | \$ 2,789 | \$ 1,144 |
| Expenses relating to variable lease payments not included in the measurement of lease liabilities | \$ 78 | \$ 77 |
| Total cash outflow for leases | \$ (195,533) | \$ (192,131) |

The Group's leases of certain office equipment qualify as short-term leases and low-value asset leases. The Group has elected to apply the recognition exemption and, thus, did not recognize right-of-use assets and lease liabilities for these leases.

17. INVESTMENT PROPERTIES

| | Completed Investment Properties | Right-of-use Assets | Total |
|--|--|--------------------------------|---------------------|
| <u>Cost</u> | | | |
| Balance at January 1, 2020 | \$ 241,711 | \$ 5,548 | \$ 247,259 |
| Transfers from property, plant and equipment | 748,948 | - | 748,948 |
| Effects of foreign currency exchange differences | <u>19,081</u> | <u>87</u> | <u>19,168</u> |
| Balance at December 31, 2020 | <u>\$ 1,009,740</u> | <u>\$ 5,635</u> | <u>\$ 1,015,375</u> |

Accumulated depreciation and impairment

| | | | |
|--|-------------------|-----------------|-------------------|
| Balance at January 1, 2020 | \$ 124,434 | \$ 333 | \$ 124,767 |
| Depreciation expenses | 13,796 | 434 | 14,230 |
| Transfers from property, plant and equipment | 29,475 | - | 29,475 |
| Effects of foreign currency exchange differences | <u>2,092</u> | <u>14</u> | <u>2,106</u> |
| Balance at December 31, 2020 | <u>\$ 169,797</u> | <u>\$ 781</u> | <u>\$ 170,578</u> |
| Carrying amount at December 31, 2020 | <u>\$ 839,943</u> | <u>\$ 4,854</u> | <u>\$ 844,797</u> |

Cost

| | | | |
|--|-------------------|-----------------|-------------------|
| Balance at January 1, 2021 | \$ 1,009,740 | \$ 5,635 | \$ 1,015,375 |
| Transfers from property, plant and equipment | (36,012) | - | (36,012) |
| Effects of foreign currency exchange differences | <u>(3,456)</u> | <u>(23)</u> | <u>(3,479)</u> |
| Balance at December 31, 2021 | <u>\$ 970,272</u> | <u>\$ 5,612</u> | <u>\$ 975,884</u> |

(Continued)

| | Completed Investment Properties | Right-of-use Assets | Total |
|--|--|--------------------------------|----------------------------------|
| <u>Accumulated depreciation and impairment</u> | | | |
| Balance at January 1, 2021 | \$ 169,797 | \$ 781 | \$ 170,578 |
| Depreciation expenses | 37,107 | 440 | 37,547 |
| Transfers from property, plant and equipment | (17,526) | - | (17,526) |
| Effects of foreign currency exchange differences | <u>(447)</u> | <u>(3)</u> | <u>(450)</u> |
| Balance at December 31, 2021 | <u>\$ 188,931</u> | <u>\$ 1,218</u> | <u>\$ 190,149</u> |
| Carrying amount at December 31, 2021 | <u>\$ 781,341</u> | <u>\$ 4,394</u> | <u>\$ 785,735</u> (Concluded) |

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

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

Some of the Group's investment properties are located in Suzhou City, Jiangsu Province, China. Because the location is an industrial zone, there is no price available of similar properties for comparison in the market. Therefore, the Group cannot obtain a reliable alternative to estimate and determine the fair value

In addition to the above, the fair values of the investment properties were \$1,129,067 thousand and \$1,146,959 thousand as of December 31, 2021 and 2020, respectively. The management of the Group determined the fair value with reference to market transaction prices of similar properties.

All of the Group's investment properties are held under freehold interests. The carrying amounts of investment properties pledged by the Group to secure borrowings granted to the Group are disclosed in Note 33.

18. INTANGIBLE ASSETS

| | Trademark | Computer Software | Total |
|--|-------------------|------------------------------|----------------------------------|
| <u>Cost</u> | | | |
| Balance at January 1, 2020 | \$ 227,260 | \$ 239,713 | \$ 466,973 |
| Additions | 28,747 | 14,021 | 42,768 |
| Disposals | - | (28,456) | (28,456) |
| Effects of foreign currency exchange differences | <u>5,730</u> | <u>(39)</u> | <u>5,691</u> |
| Balance at December 31, 2020 | <u>\$ 261,737</u> | <u>\$ 225,239</u> | <u>\$ 486,976</u> (Continued) |

| | Trademark | Computer Software | Total |
|--|-------------------|--------------------------|-------------------|
| <u>Accumulated amortization and impairment</u> | | | |
| Balance at January 1, 2020 | \$ 163,442 | \$ 236,262 | \$ 399,704 |
| Disposals | - | (28,456) | (28,456) |
| Amortization expenses | 4,822 | 3,158 | 7,980 |
| Effects of foreign currency exchange differences | <u>2,401</u> | <u>(44)</u> | <u>2,357</u> |
| Balance at December 31, 2020 | <u>\$ 170,665</u> | <u>\$ 210,920</u> | <u>\$ 381,585</u> |
| Carrying amount at December 31, 2020 | <u>\$ 91,072</u> | <u>\$ 14,319</u> | <u>\$ 105,391</u> |
| <u>Cost</u> | | | |
| Balance at January 1, 2021 | \$ 261,737 | \$ 225,239 | \$ 486,976 |
| Additions | 59 | 17,188 | 17,247 |
| Disposals | (185) | - | (185) |
| Effects of foreign currency exchange differences | <u>(3,134)</u> | <u>(3)</u> | <u>(3,137)</u> |
| Balance at December 31, 2021 | <u>\$ 258,477</u> | <u>\$ 242,424</u> | <u>\$ 500,901</u> |
| <u>Accumulated amortization and impairment</u> | | | |
| Balance at January 1, 2021 | \$ 170,665 | \$ 210,920 | \$ 381,585 |
| Disposals | (185) | - | (185) |
| Amortization expenses | 4,790 | 9,924 | 14,714 |
| Effects of foreign currency exchange differences | <u>2,366</u> | <u>(2)</u> | <u>2,364</u> |
| Balance at December 31, 2021 | <u>\$ 177,636</u> | <u>\$ 220,842</u> | <u>\$ 398,478</u> |
| Carrying amount at December 31, 2021 | <u>\$ 80,841</u> | <u>\$ 21,582</u> | <u>\$ 102,423</u> |
| | | | (Concluded) |
| No impairment assessment was performed for the year ended December 31, 2021 and 2020 as there was no indication of impairment. | | | |
| The above items of other intangible assets are amortized on a straight-line basis over the following estimated lives: | | | |
| Trademark | | | 10-20 years |
| Computer software | | | 2-3 years |

19. OTHER ASSETS

| | December 31 | |
|--------------------------------|--------------------|-------------------|
| | 2021 | 2020 |
| <u>Current</u> | | |
| Pledge time deposits (Note 33) | \$ 4,019 | \$ 4,016 |
| Advances to officers | 17,340 | 24,291 |
| Temporary payments | 9 | 10,094 |
| Right to recover a product | 75,190 | 25,320 |
| Others | <u>792</u> | <u>123</u> |
| | <u>\$ 97,350</u> | <u>\$ 63,844</u> |
| <u>Non-current</u> | | |
| Prepayments for equipment | \$ 29,583 | \$ 24,737 |
| Refundable deposits | 139,038 | 56,259 |
| Others | <u>99,642</u> | <u>115,467</u> |
| | <u>\$ 268,263</u> | <u>\$ 196,463</u> |

20. BORROWINGS

a. Short-term borrowings

| | December 31 | |
|-------------------------------------|---------------------|---------------------|
| | 2021 | 2020 |
| <u>Secured borrowings (Note 34)</u> | | |
| Bank loans | \$ 200,000 | \$ 180,000 |
| <u>Unsecured borrowings</u> | | |
| Bank loans | 1,172,463 | 1,650,614 |
| Others | <u>-</u> | <u>16,153</u> |
| | <u>\$ 1,372,463</u> | <u>\$ 1,846,767</u> |

The range of interest rates on bank loans was 1.10%-3.00% and 0.95%-3.20% per annum as of December 31, 2021 and 2020, respectively.

b. Short-term bills payable

| | December 31 | |
|---|--------------------|-------------------|
| | 2021 | 2020 |
| Commercial paper | \$ 260,000 | \$ 130,000 |
| Less: Unamortized discount on bills payable | <u>(145)</u> | <u>(131)</u> |
| | <u>\$ 259,855</u> | <u>\$ 129,869</u> |

Outstanding short-term bills payable were as follows:

December 31, 2021

| Financial Institutions | Nominal Amount | Discount Amount | Carrying Amount | Interest Rate | Collateral | Carrying Amount of Collateral |
|--|-----------------------|------------------------|------------------------|----------------------|-------------------|--------------------------------------|
| <u>Commercial paper</u> | | | | | | |
| Mega Bills Finance Co., Ltd. | \$ 50,000 | \$ (10) | \$ 49,990 | 1.19% | - | \$ - |
| Taiwan Cooperative Financial Holding Co., Ltd. | 50,000 | (28) | 49,972 | 1.19% | - | - |
| International Bills Finance Corp. | 60,000 | (5) | 59,995 | 1.19% | - | - |
| Dah Chung Bills Finance Corp. | 50,000 | (70) | 49,930 | 1.39% | - | - |
| Taiwan Bills Finance Corp. | <u>50,000</u> | <u>(32)</u> | <u>49,968</u> | 1.29% | - | <u>-</u> |
| | <u>\$ 260,000</u> | <u>\$ (145)</u> | <u>\$ 259,855</u> | | | <u>\$ -</u> |

December 31, 2020

| Financial Institutions | Nominal Amount | Discount Amount | Carrying Amount | Interest Rate | Collateral | Carrying Amount of Collateral |
|-----------------------------------|-----------------------|------------------------|------------------------|----------------------|-------------------|--------------------------------------|
| <u>Commercial paper</u> | | | | | | |
| Mega Bills Finance Co., Ltd. | \$ 30,000 | \$ (39) | \$ 29,961 | 1.24% | - | \$ - |
| International Bills Finance Corp. | 50,000 | (49) | 49,951 | 1.19% | - | - |
| Taiwan Bills Finance Corp. | <u>50,000</u> | <u>(43)</u> | <u>49,957</u> | 1.29% | - | <u>-</u> |
| | <u>\$ 130,000</u> | <u>\$ (131)</u> | <u>\$ 129,869</u> | | | <u>\$ -</u> |

21. NOTES PAYABLE AND TRADE PAYABLES

| | <u>December 31</u> | |
|-----------------------|---------------------|---------------------|
| | 2021 | 2020 |
| <u>Notes payable</u> | | |
| Operating | \$ 859,254 | \$ 90,288 |
| Non-operating | <u>-</u> | <u>45</u> |
| | <u>\$ 859,254</u> | <u>\$ 90,333</u> |
| <u>Trade payables</u> | | |
| Operating | <u>\$ 1,895,397</u> | <u>\$ 2,107,188</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

| | December 31 | |
|---------------------------------------|---------------------|---------------------|
| | 2021 | 2020 |
| <u>Current</u> | | |
| Other payables | | |
| Payable for salaries and bonuses | \$ 450,726 | \$ 368,144 |
| Payable for compensation of employees | 38,903 | 49,921 |
| Payable for remuneration of directors | 16,716 | 21,965 |
| Payable for commission and rebates | 1,343,638 | 1,234,532 |
| Advertisement payable | 218,665 | 226,393 |
| Payable for royalties | 24,817 | 23,682 |
| Payable for freight | 99,060 | 116,854 |
| Payable for equipment | 89,108 | 86,794 |
| Others | <u>1,158,470</u> | <u>1,313,973</u> |
| | <u>\$ 3,440,103</u> | <u>\$ 3,442,258</u> |
| Other liabilities | | |
| Advance receipts from customers | \$ 2,349 | \$ 2,430 |
| Return liability | 120,465 | 41,596 |
| Others | <u>19,180</u> | <u>50,082</u> |
| | <u>\$ 141,994</u> | <u>\$ 94,108</u> |
| <u>Non-current</u> | | |
| Other liabilities | | |
| Guarantee deposits | \$ 31,055 | \$ 19,990 |
| Others | <u>121</u> | <u>130</u> |
| | <u>\$ 31,176</u> | <u>\$ 20,120</u> |

In accordance with business practices, the Group accepts the returns of goods sold. Taking into account the historical experience in the past, the Company estimates the return rate with the most probable amount, and recognizes the return liability, which accounts for other current liabilities, and related product rights to be returned, which accounts for other current assets.

23. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company and domestic subsidiaries of the Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages. The foreign subsidiaries also make contributions to defined contribution plan in accordance with the local regulations.

b. Defined benefit plans

The defined benefit plan of the Company and domestic subsidiaries of the Group are operated by the government of the Republic of China (“ROC”) in accordance with the Labor Standards Act. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company and domestic subsidiaries of the Group make monthly contributions to their respective pension funds administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee’s name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the “Bureau”); the Group has no right to influence the investment policy and strategy.

Dermalab of the Group also adopted a defined benefit plan.

