

Stock code: 1227

**Standard Foods Corporation and  
Subsidiaries**

**Consolidated Financial Statements and Independent  
Auditors' Report  
For the Six Months Ended June 30, 2022 and 2021**

## **INDEPENDENT AUDITORS' REVIEW REPORT**

The Board of Directors and Shareholders  
Standard Foods Corporation

### **Introduction**

We have reviewed the accompanying consolidated balance sheets of Standard Foods Corporation and its subsidiaries (the "Group") as of June 30, 2022 and 2021 and the related consolidated statements of comprehensive income, changes in equity and cash flows for the six-month periods then ended, and related notes, including a summary of significant accounting policies "(collectively referred to as the consolidated financial statements)". Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting," endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### **Scope of Review**

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

### **Basis for Qualified Conclusion**

As disclosed in Note 14 to the consolidated financial statements, the financial statements of non-significant subsidiaries included in the consolidated financial statements referred to in the first paragraph were not reviewed. As of June 30, 2022 and 2021, combined total assets of these non-significant subsidiaries were NT\$8,785,044 thousand and NT\$9,162,700 thousand, respectively, representing 31% and 33%, respectively, of the consolidated total assets, and combined total liabilities of these subsidiaries were NT\$2,702,425 thousand and NT\$3,242,691 thousand, respectively, representing 25% and 31%, respectively, of the consolidated total liabilities; for the three-month periods ended June 30, 2022 and 2021 and for the six months ended June 30, 2022 and 2021, the amounts of combined comprehensive income of these subsidiaries were NT\$4,903 thousand, NT\$161,031 thousand, NT\$(72,406)thousand and NT\$307,979 thousand, respectively, representing 4,120%, 20%, (17%) and 21%, respectively, of the consolidated total comprehensive income. As disclosed in Note 36 to the consolidated financial statements, the information on these subsidiaries were not reviewed.

## **Qualified Conclusion**

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the financial position of the Group as at June 30, 2022 and 2021, and of its consolidated financial performance and its consolidated cash flows for the six-month periods then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting,” endorsed and issues into effect by the Financial Supervisory Commission of the Republic of China.

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

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

August 9, 2022

# STANDARD FOODS CORPORATION AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS

June 30, 2022, December 31, 2021, and June 30, 2021

(In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2022 (Reviewed)		December 31, 2021 (Audited)		June 30, 2021 (Reviewed)	
	Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>						
Cash and cash equivalents (Note 6)	\$ 3,376,890	12	\$ 3,748,069	14	\$ 2,114,711	8
Financial assets at fair value through profit or loss - current (Note 7)	1,211,307	4	1,174,960	4	2,664,279	10
Financial assets at fair value through other comprehensive income - current (Note 8)	204,401	1	313,940	1	329,201	1
Financial assets at amortized cost - current (Note 9)	2,444,732	9	1,936,561	7	2,731,765	10
Notes receivable (Notes 10 and 25)	4,092	-	18,370	-	17,252	-
Trade receivables (Notes 10 and 25)	4,035,647	15	5,699,413	20	4,753,106	17
Trade receivables from related parties (Notes 25 and 32)	11,544	-	7,290	-	7,467	-
Finance lease receivables - current (Note 11)	513	-	3,576	-	3,192	-
Other receivables (Note 10)	333,225	1	218,409	1	276,899	1
Current tax assets	666	-	4,765	-	4,552	-
Inventories (Note 12)	6,735,794	24	5,701,129	20	5,565,489	20
Prepayments (Note 13)	1,221,332	4	1,527,503	5	1,939,764	7
Other current assets (Notes 19 and 33)	79,350	-	97,350	-	82,237	-
Total current assets	19,659,493	70	20,451,335	72	20,489,914	74
<b>NON-CURRENT ASSETS</b>						
Financial assets at fair value through profit or loss - non-current (Note 7)	10,226	-	7,235	-	10,632	-
Financial assets at fair value through other comprehensive income - non-current (Note 8)	405,136	2	507,240	2	379,544	1
Financial assets at amortized cost - non-current (Note 9)	1,482,269	5	716,466	3	388,134	2
Property, plant and equipment (Notes 15 and 33)	4,296,992	15	4,333,681	15	4,078,513	15
Right-of-use assets (Note 16)	626,901	2	652,121	2	580,223	2
Investment properties (Notes 17 and 33)	779,771	3	785,735	3	798,734	3
Goodwill	558	-	558	-	817	-
Other intangible assets (Note 18)	103,341	-	102,423	-	100,617	-
Deferred tax assets	415,389	2	437,485	2	440,994	2
Finance lease receivables - non-current (Note 11)	5,189	-	20,455	-	22,315	-
Net defined benefit assets - non-current	7,433	-	6,143	-	5,087	-
Other non-current assets (Note 19)	191,299	1	268,263	1	375,541	1
Total non-current assets	8,324,504	30	7,837,805	28	7,181,151	26
<b>TOTAL ASSETS</b>	<b>\$ 27,983,997</b>	<b>100</b>	<b>\$ 28,289,140</b>	<b>100</b>	<b>\$ 27,671,065</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Short-term borrowings (Notes 20 and 33)	\$ 1,917,628	7	\$ 1,372,463	5	\$ 1,928,366	7
Short-term bills payable (Note 20)	229,829	1	259,855	1	149,906	1
Contract liabilities - current (Note 25)	233,327	1	509,315	2	170,079	1
Notes payable (Note 21)	1,404,468	5	859,254	3	348,624	1
Trade payables (Note 21)	1,355,671	5	1,895,397	7	1,360,601	5
Trade payables to related parties (Note 32)	22,389	-	19,472	-	13,394	-
Other payables (Note 22)	4,503,400	16	3,440,103	12	5,171,525	18
Current tax liabilities	314,498	1	397,210	1	394,734	2
Lease liabilities - current (Note 16)	94,465	-	89,117	-	76,672	-
Other current liabilities (Note 22)	113,497	-	141,994	1	116,071	-
Total current liabilities	10,189,172	36	8,984,180	32	9,729,972	35
<b>NON-CURRENT LIABILITIES</b>						
Deferred tax liabilities	191,512	1	323,661	1	322,672	1
Lease liabilities - non-current (Note 16)	198,851	1	230,856	1	156,519	1
Net defined benefit liabilities - non-current	241,197	1	242,050	1	256,074	1
Other non-current liabilities (Note 22)	26,861	-	31,176	-	23,703	-
Total non-current liabilities	658,421	3	827,743	3	758,968	3
<b>Total liabilities</b>	<b>10,847,593</b>	<b>39</b>	<b>9,811,923</b>	<b>35</b>	<b>10,488,940</b>	<b>38</b>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 24)</b>						
Ordinary Shares	9,150,897	33	9,150,897	32	9,150,897	33
Capital surplus	144,066	1	144,066	1	127,392	-
Retained earnings						
Legal reserve	3,852,023	14	3,606,189	13	3,606,189	13
Special reserve	577,494	2	577,494	2	577,494	2
Unappropriated Earnings	3,273,303	12	4,769,802	17	3,692,025	14
Total retained earnings	7,702,820	28	8,953,485	32	7,875,708	29
Other equity	(216,361)	(1)	(190,076)	(1)	(307,005)	(1)
Treasury shares	(21,182)	-	(21,182)	-	(21,182)	-
Total equity attributable to owners of the Company	16,760,240	60	18,037,190	64	16,825,810	61
<b>NON-CONTROLLING INTERESTS (Note 24)</b>	<b>376,164</b>	<b>1</b>	<b>440,027</b>	<b>1</b>	<b>356,315</b>	<b>1</b>
<b>Total equity</b>	<b>17,136,404</b>	<b>61</b>	<b>18,477,217</b>	<b>65</b>	<b>17,182,125</b>	<b>62</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 27,983,997</b>	<b>100</b>	<b>\$ 28,289,140</b>	<b>100</b>	<b>\$ 27,671,065</b>	<b>100</b>

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

# STANDARD FOODS CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2022 AND 2021 (REVIEWED, NOT AUDITED) (IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE)