The amounts included in the consolidated balance sheets in respect of the Group’s defined benefit plans were as follows:

| | December 31 | |
|--|--------------------|-------------------|
| | 2021 | 2020 |
| Present value of funded defined benefit obligation | \$ 672,049 | \$ 719,471 |
| Fair value of plan assets | <u>(436,142)</u> | <u>(442,291)</u> |
| Net defined benefit liabilities | <u>\$ 235,907</u> | <u>\$ 277,180</u> |

Movements in net defined benefit liabilities (assets) were as follows:

| | Present Value of the Defined Benefit Obligation | Fair Value of the Plan Assets | Net Defined Benefit Liabilities (Assets) |
|---|--|--|---|
| Balance at January 1, 2020 | <u>\$ 719,306</u> | <u>\$ (421,021)</u> | <u>\$ 298,285</u> |
| Service cost | | | |
| Current service cost | 10,442 | - | 10,442 |
| Net interest expense (income) | <u>5,126</u> | <u>(3,002)</u> | <u>2,124</u> |
| Recognized in profit or loss | <u>15,568</u> | <u>(3,002)</u> | <u>12,566</u> |
| Remeasurement | | | |
| Return on plan assets (excluding amounts included in net interest) | - | (14,827) | (14,827) |
| Actuarial loss - changes in demographic assumptions | 3,162 | - | 3,162 |
| Actuarial gain - changes in financial assumptions | 24,179 | - | 24,179 |
| Actuarial loss - experience adjustments | <u>14,317</u> | <u>-</u> | <u>14,317</u> |
| Recognized in other comprehensive income | <u>41,658</u> | <u>(14,827)</u> | <u>26,831</u> |
| Contributions from the employer | <u>-</u> | <u>(61,367)</u> | <u>(61,367)</u> |
| Contributions from plan participants | <u>2,590</u> | <u>(2,590)</u> | <u>-</u> |
| Benefits paid | <u>(62,523)</u> | <u>62,523</u> | <u>-</u> |
| Exchange differences | <u>2,872</u> | <u>(2,007)</u> | <u>865</u> |
| Balance at December 31, 2020 | <u>719,471</u> | <u>(442,291)</u> | <u>277,180</u> |

(Continued)

| | Present Value of the Defined Benefit Obligation | Fair Value of the Plan Assets | Net Defined Benefit Liabilities (Assets) |
|---|--|--|---|
| Service cost | | | |
| Current service cost | \$ 10,361 | \$ - | \$ 10,361 |
| Net interest expense (income) | <u>3,324</u> | <u>(2,102)</u> | <u>1,222</u> |
| Recognized in profit or loss | <u>13,685</u> | <u>(2,102)</u> | <u>11,583</u> |
| Remeasurement | | | |
| Return on plan assets (excluding amounts included in net interest) | - | (9,618) | (9,618) |
| Actuarial loss - changes in demographic assumptions | 12,609 | - | 12,609 |
| Actuarial gain - changes in financial assumptions | (3,125) | - | (3,125) |
| Actuarial gain - experience adjustments | <u>(3,381)</u> | <u>-</u> | <u>(3,381)</u> |
| Recognized in other comprehensive income | <u>6,103</u> | <u>(9,618)</u> | <u>(3,515)</u> |
| Contributions from the employer | <u>-</u> | <u>(47,823)</u> | <u>(47,823)</u> |
| Contributions from plan participants | <u>2,673</u> | <u>(2,673)</u> | <u>-</u> |
| Benefits paid | <u>(65,065)</u> | <u>65,065</u> | <u>-</u> |
| Exchange differences | <u>(4,818)</u> | <u>3,300</u> | <u>(1,518)</u> |
| Balance at December 31, 2021 | <u>\$ 672,049</u> | <u>\$ (436,142)</u> | <u>\$ 235,907</u> (Concluded) |

Through the defined benefit plans under the Labor Standards Act, the Group is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

| | December 31 | |
|-----------------------------------|--------------------|---------------|
| | 2021 | 2020 |
| Discount rates | 0.375%-0.650% | 0.150%-0.500% |
| Expected rates of salary increase | 0.500%-3.000% | 0.500%-3.000% |

If possible reasonable change in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

| | December 31 | |
|-----------------------------------|--------------------|--------------------|
| | 2021 | 2020 |
| Discount rates | | |
| 0.250% increase | <u>\$ (16,991)</u> | <u>\$ (21,920)</u> |
| 0.250% decrease | <u>\$ 17,718</u> | <u>\$ 22,771</u> |
| Expected rates of salary increase | | |
| 0.250% increase | <u>\$ 15,118</u> | <u>\$ 19,705</u> |
| 0.250% decrease | <u>\$ (14,821)</u> | <u>\$ (19,192)</u> |

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

| | December 31 | |
|--|--------------------|------------------|
| | 2021 | 2020 |
| The expected contributions to the plan for the next year | <u>\$ 44,203</u> | <u>\$ 46,456</u> |
| The average duration of the defined benefit obligation | 1.0-14.7 years | 1.0-16.7 years |

24. EQUITY

a. Share capital

1) Ordinary shares

| | December 31 | |
|---|---------------------|---------------------|
| | 2021 | 2020 |
| Number of shares authorized (in thousands) | <u>920,000</u> | <u>920,000</u> |
| Shares authorized | <u>\$ 9,200,000</u> | <u>\$ 9,200,000</u> |
| Number of shares issued and fully paid (in thousands) | <u>915,089</u> | <u>915,089</u> |
| Shares issued | <u>\$ 9,150,897</u> | <u>\$ 9,150,897</u> |

2) Global depositary receipts

As of December 31, 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 five 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 that the shares represented by the GDRs be transferred to them.

b. Capital surplus

| | December 31 | |
|---|--------------------|-------------------|
| | 2021 | 2020 |
| May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1) | | |
| Recognized from the difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition | \$ 1 | \$ 1 |
| Recognized from treasury share transactions | 143,599 | 126,925 |
| <u>May be used to offset a deficit</u> | | |
| Changes in percentage of ownership interests in subsidiaries (2) | 466 | 466 |
| | <u>\$ 144,066</u> | <u>\$ 127,392</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 amended Articles, where the Company made profit in a fiscal year, the profit shall be appropriated from (less any paying taxes and deficit):

- 1) 10% thereof as legal reserve;
- 2) Special reserve provided or reversed in accordance with the regulations;
- 3) 30% to 100% of this 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 after amendment, refer to Note 26(i) compensation of employees 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 appropriations of earnings 2020 and 2019 approved in the shareholders' meetings on July 22, 2021 and June 16, 2020, respectively, were as follows:

| | Appropriation of Earnings | |
|---------------------------------|---------------------------------------|--------------|
| | For the Year Ended December 31 | |
| | 2020 | 2019 |
| Legal reserve | \$ 319,167 | \$ 341,610 |
| Special reserve | \$ - | \$ 246,549 |
| Cash dividends | \$ 2,287,724 | \$ 2,424,987 |
| Cash dividends per share (NT\$) | \$2.5 | \$2.65 |

The appropriations of earnings for 2021 had been proposed by the Company's board of directors on March 21, 2022. The appropriations and dividends per share were as follows:

| | For the Year Ended December 31, 2021 |
|-----------------|---|
| Legal reserve | \$ 245,834 |
| Special reserve | \$ 1,738,670 |
| Cash dividends | \$1.9 |

The appropriations of earnings for 2021 are subject to the resolution of the shareholders in their meeting to be held on June 16, 2022.

d. Special reserve

| | For the Year Ended December 31 | |
|------------------------------|---------------------------------------|-------------|
| | 2021 | 2020 |
| Beginning at January 1 | \$ 577,494 | \$ 330,945 |
| Appropriation in respect of: | | |
| Debit to other equity items | - | 246,549 |
| Balance at December 31 | \$ 577,494 | \$ 577,494 |

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

e. Other equity items

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

| | For the Year Ended December 31 | |
|--|---------------------------------------|--------------|
| | 2021 | 2020 |
| Balance at January 1 | \$ (572,206) | \$ (693,038) |
| Recognized for the year | | |
| Exchange differences on translation of the financial statements of foreign operations | (40,651) | 120,832 |
| Other comprehensive income recognized for the year | (40,651) | 120,832 |
| Balance at December 31 | \$ (612,857) | \$ (572,206) |

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

| | For the Year Ended December 31 | |
|--|---------------------------------------|-------------------|
| | 2021 | 2020 |
| Balance at January 1 | \$ 216,714 | \$ 115,544 |
| Recognized for the year | | |
| Unrealized gain (loss) - equity instruments | <u>206,067</u> | <u>101,170</u> |
| Other comprehensive income recognized for the year | <u>206,067</u> | <u>101,170</u> |
| Balance at December 31 | <u>\$ 422,781</u> | <u>\$ 216,714</u> |

f. Non-controlling interests

| | For the Year Ended December 31 | |
|--|---------------------------------------|-------------------|
| | 2021 | 2020 |
| Balance at January 1 | \$ 331,139 | \$ 272,564 |
| Share in profit for the year | 44,478 | 43,029 |
| Other comprehensive income (loss) during the year | | |
| Exchange difference on translation of the financial statements of foreign operations | (201) | 768 |
| Unrealized gain (loss) on financial assets at FVTOCI | 98,459 | 39,045 |
| Remeasurement on defined benefit plans | (430) | (419) |
| Related income tax | 86 | 84 |
| Cash dividends distributed by subsidiaries to non-controlling interests | <u>(33,504)</u> | <u>(23,932)</u> |
| Balance at December 31 | <u>\$ 440,027</u> | <u>\$ 331,139</u> |

g. Treasury shares

| Purpose of Buy-back | Shares Held by Subsidiaries (In Thousands of Shares) |
|---|---|
| Number of shares at December 31, 2021 and January 1, 2021 | <u>6,669</u> |
| Number of shares at December 31, 2020 and January 1, 2020 | <u>6,669</u> |

For the purpose of maintaining the Company's credit and shareholders' equity, the Company's shares held by its subsidiaries at the end of the reporting periods were as follows:

| Name of Subsidiary | Number of Shares Held (In Thousands of Shares) | Carrying Amount | Market Price |
|---------------------------|---|------------------------|---------------------|
| <u>December 31, 2021</u> | | | |
| Chang Hui | 6,669 | <u>\$ 21,182</u> | <u>\$ 352,815</u> |
| <u>December 31, 2020</u> | | | |
| Chang Hui | 6,669 | <u>\$ 21,182</u> | <u>\$ 408,839</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 Year Ended December 31 | |
|---------------------------------------|---------------------------------------|----------------------|
| | 2021 | 2020 |
| Revenue from contracts with customers | | |
| Revenue from sale of goods | <u>\$ 34,307,044</u> | <u>\$ 34,466,244</u> |

a. Contract balances

| | December 31, 2021 | December 31, 2020 | January 1, 2020 |
|---|------------------------------|------------------------------|------------------------|
| Notes receivable (Note 10) | <u>\$ 18,370</u> | <u>\$ 3,154</u> | <u>\$ 2,977</u> |
| Trade receivables (Note 10) | <u>\$ 5,722,846</u> | <u>\$ 6,328,068</u> | <u>\$ 6,460,483</u> |
| Trade receivables from related parties (Note 32) | <u>\$ 7,290</u> | <u>\$ 9,011</u> | <u>\$ -</u> |
| Contract liabilities - current | | | |
| Sale of goods | <u>\$ 509,315</u> | <u>\$ 748,044</u> | <u>\$ 326,644</u> |

b. Disaggregation of revenue

| | Reportable Segments | | | |
|--|-----------------------------|-----------------------------|---------------------|----------------------|
| | Nutritious Foods | Cooking Products | Others | Total |
| For the year ended <u>December 31, 2021</u> | | | | |
| Types of goods or services | | | | |
| Sale of goods | <u>\$ 11,076,849</u> | <u>\$ 17,783,808</u> | <u>\$ 5,446,387</u> | <u>\$ 34,307,044</u> |
| For the year ended <u>December 31, 2020</u> | | | | |
| Types of goods or services | | | | |
| Sale of goods | <u>\$ 11,968,867</u> | <u>\$ 18,479,507</u> | <u>\$ 4,017,870</u> | <u>\$ 34,466,244</u> |

26. NET PROFIT

Net profit includes:

a. Interest income

| | For the Year Ended December 31 | |
|---|---------------------------------------|-------------------|
| | 2021 | 2020 |
| Bank deposits | \$ 50,425 | \$ 68,516 |
| Financial assets at amortized cost | 53,948 | 49,530 |
| Repurchase agreements collateralized by bonds | 72 | 515 |
| Others | <u>1,215</u> | <u>1,346</u> |
| | <u>\$ 105,660</u> | <u>\$ 119,907</u> |

b. Other income

| | For the Year Ended December 31 | |
|---|---------------------------------------|------------------|
| | 2021 | 2020 |
| Rental income | | |
| Operating lease rental income | | |
| Investment properties | \$ 35,073 | \$ 28,978 |
| Others | <u>1,206</u> | <u>1,075</u> |
| | <u>36,279</u> | <u>30,053</u> |
| Dividends | | |
| Investments in equity instruments at FVTOCI | <u>24,059</u> | <u>9,809</u> |
| | <u>\$ 60,338</u> | <u>\$ 39,862</u> |

c. Other gains and losses

| | For the Year Ended December 31 | |
|--|---------------------------------------|-------------------|
| | 2021 | 2020 |
| Fair value changes of financial assets and financial liabilities | | |
| Financial assets held for trading | \$ (42,047) | \$ 929 |
| Net foreign exchange gains (losses) | (4,488) | (3,753) |
| Net loss on disposal of property, plant and equipment | (20,862) | (2,959) |
| Government grants | 29,333 | 110,649 |
| Others | <u>92,506</u> | <u>31,234</u> |
| | <u>\$ 54,442</u> | <u>\$ 136,100</u> |

d. Finance costs

| | For the Year Ended December 31 | |
|--------------------------------------|---------------------------------------|------------------|
| | 2021 | 2020 |
| Interest on bank loans | \$ 38,606 | \$ 40,535 |
| Interest on short-term bills payable | 1,412 | 1,044 |
| Interest on lease liabilities | 8,503 | 9,709 |
| Other interest expense | <u>490</u> | <u>49</u> |
| | <u>\$ 49,011</u> | <u>\$ 51,337</u> |

e. Impairment losses recognized (reversed)

| | For the Year Ended December 31 | |
|--|---------------------------------------|-------------|
| | 2021 | 2020 |

| | | |
|---|------------------|--------------------|
| Trade receivables | \$ (4,817) | \$ 15,105 |
| Inventories (included in operating costs) | <u>\$ 64,547</u> | <u>\$ (12,132)</u> |

f. Depreciation and amortization

| | For the Year Ended December 31 | |
|--|---------------------------------------|-------------|
| | 2021 | 2020 |