	For the Three Months Ended June 30, 2022		For the Three Months Ended June 30, 2021		For the Six Months Ended June 30, 2022		For the Six Months Ended June 30, 2021	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE								
Sales (Notes 25 and 32)	\$ 5,992,214	100	\$ 7,407,505	100	\$ 12,722,669	100	\$ 15,676,507	100
OPERATING COSTS								
Cost of goods sold (Notes 12, 26, and 32)	<u>4,593,073</u>	<u>77</u>	<u>5,414,473</u>	<u>73</u>	<u>9,852,327</u>	<u>77</u>	<u>11,577,941</u>	<u>74</u>
GROSS PROFIT	<u>1,399,141</u>	<u>23</u>	<u>1,993,032</u>	<u>27</u>	<u>2,870,342</u>	<u>23</u>	<u>4,098,566</u>	<u>26</u>
OPERATING EXPENSES (Note 26)								
Selling and marketing expenses	907,809	15	784,716	11	1,707,627	13	1,881,735	12
General and administrative expenses	234,556	4	241,359	3	463,170	4	495,021	3
Research and development expenses	42,380	1	45,213	-	80,067	1	83,893	-
Expected credit losses (or reversal)	<u>9,468</u>	<u>-</u>	<u>1,077</u>	<u>-</u>	<u>12,552</u>	<u>-</u>	<u>(2,935)</u>	<u>-</u>
Total operating expenses	<u>1,194,213</u>	<u>20</u>	<u>1,072,365</u>	<u>14</u>	<u>2,263,416</u>	<u>18</u>	<u>2,457,714</u>	<u>15</u>
OPERATING INCOME	<u>204,928</u>	<u>3</u>	<u>920,667</u>	<u>13</u>	<u>606,926</u>	<u>5</u>	<u>1,640,852</u>	<u>11</u>
NON-OPERATING INCOME AND EXPENSES (Note 26)								
Interest income	31,756	1	30,398	-	56,186	-	61,689	-
Other income	15,012	-	16,413	-	21,832	-	25,177	-
Other gains and losses	2,034	-	27,902	-	9,715	-	4,373	-
Financial cost	<u>(15,831)</u>	<u>-</u>	<u>(14,454)</u>	<u>-</u>	<u>(24,110)</u>	<u>-</u>	<u>(25,979)</u>	<u>-</u>
Total non-operating income and expenses	<u>32,971</u>	<u>1</u>	<u>60,259</u>	<u>-</u>	<u>63,623</u>	<u>-</u>	<u>65,260</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	237,899	4	980,926	13	670,549	5	1,706,112	11
INCOME TAX EXPENSE (Note 27)	<u>67,670</u>	<u>1</u>	<u>158,500</u>	<u>2</u>	<u>167,373</u>	<u>1</u>	<u>312,250</u>	<u>2</u>
NET PROFIT FOR THE PERIOD	<u>170,229</u>	<u>3</u>	<u>822,426</u>	<u>11</u>	<u>503,176</u>	<u>4</u>	<u>1,393,862</u>	<u>9</u>
OTHER COMPREHENSIVE INCOME (LOSS)								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	( 44,475)	( 1)	55,589	1	( 211,668)	( 2)	192,099	1
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 27)	<u>(7)</u>	<u>-</u>	<u>5</u>	<u>-</u>	<u>(2)</u>	<u>-</u>	<u>1</u>	<u>-</u>
	<u>(44,482)</u>	<u>(1)</u>	<u>55,594</u>	<u>1</u>	<u>(211,670)</u>	<u>(2)</u>	<u>192,100</u>	<u>1</u>
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating the financial statements of foreign operations	( 156,832)	( 3)	( 65,434)	( 1)	174,596	1	( 122,650)	( 1)
Income tax relating to the items that may be reclassified subsequently to profit or loss (Note 27)	<u>31,204</u>	<u>1</u>	<u>13,017</u>	<u>-</u>	<u>(34,741)</u>	<u>-</u>	<u>24,414</u>	<u>-</u>
	<u>(125,628)</u>	<u>(2)</u>	<u>(52,417)</u>	<u>(1)</u>	<u>(139,855)</u>	<u>1</u>	<u>(98,236)</u>	<u>(1)</u>
Other comprehensive loss for the period, net of income tax	<u>(170,110)</u>	<u>(3)</u>	<u>3,177</u>	<u>-</u>	<u>(71,815)</u>	<u>(1)</u>	<u>93,864</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 119</u>	<u>-</u>	<u>\$ 825,603</u>	<u>11</u>	<u>\$ 431,361</u>	<u>3</u>	<u>\$ 1,487,726</u>	<u>9</u>
NET PROFIT ATTRIBUTABLE TO:								
Owners of the Company	\$ 160,960	3	\$ 815,590	11	\$ 488,005	4	\$ 1,380,559	9
Non-controlling Interests	<u>9,269</u>	<u>-</u>	<u>6,836</u>	<u>-</u>	<u>15,171</u>	<u>-</u>	<u>13,303</u>	<u>-</u>
	<u>\$ 170,229</u>	<u>3</u>	<u>\$ 822,426</u>	<u>11</u>	<u>\$ 503,176</u>	<u>4</u>	<u>\$ 1,393,862</u>	<u>9</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owners of the Company	(\$ 29,484)	-	\$ 802,874	11	\$ 461,720	3	\$ 1,429,046	9
Non-controlling Interests	<u>29,603</u>	<u>-</u>	<u>22,729</u>	<u>-</u>	<u>(30,359)</u>	<u>-</u>	<u>58,680</u>	<u>-</u>
	<u>\$ 119</u>	<u>-</u>	<u>\$ 825,603</u>	<u>11</u>	<u>\$ 431,361</u>	<u>3</u>	<u>\$ 1,487,726</u>	<u>9</u>
EARNINGS PER SHARE (Note 28)								
Basic	<u>\$ 0.18</u>		<u>\$ 0.90</u>		<u>\$ 0.54</u>		<u>\$ 1.52</u>	
Diluted	<u>\$ 0.18</u>		<u>\$ 0.90</u>		<u>\$ 0.54</u>		<u>\$ 1.52</u>	

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

# STANDARD FOODS CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Six Months Ended June 30, 2022 And 2021

(Reviewed, not Audited)

(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company							Other Equity Items					
	Retained earnings						Exchange differences on translating the financial statements of foreign operations	Unrealized gain (loss) on financial assets at FVTOCI	Total	Treasury shares	Total	Non-controlling Interests	Total equity
	Ordinary Shares	Capital surplus	Legal reserve	Special reserve	Unappropriated Earnings	Total							
Balance as of January 1, 2021	\$ 9,150,897	\$ 127,392	\$ 3,287,022	\$ 577,494	\$ 4,918,357	\$ 8,782,873	(\$ 572,206)	\$ 216,714	(\$ 355,492)	(\$ 21,182)	\$ 17,684,488	\$ 331,139	\$ 18,015,627
Appropriations and distribution of 2020 earnings													
Legal reserve	-	-	319,167	-	( 319,167)	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	( 2,287,724)	( 2,287,724)	-	-	-	-	( 2,287,724)	-	( 2,287,724)
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	( 33,504)	( 33,504)
Net profit for the six months ended June 30, 2021	-	-	-	-	1,380,559	1,380,559	-	-	-	-	1,380,559	13,303	1,393,862
Other comprehensive income for the six months ended June 30, 2021	-	-	-	-	-	-	( 97,657)	146,144	48,487	-	48,487	45,377	93,864
Total comprehensive income for the six months ended June 30, 2021	-	-	-	-	1,380,559	1,380,559	( 97,657)	146,144	48,487	-	1,429,046	58,680	1,487,726
Balance as of June 30, 2021	<u>\$ 9,150,897</u>	<u>\$ 127,392</u>	<u>\$ 3,606,189</u>	<u>\$ 577,494</u>	<u>\$ 3,692,025</u>	<u>\$ 7,875,708</u>	<u>(\$ 669,863)</u>	<u>\$ 362,858</u>	<u>(\$ 307,005)</u>	<u>(\$ 21,182)</u>	<u>\$ 16,825,810</u>	<u>\$ 356,315</u>	<u>\$ 17,182,125</u>
Balance as of January 1, 2022	\$ 9,150,897	\$ 144,066	\$ 3,606,189	\$ 577,494	\$ 4,769,802	\$ 8,953,485	(\$ 612,857)	\$ 422,781	(\$ 190,076)	(\$ 21,182)	\$ 18,037,190	\$ 440,027	\$ 18,477,217
Appropriations and distribution of 2021 earnings													
Legal reserve	-	-	245,834	-	( 245,834)	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	( 1,738,670)	( 1,738,670)	-	-	-	-	( 1,738,670)	-	( 1,738,670)
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	( 33,504)	( 33,504)
Net profit for the six months ended June 30, 2022	-	-	-	-	488,005	488,005	-	-	-	-	488,005	15,171	503,176
Other comprehensive income for the six months ended June 30, 2022	-	-	-	-	-	-	138,963	( 165,248)	( 26,285)	-	( 26,285)	( 45,530)	( 71,815)
Total comprehensive income for the six months ended June 30, 2022	-	-	-	-	488,005	488,005	138,963	( 165,248)	( 26,285)	-	461,720	( 30,359)	431,361
Balance as of June 30, 2022	<u>\$ 9,150,897</u>	<u>\$ 144,066</u>	<u>\$ 3,852,023</u>	<u>\$ 577,494</u>	<u>\$ 3,273,303</u>	<u>\$ 7,702,820</u>	<u>(\$ 473,894)</u>	<u>\$ 257,533</u>	<u>(\$ 216,361)</u>	<u>(\$ 21,182)</u>	<u>\$ 16,760,240</u>	<u>\$ 376,164</u>	<u>\$ 17,136,404</u>