| | | |
|---|-------------------|-------------------|
| An analysis of depreciation by function | | |
| Operating costs | \$ 402,657 | \$ 397,766 |
| Operating expenses | 164,934 | 184,994 |
| Non-operating revenue and expenses | <u>37,547</u> | <u>14,230</u> |
| | <u>\$ 605,138</u> | <u>\$ 596,990</u> |
| An analysis of amortization by function | | |
| Operating costs | \$ 26,359 | \$ 20,311 |
| Operating expenses | <u>51,533</u> | <u>45,168</u> |
| | <u>\$ 77,892</u> | <u>\$ 65,479</u> |

g. Operating expenses directly related to investment properties

| | For the Year Ended December 31 | |
|--|---------------------------------------|-------------|
| | 2021 | 2020 |

| | | |
|---|-----------------|-----------------|
| Direct operating expenses of investment properties that generated rental income | \$ 3,491 | \$ 705 |
| Direct operating expenses of investment properties that did not generated rental income | <u>596</u> | <u>576</u> |
| | <u>\$ 4,087</u> | <u>\$ 1,281</u> |

h. Employee benefits expense

| | For the Year Ended December 31 | |
|--|---------------------------------------|-------------|
| | 2021 | 2020 |

| | | |
|--|---------------------|---------------------|
| Post-employment benefits | | |
| Defined contribution plans | \$ 175,604 | \$ 59,992 |
| Defined benefit plans (see Note 23) | <u>11,583</u> | <u>12,566</u> |
| | 187,187 | 72,558 |
| Other employee benefits | <u>2,615,885</u> | <u>2,719,686</u> |
| Total employee benefits expense | <u>\$ 2,803,072</u> | <u>\$ 2,792,244</u> |
| An analysis of employee benefits expense by function | | |
| Operating costs | \$ 956,668 | \$ 799,830 |
| Operating expenses | <u>1,846,404</u> | <u>1,992,414</u> |
| | <u>\$ 2,803,072</u> | <u>\$ 2,792,244</u> |

i. Compensation of employees and remuneration of directors

The Company accrued compensation of employees and remuneration of directors at the rates of no less than 0.5% and no higher than 0.75%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and remuneration of directors for the years ended December 31, 2021 and 2020, which were approved by the Company's board of directors on March 21, 2022 and March 22, 2021, respectively, were as follows:

Accrual rate

| | For the Year Ended December 31 | |
|---------------------------|---------------------------------------|-------------|
| | 2021 | 2020 |
| Compensation of employees | 1.28% | 1.25% |
| Remuneration of directors | 0.55% | 0.55% |

Amount

| | For the Year Ended December 31 | |
|---------------------------|---------------------------------------|-------------|
| | 2021 | 2020 |
| | Cash | Cash |
| Compensation of employees | \$ 38,903 | \$ 49,921 |
| Remuneration of directors | 16,716 | 21,965 |

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There was no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2020 and 2019.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

j. Gain or loss on foreign currency exchange

| | For the Year Ended December 31 | |
|-------------------------|---------------------------------------|-------------------|
| | 2021 | 2020 |
| Foreign exchange gains | \$ 85,802 | \$ 143,729 |
| Foreign exchange losses | <u>(90,290)</u> | <u>(147,482)</u> |
| Net gains | <u>\$ (4,488)</u> | <u>\$ (3,753)</u> |

27. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

| | For the Year Ended December 31 | |
|---|---------------------------------------|---------------------|
| | 2021 | 2020 |
| Current tax | | |
| In respect of the current year | \$ 704,066 | \$ 907,556 |
| Income tax on unappropriated earnings | 29,359 | 19,115 |
| Adjustments for prior years | <u>(41,020)</u> | <u>(8,697)</u> |
| | <u>692,405</u> | <u>917,974</u> |
| Deferred tax | | |
| In respect of the current year | <u>(40,497)</u> | <u>114,907</u> |
| Income tax expense recognized in profit or loss | <u>\$ 651,908</u> | <u>\$ 1,032,881</u> |

A reconciliation of accounting profit and income tax expenses is as follows:

| | For the Year Ended December 31 | |
|--|---------------------------------------|---------------------|
| | 2021 | 2020 |
| Profit before tax | <u>\$ 3,153,014</u> | <u>\$ 4,288,711</u> |
| Income tax expense calculated at the statutory rate | \$ 702,350 | \$ 1,098,861 |
| Nondeductible expenses in determining taxable income | 26,087 | 21,721 |
| Tax-exempt income | (71,006) | (212,783) |
| Unrecognized deductible temporary differences and loss carryforwards | 6,138 | 114,664 |
| Income tax on unappropriated earnings | 29,359 | 19,115 |
| Adjustments for prior years' tax | <u>(41,020)</u> | <u>(8,697)</u> |
| Income tax expense recognized in profit or loss | <u>\$ 651,908</u> | <u>\$ 1,032,881</u> |

b. Income tax recognized in other comprehensive income

| | For the Year Ended December 31 | |
|---|---------------------------------------|------------------|
| | 2021 | 2020 |
| <u>Deferred tax</u> | | |
| In respect of the current year | | |
| Translation of foreign operations | \$ (10,163) | \$ 30,209 |
| Fair value changes of financial assets at FVTOCI | (3) | 20 |
| Remeasurement of defined benefit plans | <u>2,151</u> | <u>(5,367)</u> |
| Total income tax recognized in other comprehensive income | <u>\$ (8,015)</u> | <u>\$ 24,862</u> |

c. Current tax assets and liabilities

| | December 31 | |
|-------------------------|--------------------|-------------------|
| | 2021 | 2020 |
| Current tax assets | | |
| Tax refund receivable | \$ <u>4,765</u> | \$ <u>23,063</u> |
| Current tax liabilities | | |
| Income tax payable | \$ <u>397,210</u> | \$ <u>399,020</u> |

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2021

| | Opening Balance | Recognized in Profit or Loss | Recognized in Other Comprehensive Income | Exchange Differences | Closing Balance |
|---|------------------------|-------------------------------------|---|-----------------------------|------------------------|
| <u>Deferred tax assets</u> | | | | | |
| Temporary differences | | | | | |
| Investments accounted for using the equity method | \$ 49,881 | \$ 22,960 | \$ - | \$ - | \$ 72,841 |
| Exchange differences on translation of the financial statements of foreign operations | 143,049 | - | 10,163 | - | 153,212 |
| Defined benefit plans | 89,251 | (3,502) | (677) | (289) | 84,783 |
| Advertisement payable | 53,425 | - | - | (217) | 53,208 |
| Deferred sales returns and allowances | 11,225 | 1,366 | - | - | 12,591 |
| Allowance for inventory loss | 8,570 | 1,831 | - | - | 10,401 |
| Financial assets measured at cost | 43,869 | - | 3 | - | 43,872 |
| Others | <u>17,857</u> | <u>(11,231)</u> | <u>-</u> | <u>(49)</u> | <u>6,577</u> |
| | <u>\$ 417,127</u> | <u>\$ 11,424</u> | <u>\$ 9,489</u> | <u>\$ (555)</u> | <u>\$ 437,485</u> |
| <u>Deferred tax liabilities</u> | | | | | |
| Temporary differences | | | | | |
| Investments accounted for using the equity method | \$ 307,620 | \$ (24,753) | \$ - | \$ - | \$ 282,867 |
| Reserve for land value increment tax | 33,685 | - | - | - | 33,685 |
| Defined benefit plans | 2,884 | (248) | 1,474 | - | 4,110 |
| Others | <u>7,139</u> | <u>(4,072)</u> | <u>-</u> | <u>(68)</u> | <u>2,999</u> |
| | <u>\$ 351,328</u> | <u>\$ (29,073)</u> | <u>\$ 1,474</u> | <u>\$ (68)</u> | <u>\$ 323,661</u> |

For the year ended December 31, 2020

| | Opening Balance | Recognized in Profit or Loss | Recognized in Other Comprehensive Income | Exchange Differences | Closing Balance |
|---|-------------------|------------------------------|--|----------------------|-------------------|
| <u>Deferred tax assets</u> | | | | | |
| Temporary differences | | | | | |
| Investments accounted for using the equity method | \$ 82,086 | \$ (32,205) | \$ - | \$ - | \$ 49,881 |
| Exchange differences on translation of the financial statements of foreign operations | 173,258 | - | (30,209) | - | 143,049 |
| Defined benefit plans | 84,118 | (423) | 5,390 | 166 | 89,251 |
| Advertisement payable | 52,600 | - | - | 825 | 53,425 |
| Deferred sales returns and allowances | 8,774 | 2,451 | - | - | 11,225 |
| Allowance for inventory loss | 10,060 | (1,490) | - | - | 8,570 |
| Financial assets measured at cost | 43,889 | - | (20) | - | 43,869 |
| Others | 18,613 | (788) | - | 32 | 17,857 |
| | <u>\$ 473,398</u> | <u>\$ (32,455)</u> | <u>\$ (24,839)</u> | <u>\$ 1,023</u> | <u>\$ 417,127</u> |

Deferred tax liabilities

| | | | | | |
|---|-------------------|------------------|--------------|--------------|-------------------|
| Temporary differences | | | | | |
| Investments accounted for using the equity method | \$ 232,185 | \$ 75,435 | \$ - | \$ - | \$ 307,620 |
| Reserve for land value increment tax | 33,685 | - | - | - | 33,685 |
| Defined benefit plans | 2,263 | 598 | 23 | - | 2,884 |
| Others | 680 | 6,419 | - | 40 | 7,139 |
| | <u>\$ 268,813</u> | <u>\$ 82,452</u> | <u>\$ 23</u> | <u>\$ 40</u> | <u>\$ 351,328</u> |

- e. Deductible temporary differences and unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

| | <u>December 31</u> | |
|----------------------------------|--------------------|-------------------|
| | 2021 | 2020 |
| Loss carryforwards | | |
| Expiry in 2021 | \$ - | \$ 23,686 |
| Expiry in 2022 | 36,989 | 37,139 |
| Expiry in 2023 | 63,104 | 63,361 |
| Expiry in 2024 | 74,100 | 74,401 |
| Expiry in 2025 | 74,541 | 94,067 |
| Expiry in 2026 | 150,234 | - |
| | <u>\$ 398,968</u> | <u>\$ 292,654</u> |
| Deductible temporary differences | <u>\$ 570,709</u> | <u>\$ 657,317</u> |

- f. Income tax assessments

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

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

28. EARNINGS PER SHARE

Unit: NT\$ Per Share

| | For the Year Ended December 31 | |
|----------------------------|---------------------------------------|----------------|
| | 2021 | 2020 |
| Basic earnings per share | \$ <u>2.70</u> | \$ <u>3.54</u> |
| Diluted earnings per share | \$ <u>2.70</u> | \$ <u>3.53</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 Year

| | For the Year Ended December 31 | |
|--|---------------------------------------|---------------------|
| | 2021 | 2020 |
| Earnings used in the computation of basic earnings per share | \$ <u>2,456,628</u> | \$ <u>3,212,801</u> |

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

| | For the Year Ended December 31 | |
|--|---------------------------------------|----------------|
| | 2021 | 2020 |
| Weighted average number of ordinary shares used in computation of basic earnings per share | 908,420 | 908,420 |
| Effects of potentially dilutive ordinary shares: | | |
| Compensation of employees | <u>968</u> | <u>1,070</u> |
| Weighted average number of ordinary shares used in the computation of diluted earnings per share | <u>909,388</u> | <u>909,490</u> |

The Company may settle compensation paid to employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares and the resulting potential shares are 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. CASH FLOWS INFORMATION

Changes in liabilities from financing activities:

For the year ended December 31, 2021

| | Opening Balance | Cash Flows | Non-cash Changes | | Closing Balance |
|-------------------------------|------------------------|---------------------|--|------------------------------------|------------------------|
| | | | Addition Lease/Lease Modification | Exchanging Rate Adjustments | |
| Short-term borrowings | \$ 1,846,767 | \$ (467,003) | \$ - | \$ (7,301) | \$ 1,372,463 |
| Short-term bills payable | 129,869 | 129,986 | - | - | 259,855 |
| Lease liabilities | 277,973 | (83,532) | 146,896 | (21,364) | 319,973 |
| Guarantee deposits received | 19,990 | 11,112 | - | (47) | 31,055 |
| Other non-current liabilities | <u>130</u> | <u>-</u> | <u>-</u> | <u>(9)</u> | <u>121</u> |
| | <u>\$ 2,274,729</u> | <u>\$ (409,437)</u> | <u>\$ 146,896</u> | <u>\$ (28,721)</u> | <u>\$ 1,983,467</u> |

For the year ended December 31, 2020

| | Opening Balance | Cash Flows | Non-cash Changes | | Closing Balance |
|-------------------------------|---------------------|-------------------|---|-----------------------------------|---------------------|
| | | | Addition Lease/Lease Modification | Exchanging Rate Adjustments | |
| Short-term borrowings | \$ 1,382,955 | \$ 440,344 | \$ - | \$ 23,468 | \$ 1,846,767 |
| Short-term bills payable | 99,968 | 29,901 | - | - | 129,869 |
| Long-term borrowings | 6,000 | (6,000) | - | - | - |
| Lease liabilities | 347,615 | (88,207) | 15,812 | 2,753 | 277,973 |
| Guarantee deposits received | 20,044 | (286) | - | 232 | 19,990 |
| Other non-current liabilities | <u>2,934</u> | <u>(2,851)</u> | <u>-</u> | <u>47</u> | <u>130</u> |
| | <u>\$ 1,859,516</u> | <u>\$ 372,901</u> | <u>\$ 15,812</u> | <u>\$ 26,500</u> | <u>\$ 2,274,729</u> |

30. CAPITAL MANAGEMENT

The Group's capital management objective is to ensure financial resources are available and operating plans are in place for working capital, capital expenditures, research and development expenses, refund liabilities and dividend disbursement, etc. in the next twelve 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 the 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