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

# STANDARD FOODS CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Six Months Ended June 30, 2022 And 2021

(Reviewed, not Audited)

(In Thousands of New Taiwan Dollars)

	For the Six Months Ended June 30, 2022	For the Six Months Ended June 30, 2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 670,549	\$ 1,706,112
Adjustments for:		
Depreciation expenses	302,318	300,745
Amortization expenses	37,267	38,752
Expected credit losses (or reversal)	12,552	( 2,935 )
Net loss (gain) recognized on financial assets and liabilities measured at FVTPL	63,045	( 6,165 )
Financial cost	24,110	25,979
Interest income	( 56,186 )	( 61,689 )
Dividend income	( 8,627 )	( 7,855 )
Net loss (gain) on disposal of property, plant and equipment	( 4,742 )	3,692
Others	5,852	1,175
Net changes in operating assets and liabilities		
Financial assets mandatorily classified as at FVTPL	( 100,612 )	( 1,168,934 )
Notes receivable	14,602	( 14,750 )
Trade receivables	1,705,824	1,497,452
Trade receivables from related parties	( 4,254 )	1,544
Other receivables	( 89,358 )	( 48,759 )
Inventories	( 982,216 )	( 483,415 )
Prepayments	325,312	( 377,867 )
Other current assets	19,056	( 18,604 )
Net defined benefit assets	( 1,290 )	( 1,566 )
Contract liabilities	( 284,777 )	( 575,298 )
Notes payable	529,234	262,722
Trade payables	( 547,541 )	( 745,150 )
Trade payables to related parties	2,917	( 7,132 )
Other payables	( 740,137 )	( 574,181 )
Other current liabilities	( 30,246 )	44,814
Net defined benefit liabilities	( 1,272 )	( 23,142 )
Cash generated from operations	861,380	( 234,455 )

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	For the Six Months Ended June 30, 2022	For the Six Months Ended June 30, 2021
Interest received	\$ 30,961	\$ 57,660
Interest paid	( 23,919 )	( 27,396 )
Income tax paid	( 389,623 )	( 327,026 )
Net cash generated from/(used in) operating activities	<u>478,799</u>	<u>( 531,217 )</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at amortized cost	( 2,725,142 )	( 2,574,055 )
Disposal of financial assets at amortized cost	1,463,662	1,167,554
Acquisition of property, plant and equipment	( 161,231 )	( 124,868 )
Proceeds from disposal of property, plant and equipment	7,377	491
Payments for intangible assets	( 7,845 )	( 7,827 )
Decrease in finance lease receivables	18,329	1,440
Increase in other financial assets	-	( 184,496 )
Decrease in other financial assets	74,185	-
Increase in other non-current assets	( 20,927 )	( 31,221 )
Dividends received	8,627	7,855
Net cash used in investing activities	<u>( 1,342,965 )</u>	<u>( 1,745,127 )</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term borrowings	528,204	100,159
Increase in short-term notes and bills payable	-	20,037
Decrease in short-term bills payable	( 30,026 )	-
Payments for principal portion of lease liabilities	( 47,203 )	( 50,260 )
Increase in other financial liabilities	-	3,832
Decrease in other financial liabilities	( 4,714 )	-
Decrease in other non-current liabilities	( 124 )	-
Net cash generated from financing activities	<u>446,137</u>	<u>73,768</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>	<u>46,850</u>	<u>( 14,731 )</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS FOR THE CURRENT PERIOD</b>	<u>( 371,179 )</u>	<u>( 2,217,307 )</u>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD</b>	<u>3,748,069</u>	<u>4,332,018</u>
<b>CASH AND CASH EQUIVALENTS, END OF THE PERIOD</b>	<u>\$ 3,376,890</u>	<u>\$ 2,114,711</u>

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



# **STANDARD FOODS CORPORATION AND SUBSIDIARIES**

## **Notes to Consolidated Financial Statements**

**For the Six Months Ended June 30, 2022 and 2021**

**(Reviewed, not Audited)**

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

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### **1. GENERAL INFORMATION**

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

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

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

### **2. DATE AND PROCEDURES FOR APPROVAL OF FINANCIAL STATEMENTS**

The Consolidated Financial Statements have been approved by the Board of Directors on August 9, 2022.

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

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

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

b. IFRSs endorsed by the FSC and applicable from 2023 onward

<u>New/Amended/Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB</u>
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendment to IAS 8 "Definition of Accounting Estimate"	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction"	January 1, 2023 (Note 3)

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

Note 2. This amendment applies to changes in accounting estimates and changes in accounting policies that occur during the annual reporting period beginning after January 1, 2023.

Note 3. Except for the recognition of deferred income tax on temporary differences between lease and decommissioning obligations on January 1, 2022, this amendment is applicable to transactions that occur after January 1, 2022.

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

<u>New/Amended/Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note)</u>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classify Liabilities as Current or Non-current"	January 1, 2023

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

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

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **a. Statement of compliance**

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

##### **b. Basis of preparation**

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

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

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

##### **c. Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries). Income and expenses of subsidiaries acquired or disposed of during the period are included in the

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

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

d. Other Significant Accounting Policies

Except for the following, please refer to the summary of material accounting policies in the 2021 consolidated financial statements.

1) Pension Benefit in a Defined Benefit Plan

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

2) Other long-term employee benefits

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

3) Income tax

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

## 5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The key sources of major accounting judgments and uncertainty of estimation and assumptions adopted in these consolidated financial statements are the same as those in the consolidated financial statements for the year ended December 31, 2021.

## 6. CASH AND CASH EQUIVALENTS

	June 30, 2022	December 31, 2021	June 30, 2021
Cash on hand	\$ 1,926	\$ 1,940	\$ 2,079
Checking accounts and demand deposits	1,627,805	2,279,149	1,773,173
Cash equivalents (investments with original maturities of less than 3 months)			
Time deposits	<u>1,747,159</u>	<u>1,466,980</u>	<u>339,459</u>
	<u>\$ 3,376,890</u>	<u>\$ 3,748,069</u>	<u>\$ 2,114,711</u>

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

	June 30, 2022	December 31, 2021	June 30, 2021
Bank deposits	0.001%-4.130%	0.001%-4.125%	0.001%-2.300%

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

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Financial assets at FVTPL - current</u>			
Mandatorily classified as at FVTPL			
Non-derivative financial assets			
- Listed shares	\$ 26,584	\$ -	\$ -
- Fund beneficiary certificates	1,154,343	1,146,721	2,635,870
- Bonds	<u>30,380</u>	<u>28,239</u>	<u>28,409</u>
	<u>\$ 1,211,307</u>	<u>\$ 1,174,960</u>	<u>\$ 2,664,279</u>
<u>Financial assets at FVTPL - non-current</u>			
Mandatorily classified as at FVTPL			
Non-derivative financial assets			
- Listed shares	\$ 8,005	\$ 4,991	\$ 4,348
- Unlisted shares	<u>2,221</u>	<u>2,244</u>	<u>6,284</u>
	<u>\$ 10,226</u>	<u>\$ 7,235</u>	<u>\$ 10,632</u>

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

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
<u>Current</u>			
Investments in equity instruments	<u>\$ 204,401</u>	<u>\$ 313,940</u>	<u>\$ 329,201</u>
<u>Non-current</u>			
Investments in equity instruments	<u>\$ 405,136</u>	<u>\$ 507,240</u>	<u>\$ 379,544</u>
<u>Investments in equity instruments</u>			
	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
<u>Current</u>			
Listed shares			
Ordinary shares - Far Eastern International Bank	\$ 16,245	\$ 15,523	\$ 15,020
Ordinary shares - Chunghwa Telecom Co., Ltd	5,929	5,662	5,540
Ordinary shares - Formosa Plastics Corp.	9,921	9,510	9,418
Ordinary shares - China Steel Corp.	22,853	28,395	31,809
Ordinary shares - Polytronics Technology Corp.	106,613	199,500	213,864
Ordinary shares - Taiwan Semiconductor Manufacturing Co., Ltd.	42,840	55,350	53,550
	<u>\$ 204,401</u>	<u>\$ 313,940</u>	<u>\$ 329,201</u>
<u>Non-current</u>			
Listed shares			
Ordinary shares - GeneFerm Biotechnology Co., Ltd. (GeneFerm)	\$ 88,915	\$ 95,136	\$ 77,867
Unlisted shares			
Ordinary shares - Dah Chung Bills Finance Corp.	17,944	17,129	16,100
Ordinary shares - InnoComm Mobile Technology Corp.	297,216	393,948	284,544
Ordinary shares - AsiaVest Liquidation Co.	1,061	1,027	1,033
	<u>\$ 405,136</u>	<u>\$ 507,240</u>	<u>\$ 379,544</u>

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

## 9. FINANCIAL ASSETS AT AMORTIZED COST

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
<u>Current</u>			
Time deposits with original maturities of more than 3 months	<u>\$ 2,444,732</u>	<u>\$ 1,936,561</u>	<u>\$ 2,731,765</u>
<u>Non-current</u>			
Time deposits with original maturities of more than 3 months	<u>\$ 1,482,269</u>	<u>\$ 716,466</u>	<u>\$ 388,134</u>

The ranges of interest rates for time deposits with original maturities of more than 3 months were 0.40%~4.13%, 0.40%~4.13%, and 0.26%~4.13% per annum as of June 30, 2022, December 31, 2021, and June 30, 2021, respectively.

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

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
<u>Notes receivable</u>			
Operating	<u>\$ 4,092</u>	<u>\$ 18,370</u>	<u>\$ 17,252</u>
<u>Trade receivables</u>			
At amortized cost			
Gross carrying amount	\$ 4,069,580	\$ 5,722,846	\$ 4,778,866
Less: Allowance for impairment loss	( <u>33,933</u> )	( <u>23,433</u> )	( <u>25,760</u> )
	<u>\$ 4,035,647</u>	<u>\$ 5,699,413</u>	<u>\$ 4,753,106</u>
<u>Other receivables</u>			
Accrued income	\$ 44,470	\$ 19,100	\$ 22,866
Receivables from payments on behalf of others	-	-	1,948
Receivables from promotion subsidy	9,188	-	-
Others	<u>279,567</u>	<u>199,309</u>	<u>252,085</u>
	<u>\$ 333,225</u>	<u>\$ 218,409</u>	<u>\$ 276,899</u>

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

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

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

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

#### June 30, 2022

	Not Pass Due	Less than 30 Days	31 to 90 Days	91 to 180 Days	Over 180 Days	Total
ECL rate	0.03%	1.22%	2.86%	13.71%	100%	
Gross carrying amount	\$ 3,612,504	\$ 173,749	\$ 130,132	\$ 151,142	\$ 6,145	\$ 4,073,672
Loss allowance (Lifetime ECL)	( 1,231 )	( 2,119 )	( 3,716 )	( 20,722 )	( 6,145 )	( 33,933 )
Amortized cost	<u>\$ 3,611,273</u>	<u>\$ 171,630</u>	<u>\$ 126,416</u>	<u>\$ 130,420</u>	<u>\$ -</u>	<u>\$ 4,039,739</u>

#### December 31, 2021

	Not Pass Due	Less than 30 Days	31 to 90 Days	91 to 180 Days	Over 180 Days	Total
ECL 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>

#### June 30, 2021

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



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

	For the Six Months Ended June 30, 2022	For the Six Months Ended June 30, 2021
Balance as of January 1	\$ 23,433	\$ 32,487
Add: Impairment loss provided for the current period	12,552	-
Less: Reversal impairment loss for the current period	-	( 2,935)
Less: Actual write-off for the current period	( 2,518)	( 3,218)
Foreign exchange translation difference	466	( 574)
Balance as of June 30	<u>\$ 33,933</u>	<u>\$ 25,760</u>

## 11. FINANCE LEASE RECEIVABLES

The composition of finance lease receivables was as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
Undiscounted lease payments			
Year 1	\$ 571	\$ 4,700	\$ 4,400
Year 2	810	4,800	4,800
Year 3	1,143	4,800	4,800
Year 4	1,143	4,800	4,800
Year 5	2,231	4,800	4,800
Year 6 onwards	-	3,800	6,200
	5,898	27,700	29,800
Less: Unearned finance income	( 196)	( 3,669)	( 4,293)
Net investment in leases presented as finance lease receivables	<u>\$ 5,702</u>	<u>\$ 24,031</u>	<u>\$ 25,507</u>

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

## 12. INVENTORIES

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Merchandise	\$ 403,016	\$ 389,687	\$ 389,919
Finished goods	1,578,168	2,300,070	1,349,914
Work in progress	978,989	736,022	1,052,219
Raw materials	3,689,742	2,198,038	2,693,489
Packing materials	<u>85,879</u>	<u>77,312</u>	<u>79,948</u>
	<u>\$ 6,735,794</u>	<u>\$ 5,701,129</u>	<u>\$ 5,565,489</u>

Cost of goods sold for the three and six months ended June 30, 2022 and 2021 includes loss in inventory value of NT\$16,799 thousand, NT\$8,944 thousand, NT\$44,380 thousand, and NT\$33,979 thousand, and inventory obsolescence loss of NT\$17,426 thousand, NT\$14,110 thousand, NT\$23,393 thousand, and NT\$19,190 thousand, respectively.

## 13. PREPAYMENTS

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Prepayments for purchases	\$ 624,975	\$ 1,045,918	\$ 1,333,385
Prepayments for rent	3,444	5,317	6,313
Prepayments for insurance	10,098	974	9,618
Excess business tax paid	287,838	234,419	335,032
Prepayments for advertisements	11,507	25,870	9,903
Others	<u>283,470</u>	<u>215,005</u>	<u>245,513</u>
	<u>\$ 1,221,332</u>	<u>\$ 1,527,503</u>	<u>\$ 1,939,764</u>

## 14. SUBSIDIARIES

### Subsidiaries included in consolidated financial statements.

Entities of the consolidated financial statements were as follows:

Investor Company	Name of Subsidiary	Main Business	Proportion of Ownership			Remark
			June 30, 2022	December 31, 2021	June 30, 2021	
The Company	Standard Dairy Products Taiwan Ltd. (Standard Dairy Products) (Note)	Manufacture and sale of dairy products and beverages	100.0%	100.0%	100.0%	—
The Company	Charng Hui Ltd. (Charng Hui) (Note)	Investing	100.0%	100.0%	100.0%	—
The Company	Domex Technology Corporation (Domex Technology) (Note)	Manufacture and sale of computer peripherals and computer appliances	52.0%	52.0%	52.0%	—
The Company	Standard Beverage Company Ltd. (Standard Beverage) (Note)	Manufacture and sale of beverages	100.0%	100.0%	100.0%	—
The Company	Accession Limited	Investing	100.0%	100.0%	100.0%	—
The Company	Standard Investment (Cayman) Limited (Cayman Standard)	Investing	100.0%	100.0%	100.0%	The Company invested US\$100 thousand in Cayman Standard in April 2022.
The Company	Le Bonta Wellness International Corporation (Le Bonta Wellness) (Note)	Sale of health food	-	-	100.0%	Le Bonta Wellness was liquidated in August 2021.
The Company	Standard Foods, LLC. (Note)	Sale of health food	100.0%	100.0%	100.0%	—
Accession Limited	Shanghai Standard Foods Co., Ltd. (Shanghai Standard)	Manufacture and sale of edible oils and nutritious foods	100.0%	100.0%	100.0%	—
Accession Limited	Shanghai Le Ben De Health Technology Co., Ltd. (Shanghai Le Ben De) (Note)	Technical consultant on health technology, technical transfer and technical service	100.0%	100.0%	100.0%	—
Accession Limited	Dermalab S.A. (Dermalab) (Note)	Development and sale of cosmetics	100.0%	100.0%	100.0%	Accession Limited invested CHF 1,450 thousand in Dermalab in March 2021.
Dermalab	Swissderma SL (Swissderma) (Note)	Sale of cosmetics	100.0%	100.0%	100.0%	—
Cayman Standard	Standard Corporation (Hong Kong) Limited (Hong Kong Standard)	Investing	100.0%	100.0%	100.0%	Cayman Standard invested US\$48 thousand in Hong Kong Standard in April 2022.
Hong Kong Standard	Standard Investment (China) Ltd. (China Standard Investment)	Investing and sale of edible oils and nutritious foods	99.0%	99.0%	99.0%	—
Hong Kong Standard	Shanghai Le Min Industrial Co., Ltd. (Shanghai Le Min) (Note)	Management of properties	100.0%	100.0%	100.0%	—
Hong Kong Standard	Shanghai Le Ho Industrial Co., Ltd. (Shanghai Le Ho) (Note)	Management of properties	100.0%	100.0%	100.0%	—
China Standard Investment	Standard Foods (China) Co., Ltd. (China Standard Foods)	Manufacture and sale of edible oils and nutritious foods	100.0%	100.0%	100.0%	—
China Standard Investment	Shanghai Dermalab Corporation (Shanghai Dermalab) (Note)	Sale of nutritional foods, cosmetics and engage in import and export business	100.0%	100.0%	100.0%	—
The Company and China Standard Investment	Le Bonta Wellness Co., Ltd. (Shanghai Le Bonta) (Note)	Sale of nutritional foods and engage in import and export business	100.0%	100.0%	100.0%	—
China Standard Investment	Standard Foods (Xiamen) Co., Ltd. (Xiamen Standard) (Note)	Manufacture and sale of edible oils and nutritious foods	100.0%	100.0%	100.0%	—