December 31, 2021

| | Level 1 | Level 2 | Level 3 | Total |
|---|---------------------|------------------|-------------------|---------------------|
| Financial assets at FVTPL | | | | |
| Listed shares | \$ 4,991 | \$ - | \$ - | \$ 4,991 |
| Unlisted shares | - | - | 2,244 | 2,244 |
| Mutual fund beneficiary certification | 1,146,721 | - | - | 1,146,721 |
| Note cash | <u>-</u> | <u>28,239</u> | <u>-</u> | <u>28,239</u> |
| | <u>\$ 1,151,712</u> | <u>\$ 28,239</u> | <u>\$ 2,244</u> | <u>\$ 1,182,195</u> |
| Financial assets at FVTOCI | | | | |
| Investments in equity instruments at FVTOCI | | | | |
| Listed shares and emerging market shares | \$ 409,076 | \$ - | \$ - | \$ 409,076 |
| Unlisted shares | <u>-</u> | <u>-</u> | <u>412,104</u> | <u>412,104</u> |
| | <u>\$ 409,076</u> | <u>\$ -</u> | <u>\$ 412,104</u> | <u>\$ 821,180</u> |

December 31, 2020

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

There were no transfers between Levels 1 and 2 for the years ended December 31, 2021 and 2020.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2021

| Financial Assets | Financial Assets at FVTPL Equity Instruments | Financial Assets at FVTOCI Equity Instruments | Total |
|---|---|--|-------------------|
| Balance at January 1, 2021 | \$ 6,232 | \$ 204,755 | \$ 210,987 |
| Acquisition | (4,338) | - | (4,338) |
| Recognized in profit or loss (included in other gains and losses) | 350 | - | 350 |
| Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at FVTOCI) | - | 207,353 | 207,353 |
| Impact of exchange rates | <u>-</u> | <u>(4)</u> | <u>(4)</u> |
| Balance at December 31, 2021 | <u>\$ 2,244</u> | <u>\$ 412,104</u> | <u>\$ 414,348</u> |
| Recognized in other gains and losses - unrealized | <u>\$ 350</u> | <u>\$ -</u> | <u>\$ 350</u> |

For the year ended December 31, 2020

| Financial Assets | Financial Assets at FVTPL | Financial Assets at FVTOCI | Total |
|---|--------------------------------------|---------------------------------------|-------------------|
| | Equity Instruments | Equity Instruments | |
| Balance at January 1, 2020 | \$ 7,575 | \$ 124,055 | \$ 131,630 |
| Recognized in profit or loss (included in other gains and losses) | (1,343) | - | (1,343) |
| Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at FVTOCI) | - | 80,684 | 80,684 |
| Impact of exchange rates | - | 16 | 16 |
| Balance at December 31, 2020 | <u>\$ 6,232</u> | <u>\$ 204,755</u> | <u>\$ 210,987</u> |
| Recognized in other gains and losses - unrealized | <u>\$ (1,062)</u> | <u>\$ -</u> | <u>\$ (1,062)</u> |

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

| Financial Instrument | Valuation Technique and Inputs |
|-----------------------------|---|
| Note cash | 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 year. |

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

The valuation techniques of unlisted shares with no active market are mainly applicable for market and asset valuation methods.

The market method is mainly used to value the fair value of investment objects' market prices and environments.

The asset method is mainly utilized to value the fair value of investment objects' net asset values

b. Categories of financial instruments

| | December 31 | |
|---|--------------------|--------------|
| | 2021 | 2020 |
| <u>Financial assets</u> | | |
| Financial assets at FVTPL | | |
| Mandatorily classified as at FVTPL | \$ 1,182,195 | \$ 1,501,002 |
| Financial assets at amortized cost (1) | 12,487,635 | 12,652,479 |
| Financial assets at FVTOCI | | |
| Equity instruments | 821,180 | 516,663 |
| <u>Financial liabilities</u> | | |
| Financial liabilities at amortized cost (2) | 4,529,069 | 4,304,650 |

- 1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable, trade and other receivables. Those reclassified to held-for-sale disposal groups are also included.
- 2) The balances include financial liabilities at amortized cost, which comprise short-term loans, short-term bills payable, trade and other payables, and bonds issued. Those reclassified to held-for-sale disposal groups are also included.

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 loans. 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 currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

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

a) Foreign currency risk

The Group's foreign currency risk arises from its foreign currency monetary assets and liabilities. The Group watches out for the fluctuation of market exchange rate, and takes appropriate actions to manage the exchange rate risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period are set out in Note 35.

Sensitivity analysis

The Group was mainly exposed to the RMB, USD, EUR, AUD, CHF and SGD.

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% increase or decrease. The amount below indicates an increase (decrease) in pre-tax profit associated with the functional currency weakening 3% against the relevant currency. For a 3% strengthening of the functional currency against the relevant currency, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative.

| | RMB Impact | | USD Impact | |
|----------------|---------------------------|---------------|---------------------------|----------------|
| | For the Year Ended | | For the Year Ended | |
| | December 31 | | December 31 | |
| | 2021 | 2020 | 2021 | 2020 |
| Profit or loss | \$ 29,098 (i) | \$ 27,134 (i) | \$ 535 (ii) | \$ 10,875 (ii) |

| | EUR Impact | | AUD Impact | |
|----------------|---------------------------|-------------|---------------------------|---------------|
| | For the Year Ended | | For the Year Ended | |
| | December 31 | | December 31 | |
| | 2021 | 2020 | 2021 | 2020 |
| Profit or loss | \$ (2,259) (iii) | \$ - (iii) | \$ - (iv) | \$ 1,038 (iv) |
| | | | CHF Impact | |
| | | | For the Year Ended | |
| | | | December 31 | |
| | | | 2021 | 2020 |
| Profit or loss | | | \$ 796 (v) | \$ 1,083 (v) |

- i. This was mainly attributable to the exposure of outstanding RMB bank deposits which were not hedged at the end of the reporting period.
- ii. This was mainly attributable to the exposure of outstanding USD bank deposits, receivables and payables which were not hedged at the end of the reporting period.
- iii. This was mainly attributable to the exposure on bank deposits in EUR which were not hedged at the end of the reporting period.
- iv. This was mainly attributable to the exposure of bank deposits in AUD which were not hedged at the end of the reporting period.
- v. This was mainly attributable to the exposure of bank deposits in CHF which were not hedged at the end of the reporting period.
- vi. This was mainly attributable to the exposure of bank deposits and payables in SGD 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 exchange rates in the market, and takes appropriate actions to manage the exchange rate risk.

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

| | December 31 | |
|-------------------------------|--------------------|--------------|
| | 2021 | 2020 |
| Fair value interest rate risk | | |
| Financial assets | \$ 3,168,157 | \$ 1,136,118 |
| Financial liabilities | 1,784,660 | 2,147,609 |
| Cash flow interest rate risk | | |
| Financial assets | 979,900 | 694,200 |
| Financial liabilities | 167,631 | 107,000 |

Sensitivity analysis

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

If interest rates had been 1% higher and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2021 and 2020 would have increased (decreased) by \$8,123 thousand and \$5,872 thousand, respectively.

The Group's sensitivity to interest rates decreased during the current year mainly due to the decrease in variable rate debt instruments.

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 a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

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

If equity prices had been 1% higher/lower, pre-tax profit for the year ended December 31, 2021 would have increased/decreased by \$11,822 thousand, as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the year ended December 31, 2021 would have increased/decreased by \$8,212 thousand, as a result of the changes in fair value of financial assets at FVTOCI.

If equity prices had been 1% higher/lower, pre-tax profit for the year ended December 31, 2020 would have increased/decreased by \$15,010 thousand, as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the year ended December 31, 2020 would have increased/decreased by \$5,167 thousand, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation could be the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets.

Accounts receivable are addressed to wide range of clients and are dispersed across different industries and geographies. The consolidated company continuously evaluates the collateral and financial position obtained by customers receivable.

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, 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 December 31, 2021 and 2020, the Group had available unutilized bank loan facilities in the amounts of \$5,397,639 thousand and \$5,296,868 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 can be required to pay. The table included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

December 31, 2021

| | On Demand or Less than 1 Month | 1-3 Months | 3 Months to 1 Year | 1-5 Years |
|---|---|---------------------|-------------------------------|-------------------|
| <u>Non-derivative financial liabilities</u> | | | | |
| Non-interest bearing | \$ 932,720 | \$ 1,863,680 | \$ 68,348 | \$ 31,055 |
| Lease liabilities | 8,186 | 18,808 | 68,826 | 238,837 |
| Variable interest rate liabilities | - | 105,669 | 62,018 | - |
| Fixed interest rate liabilities | 770,437 | 109,951 | 282,618 | 304,297 |
| Contract liabilities | <u>169,772</u> | <u>339,543</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 1,881,115</u> | <u>\$ 2,437,651</u> | <u>\$ 481,810</u> | <u>\$ 574,189</u> |

December 31, 2020

| | On Demand or Less than 1 Month | 1-3 Months | 3 Months to 1 Year | 1-5 Years |
|---|---|---------------------|-------------------------------|-------------------|
| <u>Non-derivative financial liabilities</u> | | | | |
| Non-interest bearing | \$ 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 | <u>249,348</u> | <u>498,696</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 1,736,520</u> | <u>\$ 3,005,355</u> | <u>\$ 381,076</u> | <u>\$ 232,002</u> |

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

32. TRANSACTIONS WITH RELATED PARTIES

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

a. Related parties and relationships

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

b. Sales of goods

| <u>Related Party Category/Name</u> | <u>For the Year Ended December 31</u> | |
|---|---------------------------------------|------------------|
| | <u>2021</u> | <u>2020</u> |
| The Company is one of the directors GeneFerm | <u>\$ 24,683</u> | <u>\$ 26,058</u> |

The sale of goods from related parties were conducted on normal commercial terms.

c. Purchases of goods

| <u>Related Party Category/Name</u> | <u>For the Year Ended December 31</u> | |
|---|---------------------------------------|------------------|
| | <u>2021</u> | <u>2020</u> |
| The Company is one of the directors GeneFerm | <u>\$ 76,368</u> | <u>\$ 72,095</u> |

Purchases from related parties were conducted on normal commercial terms.

d. Receivables from related parties

| <u>Line Items</u> | <u>Related Party Category/Name</u> | <u>December 31</u> | |
|-------------------|---|--------------------|-----------------|
| | | <u>2021</u> | <u>2020</u> |
| Trade receivables | The Company is one of the directors GeneFerm | <u>\$ 7,290</u> | <u>\$ 9,011</u> |

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2021 and 2020, no impairment losses were recognized for trade receivables from related parties.

e. Payables to related parties

| <u>Line Items</u> | <u>Related Party Category/Name</u> | <u>December 31</u> | |
|-------------------|---|--------------------|------------------|
| | | <u>2021</u> | <u>2020</u> |
| Trade payables | The Company is one of the directors GeneFerm | <u>\$ 19,472</u> | <u>\$ 20,526</u> |

The outstanding payables from related parties were unsecured.

f. Compensation of key management personnel

| | For the Year Ended December 31 | |
|------------------------------|---------------------------------------|------------------|
| | 2021 | 2020 |
| Short-term employee benefits | \$ 28,036 | \$ 38,785 |
| Post-employment benefits | <u>241</u> | <u>326</u> |
| | <u>\$ 28,277</u> | <u>\$ 39,111</u> |

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

33. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

| | December 31 | |
|---|--------------------|-------------------|
| | 2021 | 2020 |
| Pledge time deposits (included in other current assets) | \$ 4,019 | \$ 4,016 |
| Property, plant and equipment, net | 105,997 | 121,362 |
| Investment properties, net | <u>35,257</u> | <u>55,122</u> |
| | <u>\$ 145,273</u> | <u>\$ 180,500</u> |

34. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of December 31, 2021 were 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\$2,507 thousand and JPY18,567 thousand, respectively.
- c. Unrecognized commitments for acquisition of property, plant and equipment of approximately \$135,568 thousand.
- d. Unrecognized commitments for acquiring approximately 14,753 tons of colostrum from dairymen.

35. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The significant assets and liabilities denominated in foreign currencies other than functional currencies of the entities in the Group and the exchange rates between foreign currencies and respective functional currencies were as follows:

December 31, 2021

| | Foreign Currencies | Exchange Rate | Carrying Amount |
|------------------------------|-----------------------|-----------------|---------------------|
| <u>Financial assets</u> | | | |
| Monetary items | | | |
| USD | \$ 12,229 | 27.68 (USD:NTD) | \$ 338,501 |
| USD | 1,280 | 6.37 (USD:RMB) | 35,405 |
| EUR | 450 | 31.32 (EUR:NTD) | 14,103 |
| RMB | 223,285 | 4.34 (RMB:NTD) | 969,948 |
| CHF | 600 | 30.18 (CHF:NTD) | 18,105 |
| CHF | 279 | 6.95 (CHF:RMB) | <u>8,432</u> |
| | | | <u>\$ 1,384,494</u> |
| <u>Financial liabilities</u> | | | |
| Monetary items | | | |
| USD | 12,864 | 27.68 (USD:NTD) | \$ 356,088 |
| EUR | 2,854 | 31.32 (EUR:RMB) | <u>89,390</u> |
| | | | <u>\$ 445,478</u> |

December 31, 2020

| | Foreign Currencies | Exchange Rate | Carrying Amount |
|------------------------------|-----------------------|-----------------|---------------------|
| <u>Financial assets</u> | | | |
| Monetary items | | | |
| 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) | <u>24,355</u> |
| | | | <u>\$ 1,438,092</u> |
| <u>Financial liabilities</u> | | | |
| Monetary items | | | |
| USD | 2,294 | 28.48 (USD:NTD) | \$ 65,335 |
| CHF | 1,086 | 7.38 (CHF:RMB) | <u>35,089</u> |
| | | | <u>\$ 100,424</u> |

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

| | For the Year Ended December 31 | | | |
|--------------------|--------------------------------|-------------------------------------|-----------------|-------------------------------------|
| | 2021 | | 2020 | |
| Foreign Currencies | Exchange Rate | Net Foreign Exchange Gains (Losses) | Exchange Rate | Net Foreign Exchange Gains (Losses) |
| NTD | 1 (NTD:NTD) | \$ (4,150) | 1 (NTD:NTD) | \$ 2,855 |
| RMB | 4.34 (RMB:NTD) | 246 | 4.28 (RMB:NTD) | (6,161) |
| CHF | 30.64 (CHF:NTD) | (584) | 31.47 (CHF:NTD) | (447) |
| | | <u>\$ (4,488)</u> | | <u>\$ (3,753)</u> |

36. SEPARATELY DISCLOSED ITEMS

- a. Financings provided (Table 1)
- b. Endorsement/guarantee provided (Table 2)
- c. Marketable securities held (excluding investments in subsidiaries) (Table 3)
- d. Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None.
- e. Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None.
- f. Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
- g. Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 4)
- h. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 5)
- i. Trading in derivative instruments: None.
- j. Others: Intercompany relationships and significant intercompany transactions (Table 6)
- k. Information on investees (excluding investees of mainland China) (Table 7)
- l. Information on investment in mainland China
 - 1) The name of the investee in mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, share of profits/losses of investee, ending balance, amount received as dividends from the investee, and the limitation on investee (Table 8)
 - 2) Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss: None.

- m. 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. Specifically, 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 corporation

a. Operating segment information

| | Standard Foods Segment | Standard Dairy Products Segment | China Standard Segment | Other Segments | Adjustments and Eliminations | Consolidated |
|---|---------------------------|---------------------------------------|---------------------------|---------------------|------------------------------------|----------------------|
| <u>For the year ended December 31, 2021</u> | | | | | | |
| Sales from external customers | \$ 11,093,421 | \$ 2,529,089 | \$ 16,440,415 | \$ 4,244,119 | \$ - | \$ 34,307,044 |
| Sales among intersegments | <u>1,403,446</u> | <u>858,375</u> | <u>4,956</u> | <u>4,674</u> | <u>(2,271,451)</u> | <u>-</u> |
| Total sales | <u>\$ 12,496,867</u> | <u>\$ 3,387,464</u> | <u>\$ 16,445,371</u> | <u>\$ 4,248,793</u> | <u>\$ (2,271,451)</u> | <u>\$ 34,307,044</u> |
| Interest income | <u>\$ 19,427</u> | <u>\$ 2,771</u> | <u>\$ 91,405</u> | <u>\$ 2,979</u> | <u>\$ (10,922)</u> | <u>\$ 105,660</u> |
| Financial cost | <u>\$ 843</u> | <u>\$ 18</u> | <u>\$ 45,909</u> | <u>\$ 13,163</u> | <u>\$ (10,922)</u> | <u>\$ 49,011</u> |
| Depreciation expense | <u>\$ 226,629</u> | <u>\$ 48,346</u> | <u>\$ 235,756</u> | <u>\$ 97,993</u> | <u>\$ (3,586)</u> | <u>\$ 605,138</u> |
| Amortization expense | <u>\$ 15,378</u> | <u>\$ 4,823</u> | <u>\$ 43,460</u> | <u>\$ 14,231</u> | <u>\$ -</u> | <u>\$ 77,892</u> |
| Operating segment income (loss) | <u>\$ 2,675,153</u> | <u>\$ 616,209</u> | <u>\$ (83,383)</u> | <u>\$ (5,500)</u> | <u>\$ (49,465)</u> | <u>\$ 3,153,014</u> |
| Unallocated amount | | | | | | <u>-</u> |
| Income before income tax | | | | | | <u>\$ 3,153,014</u> |
| <u>For the year ended December 31, 2020</u> | | | | | | |
| Sales from external customers | \$ 11,742,523 | \$ 2,628,594 | \$ 16,550,135 | \$ 3,544,992 | \$ - | \$ 34,466,244 |
| Sales among intersegments | <u>1,442,012</u> | <u>900,852</u> | <u>286</u> | <u>11,871</u> | <u>(2,355,021)</u> | <u>-</u> |
| Total sales | <u>\$ 13,184,535</u> | <u>\$ 3,529,446</u> | <u>\$ 16,550,421</u> | <u>\$ 3,556,863</u> | <u>\$ (2,355,021)</u> | <u>\$ 34,466,244</u> |
| Interest income | <u>\$ 21,974</u> | <u>\$ 5,876</u> | <u>\$ 93,002</u> | <u>\$ 7,913</u> | <u>\$ (8,858)</u> | <u>\$ 119,907</u> |
| Financial cost | <u>\$ 1,084</u> | <u>\$ 28</u> | <u>\$ 48,410</u> | <u>\$ 10,673</u> | <u>\$ (8,858)</u> | <u>\$ 51,337</u> |
| Depreciation expense | <u>\$ 225,981</u> | <u>\$ 48,967</u> | <u>\$ 232,684</u> | <u>\$ 92,900</u> | <u>\$ (3,542)</u> | <u>\$ 596,990</u> |
| Amortization expense | <u>\$ 8,105</u> | <u>\$ 3,580</u> | <u>\$ 39,492</u> | <u>\$ 14,302</u> | <u>\$ -</u> | <u>\$ 65,479</u> |
| Operating segment income (loss) | <u>\$ 2,930,569</u> | <u>\$ 506,002</u> | <u>\$ 873,173</u> | <u>\$ 22,171</u> | <u>\$ (43,204)</u> | <u>\$ 4,288,711</u> |
| Unallocated amount | | | | | | <u>-</u> |
| Income before income tax | | | | | | <u>\$ 4,288,711</u> |

b. Geographical information:

The Group operates in two principal geographical areas - Taiwan and mainland China.

The Group's revenue from external customers by location of operations and information about its non-current assets by location of asset are detailed below.

| | Revenue from External Customers | |
|----------------|--|----------------------|
| | For the Year Ended December 31 | |
| | 2021 | 2020 |
| Taiwan | \$ 17,558,601 | \$ 17,660,448 |
| Mainland China | 16,635,451 | 16,697,133 |
| Others | <u>112,992</u> | <u>108,663</u> |
| | <u>\$ 34,307,044</u> | <u>\$ 34,466,244</u> |
| | Non-current Assets | |
| | December 31 | |
| | 2021 | 2020 |
| Taiwan | \$ 2,528,704 | \$ 2,207,407 |
| Mainland China | 2,629,248 | 2,806,758 |
| Others | <u>59,499</u> | <u>59,516</u> |
| | <u>\$ 5,217,451</u> | <u>\$ 5,073,681</u> |

Non-current assets exclude financial instruments, deferred tax assets and net defined benefit assets.

TABLE 1

STANDARD FOODS CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

| No. (Note 1) | Lender | Borrower | Financial Statement Account | Related Parties | Highest Balance for the Period | Ending Balance | Actual Borrowing Amount | Interest Rate | Nature of Financing (Note 2) | Business Transaction Amounts | Reasons for Short-term Financing | Allowance for Impairment Loss | Collateral | | Financing Limit for Each Borrower | Aggregate Financing Limits | Note |
|-----------------|--|---|---|--------------------|-----------------------------------|----------------|----------------------------|------------------|------------------------------------|------------------------------------|--|----------------------------------|------------|-------|--------------------------------------|-------------------------------|---------|
| | | | | | | | | | | | | | Item | Value | | | |
| 0 | Standard Foods Corporation | Dermalab S.A. | Financing receivables - related parties | Y | \$ 63,578 | \$ 18,105 | \$ 18,105 | 1.000% | b. | \$ - | Need for operation | \$ - | - | \$ - | \$ 6,963,681 (Note 3) | \$ 6,963,681 (Note 3) | Note 11 |
| | | Standard Foods (China) Co., Ltd. | Financing receivables - related parties | Y | 350,984 | 217,355 | 217,355 | 1.000% | b. | - | Need for operation | - | - | - | 3,481,840 (Note 4) | 6,963,681 (Note 5) | Note 11 |
| | | Standard Foods (Xiamen) Co., Ltd. | Financing receivables - related parties | Y | 653,670 | 652,065 | 652,065 | 1.000% | b. | - | Need for operation | - | - | - | 3,481,840 (Note 4) | 6,963,681 (Note 5) | Note 11 |
| | | Standard Beverage Company Limited | Financing receivables - related parties | Y | 50,000 | 50,000 | 10,300 | 0.950% | b. | - | Need for operation | - | - | - | 6,963,681 (Note 3) | 6,963,681 (Note 3) | Note 11 |
| 1 | Standard Investment (China) Co., Ltd. | Shanghai Dermalab Corporation | Financing receivables - related parties | Y | 175,492 | 173,884 | 107,543 | 1.000% | b. | - | Need for operation | - | - | - | 1,941,274 (Note 6) | 1,941,274 (Note 6) | Note 11 |
| | | Shanghai Le Ben Tuo Health Technology Co., Ltd. | Financing receivables - related parties | Y | 175,492 | 173,884 | 143,646 | 1.000% | b. | - | Need for operation | - | - | - | 1,941,274 (Note 6) | 1,941,274 (Note 6) | Note 11 |
| | | Standard Foods (Xiamen) Co., Ltd. | Financing receivables - related parties | Y | 526,476 | 521,652 | 19,797 | 1.000% | b. | - | Need for operation | - | - | - | 1,941,274 (Note 6) | 1,941,274 (Note 6) | Note 11 |
| | | Standard Foods (China) Co., Ltd. | Financing receivables - related parties | Y | 438,730 | 434,710 | 431,098 | 1.000% | b. | - | Need for operation | - | - | - | 1,941,274 (Note 6) | 1,941,274 (Note 6) | Note 11 |
| 2 | Shanghai Standard Foods Co., Ltd. | Standard Investment (China) Co., Ltd. | Financing receivables - related parties | Y | 614,222 | 608,594 | 402,585 | 1.000% | b. | - | Need for operation | - | - | - | 1,263,406 (Note 7) | 1,263,406 (Note 7) | Note 11 |
| | | Standard Foods (Xiamen) Co., Ltd. | Financing receivables - related parties | Y | 460,667 | 456,446 | 456,446 | 1.000% | b. | - | Need for operation | - | - | - | 1,263,406 (Note 7) | 1,263,406 (Note 7) | Note 11 |
| 3 | Shanghai Le Ben De Health Technology Co., Ltd. | Standard Investment (China) Co., Ltd. | Financing receivables - related parties | Y | 10,968 | 10,868 | 10,868 | 1.000% | b. | - | Need for operation | - | - | - | 11,884 (Note 8) | 11,884 (Note 8) | Note 11 |
| 4 | Shanghai Le Ho Industrial Co., Ltd. | Standard Investment (China) Co., Ltd. | Financing receivables - related parties | Y | 8,775 | 8,694 | 6,686 | 1.000% | b. | - | Need for operation | - | - | - | 189,013 (Note 9) | 189,013 (Note 9) | Note 11 |
| 5 | Shanghai Le Min Industrial Co., Ltd. | Standard Investment (China) Co., Ltd. | Financing receivables - related parties | Y | 21,789 | 21,736 | 17,693 | 1.000% | b. | - | Need for operation | - | - | - | 118,024 (Note 10) | 118,024 (Note 10) | Note 11 |

Note 1: "0" for the Company, subsidiaries are numbered from "1".

Note 2: Reasons for financing are as follows:

- a. Need for operation.
- b. Need for short-term financing.

Note 3: The total amount shall not exceed 40% of net value of Standard Foods Corporation, which was calculated to be \$6,963,681 thousand (the net value per financial statements of \$17,409,202 thousand x 40% as of September 30, 2021).

Note 4: The total amount shall not exceed 20% of net value of Standard Foods Corporation, which was calculated to be \$3,481,840 thousand (the net value per financial statements of \$17,409,202 thousand x 20% as of September 30, 2021).

Note 5: The total amount shall not exceed 40% of net value of Standard Foods Corporation, which was calculated to be \$6,963,681 thousand (the net value per financial statements of \$17,409,202 thousand x 40% as of September 30, 2021).

Note 6: The total amount shall not exceed 40% of net value of Standard Investment (China) Co., Ltd., which was calculated to be \$1,941,274 thousand (the net value per financial statements of \$4,853,185 thousand x 40% as of September 30, 2021).

Note 7: The total amount shall not exceed 40% of net value of Shanghai Standard Foods Co., Ltd., which was calculated to be \$1,263,406 thousand (the net value per financial statements of \$3,158,515 thousand x 40% as of September 30, 2021).

Note 8: The total amount shall not exceed 40% of net value of Shanghai Le Ben De Health Technology Co., Ltd., which was calculated to be \$11,884 thousand (the net value per financial statements of \$29,709 thousand x 40% as of September 30, 2021).

Note 9: The total amount shall not exceed 40% of net value of Shanghai Le Ho Industrial Co., Ltd., which was calculated to be \$189,013 thousand (the net value per financial statements of \$472,532 thousand x 40% as of September 30, 2021).

Note 10: The total amount shall not exceed 40% of net value of Shanghai Le Min Industrial Co., Ltd., which was calculated to be \$118,024 thousand (the net value per financial statements of \$295,060 thousand x 40% as of September 30, 2021).

Note 11: The amounts presented above were eliminated upon consolidation.

TABLE 2

STANDARD FOODS CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

| No. (Note 1) | Endorsement/Guarantee Provider | Guaranteed Party | | Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party | Maximum Balance for the Period | Ending Balance | Amount Actually Drawn | Amount of Endorsement/ Guarantee Collateralized by Properties | Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements | Maximum Endorsement/ Guarantee Amount | Guarantee Provided by Parent Company (Note 5) | Guarantee Provided by Subsidiary (Note 5) | Guarantee Provided to Subsidiaries in Mainland China (Note 5) | Note |
|-----------------|-----------------------------------|--------------------------------------|---------------------------------------|---|--------------------------------------|----------------|--------------------------|---|---|--|--|--|---|------|
| | | Name | Nature of Relationship (Note 2) | | | | | | | | | | | |
| 0 | Standard Foods Corporation | Standard Beverage Company Limited | b. | \$ 13,927,362 (Note 3) | \$ 145,605 | \$ 143,040 | \$ - | \$ - | 0.82% | \$ 17,409,202 (Note 4) | Y | - | - | |

Note 1: “0” for the Company, subsidiaries are numbered from “1”.