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

## 15. REAL ESTATE, PLANT, AND EQUIPMENT

	Freehold Land	Buildings	Equipment	Other equipment	Property in Construction and Equipment to Be Tested	Total
<u>Cost</u>						
Balance as of January 1, 2021	\$ 705,345	\$ 3,392,715	\$ 4,168,193	\$ 574,828	\$ 127,003	\$ 8,968,084
Additions	-	-	623	628	123,617	124,868
Disposals	-	( 769 )	( 38,070 )	( 6,967 )	-	( 45,806 )
Reclassification	1,690	28,527	64,747	8,438	( 103,402 )	-
From investment properties	-	36,012	-	-	-	36,012
Net foreign currency exchange differences	-	( 23,164 )	( 14,679 )	( 3,420 )	( 298 )	( 41,561 )
Balance as of June 30, 2021	<u>\$ 707,035</u>	<u>\$ 3,433,321</u>	<u>\$ 4,180,814</u>	<u>\$ 573,507</u>	<u>\$ 146,920</u>	<u>\$ 9,041,597</u>
<u>Accumulated depreciation and impairment</u>						
Balance as of January 1, 2021	\$ -	\$ 1,410,765	\$ 2,914,753	\$ 440,921	\$ -	\$ 4,766,439
Disposals	-	( 745 )	( 33,953 )	( 6,925 )	-	( 41,623 )
Depreciation expenses	-	80,287	135,290	21,558	-	237,135
From investment properties	-	17,526	-	-	-	17,526
Net foreign currency exchange differences	-	( 6,697 )	( 7,300 )	( 2,396 )	-	( 16,393 )
Balance as of June 30, 2021	<u>\$ -</u>	<u>\$ 1,501,136</u>	<u>\$ 3,008,790</u>	<u>\$ 453,158</u>	<u>\$ -</u>	<u>\$ 4,963,084</u>
Net amount as of June 30, 2021	<u>\$ 707,035</u>	<u>\$ 1,932,185</u>	<u>\$ 1,172,024</u>	<u>\$ 120,349</u>	<u>\$ 146,920</u>	<u>\$ 4,078,513</u>
<u>Cost</u>						
Balance as of January 1, 2022	\$ 716,150	\$ 3,434,095	\$ 4,166,454	\$ 592,885	\$ 436,447	\$ 9,346,031
Additions	-	-	-	336	160,895	161,231
Disposals	-	( 3,259 )	( 15,816 )	( 5,016 )	-	( 24,091 )
Reclassification	278,470	12,713	44,138	34,931	( 370,252 )	-
Net foreign currency exchange differences	-	35,880	23,542	4,743	716	64,881
Balance as of June 30, 2022	<u>\$ 994,620</u>	<u>\$ 3,479,429</u>	<u>\$ 4,218,318</u>	<u>\$ 627,879</u>	<u>\$ 227,806</u>	<u>\$ 9,548,052</u>
<u>Accumulated depreciation and impairment</u>						
Balance as of January 1, 2022	\$ -	\$ 1,538,424	\$ 3,022,774	\$ 451,152	\$ -	\$ 5,012,350
Disposals	-	( 2,196 )	( 14,302 )	( 4,958 )	-	( 21,456 )
Depreciation expenses	-	79,768	130,703	22,683	-	233,154
Net foreign currency exchange differences	-	11,149	12,350	3,513	-	27,012
Balance as of June 30, 2022	<u>\$ -</u>	<u>\$ 1,627,145</u>	<u>\$ 3,151,525</u>	<u>\$ 472,390</u>	<u>\$ -</u>	<u>\$ 5,251,060</u>
Net amount as of December 31, 2021 and January 1, 2022	<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>
Net amount as of June 30, 2022	<u>\$ 994,620</u>	<u>\$ 1,852,284</u>	<u>\$ 1,066,793</u>	<u>\$ 155,489</u>	<u>\$ 227,806</u>	<u>\$ 4,296,992</u>

No impairment loss was recognized or reversed from January 1 to June 30, 2022 and 2021.

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

Buildings	
Main buildings	20 ~ 51 years
Electrical and mechanical equipment	8 ~ 20 years
Engineering system	3 ~ 39 years
Others	3 ~ 20 years
Equipment	
Main equipment	2 ~ 20 years
Engineering system	3 ~ 20 years
Others	3 ~ 15 years
Other equipment	2 ~ 15 years

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

## 16. LEASE ARRANGEMENTS

### a. Right-of-use assets

	June 30, 2022	December 31, 2021	June 30, 2021
Carrying amounts of right-of-use assets			
Land	\$ 386,725	\$ 386,459	\$ 388,801
Buildings	234,194	259,442	185,272
Office equipment	1,834	348	397
Transportation equipment	<u>4,148</u>	<u>5,872</u>	<u>5,753</u>
	<u>\$ 626,901</u>	<u>\$ 652,121</u>	<u>\$ 580,223</u>
	For the Three Months Ended June 30, 2022	For the Three Months Ended June 30, 2021	For the Six Months Ended June 30, 2022
Additions to right-of-use assets	<u>\$ 5,534</u>	<u>\$ 1,374</u>	<u>\$ 16,583</u>
	For the Six Months Ended June 30, 2021		
Depreciation expenses for right-of-use assets			
Land	\$ 3,236	\$ 3,100	\$ 6,287
Buildings	21,025	18,432	41,934
Office equipment	93	24	187
Transportation equipment	<u>874</u>	<u>767</u>	<u>1,747</u>
	<u>\$ 25,228</u>	<u>\$ 22,323</u>	<u>\$ 50,155</u>
			<u>\$ 44,667</u>

### b. Lease liabilities

	June 30, 2022	December 31, 2021	June 30, 2021
Carrying amounts of lease liabilities			
Current	\$ 94,465	\$ 89,117	\$ 76,672
Non-current	<u>\$ 198,851</u>	<u>\$ 230,856</u>	<u>\$ 156,519</u>

Range of discount rate for lease liabilities was as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
Land	1.07%~1.49%	1.07%~1.49%	1.07%~1.49%
Buildings	1.07%~4.35%	1.07%~4.35%	1.07%~4.35%
Office equipment	1.07%	1.07%	1.07%
Transportation equipment	1.07%~ 3.77%	1.07%~3.77%	1.07%~ 3.77%

### c. Material leasing activities and terms

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

d. Other lease information

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

	For the Three Months Ended June 30, 2022	For the Three Months Ended June 30, 2021	For the Six Months Ended June 30, 2022	For the Six Months Ended June 30, 2021
Expenses relating to short-term leases	\$ 22,182	\$ 23,433	\$ 47,732	\$ 53,330
Expenses relating to low-value asset leases	\$ 216	\$ 571	\$ 488	\$ 1,362
Expenses relating to variable lease payments not included in the measurement of lease liabilities	\$ 20	\$ 19	\$ 40	\$ 39
Total cash outflow for leases			( \$ 99,481 )	( \$ 109,254 )