Note 2: Relationships between the endorsement/guarantee provider and the guaranteed party:

- a. Trading partner.
- b. Majority owned subsidiary.
- c. The Company and subsidiary owns over 50% ownership of the investee company.
- d. A subsidiary jointly owned by the Company and company’s directly-owned subsidiary.
- e. Guaranteed by the Company according to construction contract.
- f. Investee company. The guarantees were provided based on the Company’s proportionate share in an investee company.
- g. Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: The total amount shall not exceed 80% of the net value in the financial statements of Standard Foods Corporation; the amount was calculated at \$13,927,362 thousand (the net value per financial statements of \$17,409,202 thousand x 80% as of September 30, 2021).

Note 4: The total amount shall not exceed 100% of the net value in the financial statements of Standard Foods Corporation; the amount was calculated at \$17,409,202 thousand (the net value per financial statements of \$17,409,202 thousand x 100% as of September 30, 2021).

Note 5: Guarantee provided by the listed parent company, guarantee provided by the subsidiary or guarantee provided to subsidiaries in mainland China, coded “Y”.

TABLE 3

STANDARD FOODS CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

| Holding Company Name | Type and Name of Marketable Securities | Relationship with the Holding Company | Financial Statement Account | December 31, 2021 | | | | Note |
|----------------------------|--|---------------------------------------|---|-------------------|-----------------|-------------------------|------------|------|
| | | | | Shares | Carrying Amount | Percentage of Ownership | Fair Value | |
| Standard Foods Corporation | <u>Shares</u> Far Eastern International Commercial Bank Co., Ltd. | The Company is one of the directors | Financial assets at fair value through other comprehensive income - current | 1,444,013 | \$ 15,523 | - | \$ 15,523 | |
| | Chunghwa Telecom Co., Ltd. | | Financial assets at fair value through other comprehensive income - current | 48,600 | 5,662 | - | 5,662 | |
| | GeneFerm Biotechnology Co., Ltd. | | Financial assets at fair value through other comprehensive income - non-current | 2,145,110 | 95,136 | 5.3 | 95,136 | |
| | Dah Chung Bills Finance Corp. | | Financial assets at fair value through other comprehensive income - non-current | 1,274,480 | 17,129 | 0.3 | 17,129 | |
| | <u>Mutual funds</u> Mega Diamond Money Market Fund | | Financial assets at fair value through profit or loss - current | 15,776,977 | 200,014 | - | 200,014 | |
| | Jih Sun Money Market Fund | | Financial assets at fair value through profit or loss - current | 14,031,671 | 210,294 | - | 210,294 | |
| | Taishin 1699 Money Market Fund | | Financial assets at fair value through profit or loss - current | 9,285,458 | 127,012 | - | 127,012 | |
| | Cathay China Domestic Demand Growth Fund | | Financial assets at fair value through profit or loss - current | 3,585,869 | 101,408 | - | 101,408 | |
| | Cathay Target Date 2029 Fund | | Financial assets at fair value through profit or loss - current | 4,720,915 | 60,701 | - | 60,701 | |
| | FSITC Taiwan Money Market Fund | | Financial assets at fair value through profit or loss - current | 9,312,631 | 144,079 | - | 144,079 | |
| | Cathay Global Aggressive Fund | | Financial assets at fair value through profit or loss - current | 2,284,844 | 61,645 | - | 61,645 | |
| | President Hang Seng TECH Index | | Financial assets at fair value through profit or loss - current | 5,900,000 | 39,825 | - | 39,825 | |
| | <u>Note cash</u> CODEIS Smart Cash Note | | Financial assets at fair value through profit or loss - current | 10,000 | 28,239 | - | 28,239 | |

(Continued)

| Holding Company Name | Type and Name of Marketable Securities | Relationship with the Holding Company | Financial Statement Account | December 31, 2021 | | | | Note |
|--|---|---|---|-------------------|-----------------|-------------------------|------------|------|
| | | | | Shares | Carrying Amount | Percentage of Ownership | Fair Value | |
| | <u>Shares</u> Techgains Pan-Pacific Corporation | | Financial assets at fair value through profit or loss - non-current | 500,000 | \$ - | 0.9 | \$ - | |
| | Authenex, Inc. | | Financial assets at fair value through profit or loss - non-current | 2,424,242 | - | 5.5 | - | |
| | Paradigm Venture Capital Corporation | | Financial assets at fair value through profit or loss - non-current | 153,320 | 2,244 | 7.0 | 2,244 | |
| | U-Teck Environment Corporation, Ltd. | | Financial assets at fair value through profit or loss - non-current | 11,200 | - | 0.2 | - | |
| | Octamer, Inc. - Series E Preference Shares | | Financial assets at fair value through profit or loss - non-current | 800,000 | - | 7.8 | - | |
| | Octamer, Inc. - Series F Preference Shares | | Financial assets at fair value through profit or loss - non-current | 107,815 | - | 1.0 | - | |
| | Fortemedia, Inc. - Series D Preference Shares | | Financial assets at fair value through profit or loss - non-current | 3,455 | - | 1.2 | - | |
| | Fortemedia, Inc. - Series E Preference Shares | | Financial assets at fair value through profit or loss - non-current | 71,397 | - | 1.2 | - | |
| | Fortemedia, Inc. - Series F Preference Shares | | Financial assets at fair value through profit or loss - non-current | 29,173 | - | 1.2 | - | |
| | Fortemedia, Inc. - Series G Preference Shares | | Financial assets at fair value through profit or loss - non-current | 31,135 | - | 1.3 | - | |
| | Fortemedia, Inc. - Series I Preference Shares | | Financial assets at fair value through profit or loss - non-current | 29,102 | - | 1.3 | - | |
| | Fortemedia, Inc. - Series - Ordinary Shares | | Financial assets at fair value through profit or loss - non-current | 12,938 | - | 1.2 | - | |
| Standard Dairy Products Taiwan Limited | <u>Mutual funds</u> Cathay China Domestic Demand Growth Fund | | Financial assets at fair value through profit or loss - current | 1,195,290 | 33,803 | - | 33,803 | |
| | Cathay Target Date 2029 Fund | | Financial assets at fair value through profit or loss - current | 786,819 | 10,117 | - | 10,117 | |
| | Cathay Global Aggressive Fund | | Financial assets at fair value through profit or loss - current | 761,615 | 20,548 | - | 20,548 | |
| Charng Hui Ltd. | <u>Shares</u> Standard Foods Corporation | Parent of Charng Hui Ltd. | Financial assets at fair value through other comprehensive income - current | 6,669,471 | 352,815 | 0.7 | 352,815 | Note |
| | Formosa Plastics Corporation | | Financial assets at fair value through other comprehensive income - current | 91,440 | 9,510 | - | 9,510 | |
| | China Steel Corporation | | Financial assets at fair value through other comprehensive income - current | 803,258 | 28,395 | - | 28,395 | |
| | Polytronics Technology Corp. | Charng Hui Ltd. is one of the directors | Financial assets at fair value through other comprehensive income - current | 1,596,000 | 199,500 | 2.0 | 199,500 | |
| | Taiwan Semiconductor Manufacturing Co., Ltd. | | Financial assets at fair value through other comprehensive income - current | 90,000 | 55,350 | - | 55,350 | |

(Continued)

| Holding Company Name | Type and Name of Marketable Securities | Relationship with the Holding Company | Financial Statement Account | December 31, 2021 | | | | Note |
|-----------------------------------|--|---|---|-------------------|-----------------|-------------------------|------------|------|
| | | | | Shares | Carrying Amount | Percentage of Ownership | Fair Value | |
| Standard Beverage Company Limited | <u>Mutual funds</u> Fuh Hwa Global Strategic Allocation FoF | Charng Hui Ltd. is one of the directors | Financial assets at fair value through profit or loss - current | 1,000,000 | \$ 13,380 | - | \$ 13,380 | |
| | Franklin Templeton SinoAm Franklin Templeton Global Bond Fund of Funds-Accu. | | Financial assets at fair value through profit or loss - current | 1,453,360 | 18,218 | - | 18,218 | |
| | Taishin 1699 Money Market Fund | | Financial assets at fair value through profit or loss - current | 73,768 | 1,009 | - | 1,009 | |
| | <u>Shares</u> Hong Da Leasing & Finance Co., Ltd. | | Financial assets at fair value through profit or loss - non-current | 8,297,000 | - | 23.7 | - | |
| | CNEX Co., Ltd. | | Financial assets at fair value through profit or loss - non-current | 1,000,000 | - | 6.0 | - | |
| | Amphastar Pharmaceuticals Inc. (AMPH) | | Financial assets at fair value through profit or loss - non-current | 7,742 | 4,991 | - | 4,991 | |
| | <u>Mutual funds</u> Fuh Hwa Greater China Mid & Small Cap | | Financial assets at fair value through profit or loss - current | 225,000 | 3,258 | - | 3,258 | |
| | Franklin Templeton SinoAm Global Bd Acc | | Financial assets at fair value through profit or loss - current | 282,988 | 3,547 | - | 3,547 | |
| | <u>Shares</u> InnoComm Mobile Technology Corp. | | Financial assets at fair value through other comprehensive income - non-current | 3,600,000 | 393,948 | 13.4 | 393,948 | |
| | <u>Shares</u> AsiaVest Liquidation Co. | | Financial assets at fair value through other comprehensive income - non-current | 200 | 1,027 | 0.7 | 1,027 | |
| | <u>Mutual funds</u> Term Liquidity Fund | | Financial assets at fair value through profit or loss - current | 33,453 | 97,863 | - | 97,863 | |

Note: The amounts presented above were eliminated upon consolidation.

(Concluded)

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 YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)**

| Company Name | Related Party | Relationships | Transaction Details | | | | Abnormal Transaction | | Notes/Accounts Payable (Receivable) | | Note |
|--|--|--|---------------------|----------------|------------|---|----------------------|---------------|-------------------------------------|------------|------|
| | | | Purchases (Sales) | Amount | % to Total | Payment Terms | Unit Price | Payment Terms | Ending Balance | % to Total | |
| Standard Foods Corporation | Standard Dairy Products Taiwan Limited | The Company's subsidiary | Sales | \$ (1,403,341) | 11.23 | 55 days after month end closing (net of receivables and payables) | - | - | \$ 120,483 | 6.15 | Note |
| | | | Purchases | 858,375 | 12.79 | 55 days after month end closing (net of receivables and payables) | - | - | - | - | Note |
| Standard Dairy Products Taiwan Limited | Standard Foods Corporation | Parent company of Standard Dairy Products Taiwan Limited | Purchases | 1,403,341 | 58.65 | 55 days after month end closing (net of receivables and payables) | - | - | (120,483) | 39.49 | Note |
| | | | Sales | (858,375) | 25.34 | 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 | (2,064,727) | 72.79 | 60 days after month-end closing | - | - | 577,402 | 99.76 | Note |
| | | | Purchases | 661,822 | 22.44 | 60 days after month-end closing | - | - | (203,137) | 87.95 | Note |
| Standard Investment (China) Co., Ltd. | Shanghai Standard Foods Co., Ltd. | Brother company of Standard Investment (China) Co., Ltd. | Purchases | 2,064,727 | 14.72 | 60 days after month-end closing | - | - | (577,402) | 13.54 | Note |
| | | | Sales | (661,822) | 4.19 | 60 days after month-end closing | - | - | 203,137 | 6.47 | Note |
| Standard Foods (China) Co., Ltd. | Standard Investment (China) Co., Ltd. | Parent company of Standard Foods (China) Co., Ltd. | Sales | (6,665,006) | 98.90 | 60 days after month-end closing | - | - | 1,439,345 | 99.97 | Note |
| Standard Investment (China) Co., Ltd. | Standard Foods (China) Co., Ltd. | Standard Investment (China) Co., Ltd.'s subsidiary | Purchases | 6,665,006 | 47.49 | 60 days after month-end closing | - | - | (1,439,345) | 33.75 | Note |
| Standard Foods (China) Co., Ltd. | Standard Foods (Xiamen) Co., Ltd. | Brother company of Standard Foods (China) Co., Ltd. | Purchases | 265,648 | 4.23 | 60 days after month-end closing | - | - | (230,445) | 51.40 | Note |
| Standard Foods (Xiamen) Co., Ltd. | Standard Foods (China) Co., Ltd. | Brother company of Standard Foods (Xiamen) Co., Ltd. | Sales | (265,648) | 4.40 | 60 days after month-end closing | - | - | 230,445 | 11.34 | Note |
| | Standard Investment (China) Co., Ltd. | Parent company of Standard Foods (Xiamen) Co., Ltd. | Sales | (5,259,295) | 87.03 | 60 days after month-end closing | - | - | 1,489,519 | 73.31 | Note |
| Standard Investment (China) Co., Ltd. | Standard Foods (Xiamen) Co., Ltd. | Standard Investment (China) Co., Ltd.'s subsidiary | Purchases | 5,259,295 | 37.47 | 60 days after month-end closing | - | - | (1,489,519) | 34.92 | 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

DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

| Company Name | Related Party | Relationships | Ending Balance for Account Receivable - Related Parties | Turnover Rate | Overdue | | Amounts Received in Subsequent Period | Allowance for Bad Debts | Note |
|---------------------------------------|---|--|---|---------------|---------------------|---------------|---------------------------------------|-------------------------|----------|
| | | | | | Amount | Actions Taken | | | |
| Standard Foods Corporation | Standard Dairy Products Taiwan Limited | The Company's subsidiary | Trade receivables | 11.31 | \$ - | | \$ 120,483 (Note 1) | \$ - | (Note 2) |
| | | | Other receivables | | - | | 4,087 (Note 1) | - | (Note 2) |
| | | | | | <u>\$ 124,570</u> | | <u>\$ 124,570</u> (Note 1) | <u>\$ -</u> | |
| | Standard Foods (China) Co., Ltd. | The Company's subsidiary | Financing receivables | | \$ - | | \$ - (Note 1) | \$ - | (Note 2) |
| | | | Other receivables | | - | | - (Note 1) | - | (Note 2) |
| | | | | | <u>\$ 218,403</u> | | <u>\$ -</u> (Note 1) | <u>\$ -</u> | |
| | Standard Foods (Xiamen) Co., Ltd. | The Company's subsidiary | Financing receivables | | \$ - | | \$ - (Note 1) | \$ - | (Note 2) |
| | | | Other receivables | | - | | - (Note 1) | - | (Note 2) |
| | | | | | <u>\$ 655,209</u> | | <u>\$ -</u> (Note 1) | <u>\$ -</u> | |
| Shanghai Standard Foods Co., Ltd. | Standard Investment (China) Co., Ltd. | Brother company of Shanghai Standard Foods Co., Ltd. | Trade receivables | 3.66 | \$ - | | \$ 577,402 (Note 1) | \$ - | (Note 2) |
| | | | Financing receivables | | - | | - (Note 1) | - | (Note 2) |
| | | | Other receivables | | - | | 10,605 (Note 1) | - | (Note 2) |
| | Standard Foods (Xiamen) Co., Ltd. | Brother company of Shanghai Standard Foods Co., Ltd. | | | <u>\$ 990,592</u> | | <u>\$ 588,007</u> (Note 1) | <u>\$ -</u> | |
| | | | Financing receivables | | \$ - | | \$ 456,446 (Note 1) | \$ - | (Note 2) |
| | | | Other receivables | | - | | 4,615 (Note 1) | - | (Note 2) |
| Standard Foods (China) Co., Ltd. | Standard Investment (China) Co., Ltd. | Parent company of Standard Foods (China) Co., Ltd. | | 4.27 | <u>\$ 461,163</u> | | <u>\$ 461,061</u> (Note 1) | <u>\$ -</u> | |
| | | | Trade receivables | | \$ - | | \$ 1,439,345 (Note 1) | \$ - | (Note 2) |
| | | | Other receivables | | - | | 18,080 (Note 1) | - | (Note 2) |
| Standard Investment (China) Co., Ltd. | Standard Foods (China) Co., Ltd. | Standard Investment (China) Co., Ltd.'s subsidiary | | 82.18 | <u>\$ 1,457,425</u> | | <u>\$ 1,457,425</u> (Note 1) | <u>\$ -</u> | |
| | | | Trade receivables | | \$ - | | \$ 6 (Note 1) | \$ - | (Note 2) |
| | | | Financing receivables | | - | | - (Note 1) | - | (Note 2) |
| | Standard Foods (Xiamen) Co., Ltd. | Standard Investment (China) Co., Ltd.'s subsidiary | Other receivables | | - | | 22,469 (Note 1) | - | (Note 2) |
| | | | | | <u>\$ 453,606</u> | | <u>\$ 22,475</u> (Note 1) | <u>\$ -</u> | |
| | | | Trade receivables | 63.00 | \$ - | | \$ 11 (Note 1) | \$ - | (Note 2) |
| | Shanghai Standard Foods Co., Ltd. | Brother company of Standard Investment (China) Co., Ltd. | Financing receivables | | - | | - (Note 1) | - | (Note 2) |
| | | | Other receivables | | - | | 14,299 (Note 1) | - | (Note 2) |
| | | | | | <u>\$ 34,107</u> | | <u>\$ 14,310</u> (Note 1) | <u>\$ -</u> | |
| | Shanghai Le Ben Tuo Health Technology Co., Ltd. | Standard Investment (China) Co., Ltd.'s subsidiary | Trade receivables | 5.10 | \$ - | | \$ 203,137 (Note 1) | \$ - | (Note 2) |
| | | | Other receivables | | - | | 4,085 (Note 1) | - | (Note 2) |
| | | | | | <u>\$ 207,222</u> | | <u>\$ 207,222</u> (Note 1) | <u>\$ -</u> | |
| Shanghai Dermalab Corporation | Shanghai Le Ben Tuo Health Technology Co., Ltd. | Standard Investment (China) Co., Ltd.'s subsidiary | Financing receivables | | \$ - | | \$ - (Note 1) | \$ - | (Note 2) |
| | | | Other receivables | | - | | 1,053 (Note 1) | - | (Note 2) |
| | | | | | <u>\$ 144,699</u> | | <u>\$ 1,053</u> (Note 1) | <u>\$ -</u> | |
| | Shanghai Dermalab Corporation | Standard Investment (China) Co., Ltd.'s subsidiary | Financing receivables | | \$ - | | \$ - (Note 1) | \$ - | (Note 2) |
| | | | Other receivables | | - | | 820 (Note 1) | - | (Note 2) |
| | | | | | <u>\$ 108,363</u> | | <u>\$ 820</u> (Note 1) | <u>\$ -</u> | |

(Continued)

| Company Name | Related Party | Relationships | Ending Balance for Account Receivable - Related Parties | Turnover Rate | Overdue | | Amounts Received in Subsequent Period | Allowance for Bad Debts | Note |
|-----------------------------------|---------------------------------------|--|---|---------------------|---------|---------------|---------------------------------------|-------------------------|----------|
| | | | | | Amount | Actions Taken | | | |
| Standard Foods (Xiamen) Co., Ltd. | Standard Investment (China) Co., Ltd. | Parent company of Standard Foods (Xiamen) Co., Ltd. | Trade receivables | \$ 1,489,519 | 3.79 | \$ - | \$ 1,278,866 (Note 1) | \$ - | (Note 2) |
| | | | Note receivables | 311,798 | 3.79 | - | 311,798 (Note 1) | - | (Note 2) |
| | | | Other receivables | 6,561 | | - | 6,561 (Note 1) | - | (Note 2) |
| | | | | <u>\$ 1,807,878</u> | | <u>-</u> | <u>\$ 1,597,225</u> (Note 1) | <u>-</u> | |
| | Standard Foods (China) Co., Ltd. | Brother company of Standard Foods (Xiamen) Co., Ltd. | Trade receivables | <u>\$ 230,445</u> | 1.28 | <u>-</u> | <u>\$ 230,445</u> (Note 1) | <u>-</u> | (Note 2) |

Note 1: Amounts received before March 28, 2022.

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

(Concluded)

TABLE 6

STANDARD FOODS CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

| No. (Note 1) | Investee Company | Counterparty | Relationship (Note 2) | Transactions Details | | | |
|-----------------|-----------------------------------|--|--------------------------|---|--------------------|-------------------------------------|--|
| | | | | Financial Statement Accounts | Amount (Note 4) | Payment Terms | % to Total Sales or Assets (Note 3) |
| 0 | Standard Foods Corporation | Standard Dairy Products Taiwan Limited | a | Trade receivables - related parties | \$ 120,483 | According to the general conditions | 0.4 |
| | | Standard Dairy Products Taiwan Limited | a | Other receivables - related parties | 4,087 | According to the general conditions | - |
| | | Standard Dairy Products Taiwan Limited | a | Sales | 1,403,341 | According to the general conditions | 4.1 |
| | | Standard Dairy Products Taiwan Limited | a | Purchases | 858,375 | According to the general conditions | 2.5 |
| | | Standard Dairy Products Taiwan Limited | a | Royalty revenue | 9,032 | According to the general conditions | - |
| | | Standard Beverage Company Limited | a | Other receivables - related parties | 116 | According to the general conditions | - |
| | | Standard Beverage Company Limited | a | Financing receivables - related parties | 10,300 | Interest rate 0.950% | - |
| | | Standard Beverage Company Limited | a | Interest income | 151 | Interest rate 0.950% | - |
| | | Standard Beverage Company Limited | a | Service revenue | 1,320 | According to the general conditions | - |
| | | Dermalab | a | Financing receivables - related parties | 18,105 | Interest rate 1.000% | 0.1 |
| | | Dermalab | a | Interest income | 443 | Interest rate 1.000% | - |
| | | Standard Foods (China) Co., Ltd. | a | Other receivables - related parties | 1,048 | According to the general conditions | - |
| | | Standard Foods (China) Co., Ltd. | a | Financing receivables - related parties | 217,355 | Interest rate 1.000% | 0.8 |
| | | Standard Foods (China) Co., Ltd. | a | Interest income | 2,126 | Interest rate 1.000% | - |
| | | Standard Foods (Xiamen) Co., Ltd. | a | Other receivables - related parties | 3,144 | According to the general conditions | - |
| | | Standard Foods (Xiamen) Co., Ltd. | a | Financing receivables - related parties | 652,065 | Interest rate 1.000% | 2.3 |
| | | Standard Foods (Xiamen) Co., Ltd. | a | Interest income | 4,952 | Interest rate 1.000% | - |
| 1 | Shanghai Standard Foods Co., Ltd. | Standard Investment (China) Co., Ltd. | c | Trade receivables - related parties | 577,402 | According to the general conditions | 2.0 |
| | | Standard Investment (China) Co., Ltd. | c | Financing receivables - related parties | 402,585 | Interest rate 1.000% | 1.4 |
| | | Standard Investment (China) Co., Ltd. | c | Other receivables - related parties | 10,605 | According to the general conditions | - |
| | | Standard Investment (China) Co., Ltd. | c | Trade payables - related parties | 203,137 | According to the general conditions | 0.7 |
| | | Standard Investment (China) Co., Ltd. | c | Other payables - related parties | 4,085 | According to the general conditions | - |
| | | Standard Investment (China) Co., Ltd. | c | Sales | 2,064,727 | According to the general conditions | 6.0 |
| | | Standard Investment (China) Co., Ltd. | c | Purchases | 661,822 | According to the general conditions | 1.9 |
| | | Standard Investment (China) Co., Ltd. | c | Interest income | 649 | Interest rate 1.000% | - |
| | | Standard Investment (China) Co., Ltd. | c | Other expenses | 342 | According to the general conditions | - |
| | | Standard Investment (China) Co., Ltd. | c | Research and development expenses | 4,081 | According to the general conditions | - |
| | | Standard Foods (China) Co., Ltd. | c | Sales | 9,889 | According to the general conditions | - |
| | | Standard Foods (China) Co., Ltd. | c | Purchases | 4,784 | According to the general conditions | - |
| | | Shanghai Le Ben Tuo Co., Ltd. | c | Trade receivables - related parties | 1,388 | According to the general conditions | - |
| | | Shanghai Le Ben Tuo Co., Ltd. | c | Sales | 4,425 | According to the general conditions | - |
| | | Standard Foods (Xiamen) Co., Ltd. | c | Other receivables - related parties | 4,717 | According to the general conditions | - |
| | | Standard Foods (Xiamen) Co., Ltd. | c | Financing receivables - related parties | 456,446 | Interest rate 1.000% | 1.6 |
| | | Standard Foods (Xiamen) Co., Ltd. | c | Sales | 18,024 | According to the general conditions | 0.1 |
| | | Standard Foods (Xiamen) Co., Ltd. | c | Interest income | 4,607 | Interest rate 1.000% | - |

(Continued)