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

## 17. INVESTMENT PROPERTY

	Completed Investment Properties	Right-of-use assets	Total
<u>Cost</u>			
Balance as of January 1, 2021	\$ 1,009,740	\$ 5,635	\$ 1,015,375
Transferred to property, plant and equipment	( 36,012 )	-	( 36,012 )
Net foreign currency exchange differences	( 10,194 )	( 67 )	( 10,261 )
Balance as of June 30, 2021	\$ 963,534	\$ 5,568	\$ 969,102
<u>Accumulated depreciation and impairment</u>			
Balance as of January 1, 2021	\$ 169,797	\$ 781	\$ 170,578
Depreciation expenses	18,723	220	18,943
Transferred to property, plant and equipment	( 17,526 )	-	( 17,526 )
Net foreign currency exchange differences	( 1,616 )	( 11 )	( 1,627 )
Balance as of June 30, 2021	\$ 169,378	\$ 990	\$ 170,368
Net amount as of June 30, 2021	\$ 794,156	\$ 4,578	\$ 798,734
<u>Cost</u>			
Balance as of January 1, 2022	\$ 970,272	\$ 5,612	\$ 975,884
Net foreign currency exchange differences	15,858	105	15,963
Balance as of June 30, 2022	\$ 986,130	\$ 5,717	\$ 991,847
<u>Accumulated depreciation and impairment</u>			
Balance as of January 1, 2022	\$ 188,931	\$ 1,218	\$ 190,149
Depreciation expenses	18,782	227	19,009
Net foreign currency exchange differences	2,897	21	2,918
Balance as of June 30, 2022	\$ 210,610	\$ 1,466	\$ 212,076
Net amount as of December 31, 2021 and January 1, 2022	\$ 781,341	\$ 4,394	\$ 785,735
Net amount as of June 30, 2022	\$ 775,520	\$ 4,251	\$ 779,771

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

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

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

In addition to the aforementioned, the fair values of the investment properties were \$1,146,345 thousand, \$1,129,067 thousand, and \$1,106,155 thousand as of June 30, 2022, December 31, 2021 and June 30, 2021, respectively. In the absence of hiring an independent appraiser, the management of the Group determined the fair value with reference to market transaction prices of similar properties.

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

## 18. INTANGIBLE ASSETS

	Trademark	Computer software	Total
<u>Cost</u>			
Balance as of January 1, 2021	\$ 261,737	\$ 225,239	\$ 486,976
Additions	59	7,768	7,827
Disposals	( 185 )	-	( 185 )
Net foreign currency exchange differences	( 4,916 )	( 9 )	( 4,925 )
Balance as of June 30, 2021	<u>\$ 256,695</u>	<u>\$ 232,998</u>	<u>\$ 489,693</u>
<u>Accumulated amortization and impairment</u>			
Balance as of January 1, 2021	\$ 170,665	\$ 210,920	\$ 381,585
Disposals	( 185 )	-	( 185 )
Amortization expenses	2,582	4,532	7,114
Net foreign currency exchange differences	570	( 8 )	562
Balance as of June 30, 2021	<u>\$ 173,632</u>	<u>\$ 215,444</u>	<u>\$ 389,076</u>
Net amount as of June 30, 2021	<u>\$ 83,063</u>	<u>\$ 17,554</u>	<u>\$ 100,617</u>
<u>Cost</u>			
Balance as of January 1, 2022	\$ 258,477	\$ 242,424	\$ 500,901
Additions	65	7,780	7,845
Disposals	-	( 740 )	( 740 )
Net foreign currency exchange differences	5,218	15	5,233
Balance as of June 30, 2022	<u>\$ 263,760</u>	<u>\$ 249,479</u>	<u>\$ 513,239</u>
<u>Accumulated amortization and impairment</u>			
Balance as of January 1, 2022	\$ 177,636	\$ 220,842	\$ 398,478
Disposals	-	( 740 )	( 740 )
Amortization expenses	2,377	6,803	9,180
Net foreign currency exchange differences	2,967	13	2,980
Balance as of June 30, 2022	<u>\$ 182,980</u>	<u>\$ 226,918</u>	<u>\$ 409,898</u>
Net amount as of December 31, 2021 and January 1, 2022	<u>\$ 80,841</u>	<u>\$ 21,582</u>	<u>\$ 102,423</u>
Net amount as of June 30, 2022	<u>\$ 80,780</u>	<u>\$ 22,561</u>	<u>\$ 103,341</u>

For the six months ended June 30, 2022 and 2021, there were no signs of impairment, so the Group did not conduct any impairment assessment.

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

Trademark	10-20 years
Computer software	2-3 years

## 19. OTHER ASSETS

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
<u>Current</u>			
Pledged bank time deposits (Note 33)	\$ 4,019	\$ 4,019	\$ 4,016
Advances to officers	20,199	17,340	19,312
Temporary payments	2,269	9	6,985
Right of products to be returned	52,499	75,190	43,804
Others	<u>364</u>	<u>792</u>	<u>8,120</u>
	<u>\$ 79,350</u>	<u>\$ 97,350</u>	<u>\$ 82,237</u>
<u>Non-current</u>			
Prepayments for equipment	\$ 28,389	\$ 29,583	\$ 21,286
Refundable deposits	66,799	139,038	238,411
Others	<u>96,111</u>	<u>99,642</u>	<u>115,844</u>
	<u>\$ 191,299</u>	<u>\$ 268,263</u>	<u>\$ 375,541</u>

## 20. BORROWINGS

### a. Short-term borrowings

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
<u>Secured borrowings</u> (Note 33)			
Bank loans	\$ 725,587	\$ 200,000	\$ 200,000
<u>Unsecured borrowings</u>			
Bank loans	1,192,041	1,172,463	1,713,269
Other loans	<u>-</u>	<u>-</u>	<u>15,097</u>
	<u>\$ 1,917,628</u>	<u>\$ 1,372,463</u>	<u>\$ 1,928,366</u>

The annual interest rates of the aforementioned short-term borrowings or financing are 1.10%~3.00%, 1.10%~3.00%, and 0.95%~3.00% on June 30, 2022, December 31, and June 30, 2021, respectively.



b. Short-term bills payable

	June 30, 2022	December 31, 2021	June 30, 2021
Commercial paper payable	\$ 230,000	\$ 260,000	\$ 150,000
Less: Discount on short-term bills payable	( <u>171</u> )	( <u>145</u> )	( <u>94</u> )
	<u>\$ 229,829</u>	<u>\$ 259,855</u>	<u>\$ 149,906</u>

The annual interest rates payable to commercial promissory notes as of June 30, 2022, December 31, and June 30, 2021 are 1.49%~1.66%, 1.19%~1.39%, and 1.19%~1.29%, respectively.

## 21. NOTES PAYABLE AND TRADE PAYABLES

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Notes payable</u>			
Operating	<u>\$ 1,404,468</u>	<u>\$ 859,254</u>	<u>\$ 348,624</u>
<u>Trade payables</u>			
Operating	<u>\$ 1,355,671</u>	<u>\$ 1,895,397</u>	<u>\$ 1,360,601</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

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Current</u>			
Other payables			
Payable for salaries or bonuses	\$ 281,655	\$ 450,726	\$ 310,474
Payable for compensation of employees	12,095	38,903	22,369
Payable for remuneration to directors	20,075	16,716	31,280
Payable for commission and rebates	1,048,582	1,343,638	1,056,409
Payable for dividends	1,772,174	-	2,321,228
Payable for advertisement	213,870	218,665	93,063
Payable for royalties	21,908	24,817	20,966
Payable for freight	56,911	99,060	61,132
Payable for equipment	54,892	89,108	60,330
Others	1,021,238	1,158,470	1,194,274
	<u>\$ 4,503,400</u>	<u>\$ 3,440,103</u>	<u>\$ 5,171,525</u>

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	June 30, 2022	December 31, 2021	June 30, 2021
Other liabilities			
Advance receipts from customers	\$ 1,327	\$ 2,349	\$ 2,971
Refund liability	90,228	120,465	85,381
Others	21,942	19,180	27,719
	<u>\$ 113,497</u>	<u>\$ 141,994</u>	<u>\$ 116,071</u>
<u>Non-current</u>			
Other liabilities			
Guarantee deposits	\$ 26,861	\$ 31,055	\$ 23,582
Others	-	121	121
	<u>\$ 26,861</u>	<u>\$ 31,176</u>	<u>\$ 23,703</u>

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

## 23. RETIREMENT BENEFIT PLANS

Employee benefit expenses in respect of the Group's defined benefit retirement plans for the three and six months ended June 30, 2022 and 2021 were \$1,329 thousand, \$7,831 thousand, \$4,320 thousand, and \$11,946 thousand by the actuarially determined pension cost discount rate as of December 31, 2021 and 2020, respectively.

## 24. EQUITY

### a. Share capital

#### 1) Ordinary shares

	June 30, 2022	December 31, 2021	June 30, 2021
Number of shares authorized (in thousands)	<u>920,000</u>	<u>920,000</u>	<u>920,000</u>
Shares authorized	<u>\$ 9,200,000</u>	<u>\$ 9,200,000</u>	<u>\$ 9,200,000</u>
Number of shares issued and fully paid (in thousands)	<u>915,089</u>	<u>915,089</u>	<u>915,089</u>
Shares issued	<u>\$ 9,150,897</u>	<u>\$ 9,150,897</u>	<u>\$ 9,150,897</u>

#### 2) Global depositary receipts

As of June 30, 2022, a total of 6,908.4 units of Global Depositary Receipts (GDRs) (representing 34,542 shares of the Company's ordinary shares), where each GDR

representing 5 shares of the Company's ordinary shares, were traded on the Euro MTF Market of the Luxembourg Stock Exchange. Holders of the GDRs may request at any time to have their GDRs be converted into corresponding ordinary shares.

b. Capital surplus

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>			
Difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	\$ 1	\$ 1	\$ 1
Treasury share transactions	143,599	143,599	126,925
<u>May only be used to offset a deficit</u>			
Changes in percentage of ownership interests in subsidiaries (2)	466	466	466
	<u>\$ 144,066</u>	<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 Articles of Incorporation, where the Company made any profits in a fiscal year, the profits shall be appropriated, less any paying taxes and deficit, 10% thereof as legal reserve, special reserve provided or reversed in accordance with the regulations, and 30% to 100% of the sum of the remainder and prior years' unappropriated earnings as dividends. The Company's Articles of

Incorporation also prescribe that 30% to 100% of dividends shall be paid in cash; however, if the Company has major investment plans for which external funds are not available, the percentage may be lowered to 5% to 20%. The distribution plan shall be proposed by the Company's board of directors and resolved in the shareholders' meeting for distribution of dividends and bonus to shareholders. For the policies on distribution of the compensation of employees and remuneration of directors in the Articles of Incorporation, please refer to Note 26(i) "employees' compensation and remuneration of directors."

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

The board of directors and shareholders' meetings proposed and resolved the distribution of earnings for years ended December 31, 2021 and 2020 on June 16, 2022 and July 22, 2021 as follows:

	2021	2020
Legal reserve	<u>\$ 245,834</u>	<u>\$ 319,167</u>
Cash dividends	<u>\$ 1,738,670</u>	<u>\$ 2,287,724</u>
Cash dividends per share (NT\$)	\$ 1.9	\$ 2.5

d. Special reserve

	For the Six Months Ended June 30, 2022	For the Six Months Ended June 30, 2021
Balance as of beginning and end of the period	<u>\$ 577,494</u>	<u>\$ 577,494</u>

Appropriation for special reserve should be made in the amount equal to the net debit balance of other equity at the end of the reporting period. If there is a subsequent reversal of the net deduction of other shareholders' equity, the special reserve reversed may be reverted to distribute the surplus.

e. Other Equity Items

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

	For the Six Months Ended June 30, 2022	For the Six Months Ended June 30, 2021
Balance as of January 1	<u>( \$ 612,857 )</u>	<u>( \$ 572,206 )</u>
Recognized for the year		
Exchange differences on translating the financial statements of foreign operations	<u>138,963</u>	<u>( 97,657 )</u>
Other comprehensive income for the period	<u>138,963</u>	<u>( 97,657 )</u>
Balance as of June 30	<u>( \$ 473,894 )</u>	<u>( \$ 669,863 )</u>

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

	For the Six Months Ended June 30, 2022	For the Six Months Ended June 30, 2021
Balance as of January 1	<u>\$ 422,781</u>	<u>\$ 216,714</u>
Recognized for the year		
Unrealized gain (loss) Equity instruments	<u>( 165,248 )</u>	<u>146,144</u>
Other comprehensive income for the period	<u>( 165,248 )</u>	<u>146,144</u>
Balance as of June 30	<u>\$ 257,533</u>	<u>\$ 362,858</u>

f. Non-controlling Interests

	For the Six Months Ended June 30, 2022	For the Six Months Ended June 30, 2021
Balance as of January 1	<u>\$ 440,027</u>	<u>\$ 331,139</u>
Net profit for the period	15,171	13,303
Other comprehensive income for the period		
Exchange differences on translating the financial statements of foreign operations	892	( 579 )
Unrealized gain (loss) on financial assets at FVTOCI	<u>( 46,422 )</u>	<u>45,956</u>
Cash dividends distributed by subsidiaries to non-controlling interests	<u>( 33,504 )</u>	<u>( 33,504 )</u>
Balance as of June 30	<u>\$ 376,164</u>	<u>\$ 356,315</u>

g. Treasury shares

<u>Purpose of Buy-back</u>	<u>Shares Held by Subsidiaries (In Thousands of Shares)</u>
Number of shares as of January 1 and June 30, 2022	<u>6,669</u>
Number of shares as of January 1 and June 30, 2021	<u>6,669</u>

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

<u>Name of Subsidiary</u>	<u>Number of shares held (thousand shares)</u>	<u>Carrying Amount</u>	<u>Market Price</u>
<u>June 30, 2022</u>			
Charng Hui	6,669	<u>\$ 21,182</u>	<u>\$ 310,464</u>
<u>December 31, 2021</u>			
Charng Hui	6,669	<u>\$ 21,182</u>	<u>\$ 352,815</u>
<u>June 30, 2021</u>			
Charng Hui	6,669	<u>\$ 21,182</u>	<u>\$ 360,818</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

	<u>For the Three Months Ended June 30, 2022</u>	<u>For the Three Months Ended June 30, 2021</u>	<u>For the Six Months Ended June 30, 2022</u>	<u>For the Six Months Ended June 30, 2021</u>
Revenue from contracts with customers				
Sale of goods	<u>\$ 5,992,214</u>	<u>\$ 7,407,505</u>	<u>\$ 12,722,669</u>	<u>\$ 15,676,507</u>

a. Contract balances

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>	<u>January 1, 2021</u>
Notes receivable (Note 10)	<u>\$ 4,092</u>	<u>\$ 18,370</u>	<u>\$ 17,252</u>	<u>\$ 3,154</u>
Trade receivables (Note 10)	<u>\$ 4,069,580</u>	<u>\$ 5,722,846</u>	<u>\$ 4,778,866</u>	<u>\$ 6,328,068</u>
Trade receivables from related parties (Note 32)	<u>\$ 11,544</u>	<u>\$ 7,290</u>	<u>\$ 7,467</u>	<u>\$ 9,011</u>
Contract liabilities - current				
Sale of goods	<u>\$ 233,327</u>	<u>\$ 509,315</u>	<u>\$ 170,079</u>	<u>\$ 748,044</u>

b. Disaggregation of revenue

For the Six Months Ended June 30, 2022

<u>Types of goods or services</u>	Reportable Segments			Total
	Nutritious Foods	Cooking products Food	Others	
Sale of goods	\$ 5,009,055	\$ 5,668,617	\$ 2,044,997	\$ 12,722,669