| No. (Note 1) | Investee Company | Counterparty | Relationship (Note 2) | Transactions Details | | | |
|-----------------|---------------------------------------|--------------------------------------|--------------------------|---|--------------------|-------------------------------------|--|
| | | | | Financial Statement Accounts | Amount (Note 4) | Payment Terms | % to Total Sales or Assets (Note 3) |
| 2 | Standard Investment (China) Co., Ltd. | Standard Foods (China) Co., Ltd. | a | Trade receivables - related parties | \$ 6 | According to the general conditions | - |
| | | Standard Foods (China) Co., Ltd. | a | Other receivables - related parties | 22,502 | According to the general conditions | 0.1 |
| | | Standard Foods (China) Co., Ltd. | a | Financing receivables - related parties | 431,098 | Interest rate1.000% | 1.5 |
| | | Standard Foods (China) Co., Ltd. | a | Trade payables - related parties | 1,439,345 | According to the general conditions | 5.1 |
| | | Standard Foods (China) Co., Ltd. | a | Other payables - related parties | 18,080 | According to the general conditions | 0.1 |
| | | Standard Foods (China) Co., Ltd. | a | Sales | 452 | According to the general conditions | - |
| | | Standard Foods (China) Co., Ltd. | a | Purchases | 6,665,006 | According to the general conditions | 19.4 |
| | | Standard Foods (China) Co., Ltd. | a | Interest income | 4,520 | Interest rate1.000% | - |
| | | Standard Foods (China) Co., Ltd. | a | Other revenue | 22,447 | According to the general conditions | 0.1 |
| | | Standard Foods (China) Co., Ltd. | a | Rental expenses | 96 | According to the general conditions | - |
| | | Shanghai Dermalab Corporation | a | Other receivables - related parties | 820 | According to the general conditions | - |
| | | Shanghai Dermalab Corporation | a | Financing receivables - related parties | 107,543 | Interest rate1.000% | 0.4 |
| | | Shanghai Dermalab Corporation | a | Interest income | 1,507 | Interest rate1.000% | - |
| | | Shanghai Dermalab Corporation | a | Expense | 1,009 | According to the general conditions | - |
| | | Standard Foods (Xiamen) Co., Ltd. | a | Trade receivables - related parties | 11 | According to the general conditions | - |
| | | Standard Foods (Xiamen) Co., Ltd. | a | Other receivables - related parties | 14,299 | According to the general conditions | 0.1 |
| | | Standard Foods (Xiamen) Co., Ltd. | a | Financing receivables - related parties | 19,797 | Interest rate1.000% | 0.1 |
| | | Standard Foods (Xiamen) Co., Ltd. | a | Notes payable - related parties | 311,798 | According to the general conditions | 1.1 |
| | | Standard Foods (Xiamen) Co., Ltd. | a | Trade receivables - related parties | 1,489,519 | According to the general conditions | 5.3 |
| | | Standard Foods (Xiamen) Co., Ltd. | a | Other payables - related parties | 6,561 | According to the general conditions | - |
| | | Standard Foods (Xiamen) Co., Ltd. | a | Sales | 441 | According to the general conditions | - |
| | | Standard Foods (Xiamen) Co., Ltd. | a | Purchases | 5,259,295 | According to the general conditions | 15.3 |
| | | Standard Foods (Xiamen) Co., Ltd. | a | Interest income | 19,091 | Interest rate1.000% | 0.1 |
| | | Standard Foods (Xiamen) Co., Ltd. | a | Other revenue | 14,284 | According to the general conditions | - |
| | | Shanghai Le Ben Tuo Co., Ltd. | a | Other receivables - related parties | 1,053 | According to the general conditions | - |
| | | Shanghai Le Ben Tuo Co., Ltd. | a | Financing receivables - related parties | 143,646 | Interest rate1.000% | 0.5 |
| | | Shanghai Le Ben Tuo Co., Ltd. | a | Trade payables - related parties | 702 | According to the general conditions | - |
| | | Shanghai Le Ben Tuo Co., Ltd. | a | Sales | 4 | According to the general conditions | - |
| | | Shanghai Le Ben Tuo Co., Ltd. | a | Purchases | 2,233 | According to the general conditions | - |
| | | Shanghai Le Ben Tuo Co., Ltd. | c | Other expenses | 1,333 | According to the general conditions | - |
| | | Shanghai Le Ben Tuo Co., Ltd. | c | Interest income | 1,297 | Interest rate1.000% | - |
| | | Shanghai Le Ho Industrial Co., Ltd. | c | Other payables - related parties | 150 | According to the general conditions | - |
| | | Shanghai Le Ho Industrial Co., Ltd. | c | Financing payables - related parties | 6,686 | Interest rate1.000% | - |
| | | Shanghai Le Ho Industrial Co., Ltd. | c | Interest expenses | 149 | Interest rate1.000% | - |
| | | Shanghai Le Min Industrial Co., Ltd. | c | Other payables - related parties | 189 | According to the general conditions | - |
| | | Shanghai Le Min Industrial Co., Ltd. | c | Financing payables - related parties | 17,693 | Interest rate1.000% | 0.1 |
| | | Shanghai Le Min Industrial Co., Ltd. | c | Interest expenses | 188 | Interest rate1.000% | - |
| | | Shanghai Le Ben De Co., Ltd. | c | Other payables - related parties | 2 | According to the general conditions | - |
| | | Shanghai Le Ben De Co., Ltd. | c | Financing payables - related parties | 10,868 | Interest rate1.000% | - |
| | | Shanghai Le Ben De Co., Ltd. | c | Purchases | 110 | Interest rate1.000% | - |
| 3 | Shanghai Dermalab Corporation | Dermalab | c | Trade payables - related parties | 11,619 | According to the general conditions | - |
| | | Dermalab | c | Purchases | 93,529 | According to the general conditions | 0.3 |
| | | Shanghai Le Ben Tuo Co., Ltd. | c | Trade receivables - related parties | 101 | According to the general conditions | - |
| | | Shanghai Le Ben Tuo Co., Ltd. | c | Sales | 99 | According to the general conditions | - |
| | | Shanghai Le Ben Tuo Co., Ltd. | c | Other expenses | 14 | According to the general conditions | - |

(Continued)

| No. (Note 1) | Investee Company | Counterparty | Relationship (Note 2) | Transactions Details | | | |
|-----------------|----------------------------------|-----------------------------------|--------------------------|-------------------------------------|--------------------|-------------------------------------|--|
| | | | | Financial Statement Accounts | Amount (Note 4) | Payment Terms | % to Total Sales or Assets (Note 3) |
| 4 | Standard Foods (China) Co., Ltd. | Shanghai Le Ben Tuo Co., Ltd. | c | Other receivables - related parties | \$ 968 | According to the general conditions | - |
| | | Shanghai Le Ben Tuo Co., Ltd. | c | Sales | 491 | According to the general conditions | - |
| | | Shanghai Le Ben Tuo Co., Ltd. | c | Rental revenue | 3,586 | According to the general conditions | - |
| | | Shanghai Le Ben Tuo Co., Ltd. | c | Other expenses | 4,808 | According to the general conditions | - |
| | | Standard Foods (Xiamen) Co., Ltd. | c | Trade payables - related parties | 230,445 | According to the general conditions | 0.8 |
| | | Standard Foods (Xiamen) Co., Ltd. | c | Sales | 226 | According to the general conditions | - |
| | | Standard Foods (Xiamen) Co., Ltd. | c | Purchases | 265,648 | According to the general conditions | 0.8 |
| | | | | | | | |
| 5 | Shanghai Le Ben Tuo Co., Ltd. | Shanghai Le Ben De Co., Ltd. | c | Sales | 476 | According to the general conditions | - |
| | | Shanghai Le Ben De Co., Ltd. | c | Purchases | 489 | According to the general conditions | - |

Note 1: The parent company and its subsidiaries do business with each other. Information shall be stated separately and numbered as follows:

- a. Parent company is 0.
- b. Subsidiaries, sequentially numbered 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: Amounts of 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.

(Concluded)

TABLE 7

STANDARD FOODS CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

| Investor Company | Investee Company | Location | Main Businesses and Products | Original Investment Amount | | As of December 31, 2021 | | | Net Income (Loss) of the Investee | Share of Profits (Loss) | Note |
|---|--|---------------------------------|---|----------------------------|----------------------|-------------------------|-----|--------------------|---|----------------------------|------------------------------|
| | | | | December 31, 2021 | December 31, 2020 | Shares | % | Carrying Amount | | | |
| Standard Foods Corporation | Accession Limited | Tortola, British Virgin Islands | Investment business | \$ 3,936,267 | \$ 3,936,267 | 123,600,000 | 100 | \$ 3,546,644 | \$ (41,944) | \$ (57,202) (Note 1) | Subsidiary (Note 7) |
| | Standard Investment (Cayman) Limited | Grand Cayman, Cayman Islands | Investment business | 4,710,865 | 4,710,865 | 150,124,815 | 100 | 5,538,645 | (123,764) | (123,764) | Subsidiary (Note 7) |
| | Standard Dairy Products Taiwan Limited | Taipei, Taiwan | Manufacture and sale of dairy products and beverages | 300,853 | 300,853 | 30,000,000 | 100 | 1,134,020 | 492,673 | 491,772 (Note 2) | Subsidiary (Note 7) |
| | Charng Hui Ltd. | Taipei, Taiwan | Investment business | 230,000 | 230,000 | 24,100,000 | 100 | 422,385 | 21,936 | 5,262 (Note 3) | Subsidiary (Note 7) |
| | Domex Technology Corporation | Hsinchu, Taiwan | Manufacture and sale of computer peripherals and computer and information products | 114,116 | 114,116 | 10,374,399 | 52 | 425,275 | 94,719 | 49,263 | Subsidiary (Note 7) |
| | Standard Beverage Company Limited | Taipei, Taiwan | Manufacture and sale of beverages | 79,072 | 79,072 | 7,907,000 | 100 | 82,390 | 1,805 | 1,795 (Note 4) | Subsidiary (Note 7) |
| | Le Bonta Wellness International Corporation | Taipei, Taiwan | Sale of health foods | - | 14,350 | Note 5 | - | - | (115) | (115) | Subsidiary (Notes 6 and 7) |
| | Standard Foods, LLC. | U.S.A. | Sale of health foods | 9,056 | 9,056 | Note 5 | 100 | 8,304 | - | - | Subsidiary (Note 7) |
| Accession Limited | Dermalab S.A. | Switzerland | Development and sale of cosmetics | 379,489 | 335,215 | 4,050 | 100 | 229,420 | 6,369 | - | Indirect subsidiary (Note 7) |
| Dermalab S.A. | Swissderma SL | Spain | Sale of cosmetics | 96 | 96 | 3,000 | 100 | - | - | - | Indirect subsidiary (Note 7) |
| Standard Investment (Cayman) Limited | Standard Corporation (Hong Kong) Limited | Hong Kong | Investment business | 4,708,566 | 4,708,566 | 150,050,815 | 100 | 5,538,394 | (123,445) | - | Indirect subsidiary (Note 7) |

Note 1: This amount was the share of loss of the investee of \$41,944 thousand minus the unrealized gain on sidestream transactions of \$15,258 thousand.

Note 2: This amount was the share of profit of the investee of \$492,673 thousand minus the unrealized gain on sidestream transactions of \$901 thousand.

Note 3: This amount was the share of profit of the investee of \$21,936 thousand minus the Standard Foods Corporation Cash dividends paid of \$16,674 thousand.

Note 4: This amount was the share of profit of the investee of \$1,805 thousand minus the unrealized gain on upstream transactions of \$10 thousand.

Note 5: This is a limited company with no issued shares.

Note 6: Le Bonta Wellness International Corporation has been liquidated in August, 2021.

Note 7: The amounts presented above were eliminated upon consolidation.

TABLE 8

STANDARD FOODS CORPORATION AND SUBSIDIARIES

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)**

| Investee Company | Main Businesses and Products | Paid-in Capital | Method of Investment (Note 1) | Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2021 | Remittance of Funds | | Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021 | Net Income (Loss) of the Investee | % Ownership of Direct or Indirect Investment | Investment Gain (Loss) (Note 2) | Carrying Amount as of December 31, 2021 | Accumulated Repatriation of Investment Income as of December 31, 2021 | Note |
|---|---|-----------------|----------------------------------|---|---------------------|--------|---|-----------------------------------|--|------------------------------------|---|---|---------|
| | | | | | Outward | Inward | | | | | | | |
| Shanghai Standard Foods Co., Ltd. | Manufacture and sale of edible oil products and nutritional foods | \$ 3,949,575 | b. (Note 3) | \$ 3,949,575 (Note 4) | \$ - | \$ - | \$ 3,949,575 (Note 4) | \$ (33,916) | 100.0 | \$ (33,915) (Note 9) | \$ 3,189,833 | \$ - | Note 11 |
| Standard Investment (China) Co., Ltd. | Investment and sales of edible oil products and nutritional foods | 3,755,530 | b. (Note 5) | 3,718,677 (Note 5) | - | - | 3,718,677 (Note 5) | (97,861) | 99.0 | (96,882) (Note 9) | 4,765,228 | - | Note 11 |
| Standard Foods (China) Co., Ltd. | Manufacture and sale of edible oil products and nutritional foods | 1,714,756 | c. (Note 6) | - (Note 6) | - | - | - (Note 6) | 43,441 | 99.0 | 37,470 (Note 9) | 2,111,896 | - | Note 11 |
| Shanghai Dermalab Corporation | Sale of nutritional foods, cosmetics and international trading | 93,989 | c. (Note 6) | - (Note 6) | - | - | - (Note 6) | (10,944) | 99.0 | (10,835) (Note 9) | (2,567) | - | Note 11 |
| Shanghai Le Ben Tuo Health Technology Co., Ltd. | Sale of nutritional foods and international trading | 380,418 | a. and c. (Note 7) | 181,048 (Note 7) | - | - | 181,048 (Note 7) | (112,803) | 99.5 | (112,251) (Note 9) | 62,684 | - | Note 11 |
| Shanghai Le Ben De Health Technology Co., Ltd. | Sale of nutritional foods and international trading | 31,220 | c. (Note 4 and 8) | 31,220 (Note 4) | - | - | 31,220 (Note 4) | 154 | 100.0 | 154 (Note 9) | 29,864 | - | Note 11 |
| Standard Foods (Xiamen) Co., Ltd. | Manufacture and sale of edible oil products and nutritional foods | 1,307,582 | c. (Note 6) | - (Note 6) | - | - | - (Note 6) | 73,863 | 99.0 | 62,038 (Note 9) | 1,511,632 | - | Note 11 |
| Shanghai Le Ho Industrial Co., Ltd. | Property management | 607,717 | b. (Note 5) | 607,717 (Note 5) | - | - | 607,717 (Note 5) | (16,342) | 100.0 | (16,342) (Note 9) | 475,694 | - | Note 11 |
| Shanghai Le Min Industrial Co., Ltd. | Property management | 378,009 | b. (Note 5) | 378,009 (Note 5) | - | - | 378,009 (Note 5) | (10,055) | 100.0 | (10,055) (Note 9) | 297,052 | - | Note 11 |

| Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2021 | Investment Amounts Authorized by Investment Commission, MOEA | Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA |
|---|--|---|
| \$8,919,525 | \$9,656,767 | Unlimited amount of investment (Note 10) |

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.
- c. Other methods.

(Continued)

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 report was audited and certified by an international accounting firm in cooperation with an ROC accounting firm.
 - 2) The financial statements audited by the CPA of the parent company in Taiwan.
 - 3) Others.

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

Note 4: There was no difference between the beginning balance and the ending balance of the accumulated amount invested from Taiwan for the year ended December 31, 2021; the investment remained at \$4,034,074 thousand. Of the \$4,034,074 thousand, \$53,279 thousand has been retained in Accession Limited. The remaining balance of thereof, amounting to \$3,980,795 thousand, was originally the outward remittance of the investment of Shanghai Standard Foods Co., Ltd. in 2015. However, as of July 2015, of the \$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 of 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) Limited is the investor company in third region.

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

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

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

Note 9: Recognition of investment income (loss) was based on Note 2, b, 2).

Note 10: The Industrial Development Bureau of the MOEA issued the proofing document of operational headquarters to the Company; the document is still valid within the audit period. Hence, according to the Investment Commission of the MOEA, there is no upper limit on the amount of investment.

Note 11: The amounts presented above were eliminated upon consolidation.

(Concluded)

TABLE 9**STANDARD FOODS CORPORATION AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS****DECEMBER 31, 2021**

| Name of Major Shareholder | Shares | |
|--|------------------|-----------------------------|
| | Number of Shares | Percentage of Ownership (%) |
| Mu Te Investment Co., Ltd. Trust Property Account | 157,822,400 | 17.24 |
| Chia Yun Investment Co., Ltd. Trust Property Account | 133,125,408 | 14.54 |
| Chia Chieh Investment Co., Ltd. Trust Property Account | 108,503,160 | 11.85 |

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.