For the Six Months Ended June 30, 2021

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

## 26. NET PROFIT

Components of net profit includes:

a. Interest income

	For the Three Months Ended June 30, 2022	For the Three Months Ended June 30, 2021	For the Six Months Ended June 30, 2022	For the Six Months Ended June 30, 2021
Interest income				
Bank deposits	\$ 8,653	\$ 21,170	\$ 21,286	\$ 36,214
Financial assets at amortized cost	22,940	8,902	34,500	24,829
Repurchase agreements collateralized by bonds	-	30	-	30
Others	163	296	400	616
	<u>\$ 31,756</u>	<u>\$ 30,398</u>	<u>\$ 56,186</u>	<u>\$ 61,689</u>

b. Other income

	For the Three Months Ended June 30, 2022	For the Three Months Ended June 30, 2021	For the Six Months Ended June 30, 2022	For the Six Months Ended June 30, 2021
Operating lease rental income				
Investment properties	\$ 6,362	\$ 8,417	\$ 12,612	\$ 16,687
Others	274	366	593	635
	<u>6,636</u>	<u>8,783</u>	<u>13,205</u>	<u>17,322</u>
Dividend income				
Investments in equity instruments at FVTOCI	8,376	7,630	8,627	7,855
	<u>\$ 15,012</u>	<u>\$ 16,413</u>	<u>\$ 21,832</u>	<u>\$ 25,177</u>

c. Other gains and losses

	For the Three Months Ended June 30, 2022	For the Three Months Ended June 30, 2021	For the Six Months Ended June 30, 2022	For the Six Months Ended June 30, 2021
Gains and losses of financial assets and financial liabilities				
Financial assets mandatorily classified as at FVTPL	( \$ 21,263 )	\$ 25,070	( \$ 63,045 )	\$ 6,165
Net foreign exchange gains (losses)	6,179	( 8,620 )	57,533	( 19,146 )
Net gains (losses) on disposal of property, plant and equipment	465	( 2,926 )	4,742	( 3,692 )
Government grants	18,117	7,280	18,746	10,951
Others	( 1,464 )	7,098	( 8,261 )	10,095
	<u>\$ 2,034</u>	<u>\$ 27,902</u>	<u>\$ 9,715</u>	<u>\$ 4,373</u>

d. Financial cost

	For the Three Months Ended June 30, 2022	For the Three Months Ended June 30, 2021	For the Six Months Ended June 30, 2022	For the Six Months Ended June 30, 2021
Interest on bank loans	\$ 13,263	\$ 11,672	\$ 18,654	\$ 20,779
Interest on short-term bills payable	625	237	1,160	474
Interest on lease liabilities	1,936	2,091	4,018	4,263
Other interest expenses	7	454	278	463
	<u>\$ 15,831</u>	<u>\$ 14,454</u>	<u>\$ 24,110</u>	<u>\$ 25,979</u>

e. Derogation loss (or reversal)

	For the Three Months Ended June 30, 2022	For the Three Months Ended June 30, 2021	For the Six Months Ended June 30, 2022	For the Six Months Ended June 30, 2021
Trade receivables	<u>\$ 9,468</u>	<u>\$ 1,077</u>	<u>\$ 12,552</u>	( <u>\$ 2,935</u> )
Inventories (included in operating costs)	<u>\$ 16,799</u>	<u>\$ 8,944</u>	<u>\$ 44,380</u>	<u>\$ 33,979</u>

f. Depreciation and amortization

	For the Three Months Ended June 30, 2022	For the Three Months Ended June 30, 2021	For the Six Months Ended June 30, 2022	For the Six Months Ended June 30, 2021
An analysis of depreciation by function				
Operating costs	\$ 100,701	\$ 101,138	\$ 201,100	\$ 201,679
Operating expenses	40,176	39,255	82,209	80,123
Non-operating revenue and expenses	9,565	9,324	19,009	18,943
	<u>\$ 150,442</u>	<u>\$ 149,717</u>	<u>\$ 302,318</u>	<u>\$ 300,745</u>

(Continued)



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	For the Three Months Ended June 30, 2022	For the Three Months Ended June 30, 2021	For the Six Months Ended June 30, 2022	For the Six Months Ended June 30, 2021
An analysis of amortization by function				
Operating costs	\$ 6,865	\$ 5,921	\$ 13,891	\$ 12,551
Operating expenses	<u>11,868</u>	<u>12,778</u>	<u>23,376</u>	<u>26,201</u>
	<u>\$ 18,733</u>	<u>\$ 18,699</u>	<u>\$ 37,267</u>	<u>\$ 38,752</u>

g. Operating expenses directly related to investment properties

	For the Three Months Ended June 30, 2022	For the Three Months Ended June 30, 2021	For the Six Months Ended June 30, 2022	For the Six Months Ended June 30, 2021
Direct operating expenses of investment properties				
Direct operating expenses of investment properties that generated rental income	\$ 94	\$ 486	\$ 220	\$ 850
Direct operating expenses of investment properties that did not generated rental income	<u>142</u>	<u>151</u>	<u>285</u>	<u>296</u>
	<u>\$ 236</u>	<u>\$ 637</u>	<u>\$ 505</u>	<u>\$ 1,146</u>

h. Employee benefit expenses

	For the Three Months Ended June 30, 2022	For the Three Months Ended June 30, 2021	For the Six Months Ended June 30, 2022	For the Six Months Ended June 30, 2021
Post-employment benefits				
Defined contribution plans	\$ 39,824	\$ 37,539	\$ 79,392	\$ 75,257
Defined benefit plans (Note 23)	<u>1,329</u>	<u>7,831</u>	<u>4,320</u>	<u>11,946</u>
	41,153	45,370	83,712	87,203
Other employee benefits	<u>715,941</u>	<u>635,864</u>	<u>1,283,030</u>	<u>1,322,364</u>
Total employee benefit expenses	<u>\$ 757,094</u>	<u>\$ 681,234</u>	<u>\$ 1,366,742</u>	<u>\$ 1,409,567</u>
An analysis of employee benefit expenses by function				
Operating costs	\$ 232,577	\$ 265,459	\$ 443,257	\$ 470,470
Operating expenses	<u>524,517</u>	<u>415,775</u>	<u>923,485</u>	<u>939,097</u>
	<u>\$ 757,094</u>	<u>\$ 681,234</u>	<u>\$ 1,366,742</u>	<u>\$ 1,409,567</u>

i. Employees' compensation and remuneration of directors

According to the Company's Articles, the Company accrued employees' compensation and remuneration of directors at rates of no less than 0.5% and no higher than 0.75%, respectively, of net profit before income tax, employees' compensation, and remuneration

of directors. Compensation to employees and remuneration to directors for the three and six months ended June 30, 2022 and 2021 are as follows:

Accrual rate

	For the Six Months Ended June 30, 2022	For the Six Months Ended June 30, 2021
Compensation of employees	1.28%	1.25%
Remuneration of directors	0.55%	0.55%

Amount

	For the Three Months Ended June 30, 2022	For the Three Months Ended June 30, 2021	For the Six Months Ended June 30, 2022	For the Six Months Ended June 30, 2021
Compensation of employees	\$ 2,594	\$ 12,377	\$ 7,818	\$ 21,169
Remuneration of directors	\$ 1,114	\$ 5,446	\$ 3,359	\$ 9,315

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

Remunerations for employees and directors for 2021 and 2020 were resolved by the Board of Directors on March 21, 2022 and March 22, 2021, respectively.

	2021	2020
	Cash	Cash
Compensation of employees	\$ 38,903	\$ 49,921
Remuneration of directors	16,716	21,965

The amounts of employee and directors' compensation distributed for the years ended December 31, 2021 and 2020 and those recognized in the consolidated financial statements are consistent.

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

j. Profit or loss on foreign currency exchange

	For the Three Months Ended June 30, 2022	For the Three Months Ended June 30, 2021	For the Six Months Ended June 30, 2022	For the Six Months Ended June 30, 2021
Foreign exchange gains	\$ 40,709	\$ 25,218	\$ 106,701	\$ 49,095
Foreign exchange losses	( 34,530 )	( 33,838 )	( 49,168 )	( 68,241 )
Net gains (losses)	<u>\$ 6,179</u>	<u>( \$ 8,620 )</u>	<u>\$ 57,533</u>	<u>( \$ 19,146 )</u>

## 27. INCOME TAX

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Three Months Ended June 30, 2022	For the Three Months Ended June 30, 2021	For the Six Months Ended June 30, 2022	For the Six Months Ended June 30, 2021
Current tax				
In respect of the current year	\$ 158,790	\$ 179,128	\$ 312,863	\$ 381,026
Additional tax on undistributed earnings	23,692	( 203 )	23,692	120
Adjustments from previous years	( 27,711 )	( 41,428 )	( 25,450 )	( 39,885 )
	<u>154,771</u>	<u>137,497</u>	<u>311,105</u>	<u>341,261</u>
Deferred tax				
In respect of the current year	( 87,101 )	21,003	( 143,732 )	( 29,011 )
Income tax expenses recognized in profit or loss	<u>\$ 67,670</u>	<u>\$ 158,500</u>	<u>\$ 167,373</u>	<u>\$ 312,250</u>

b. Income tax recognized in other comprehensive income

	For the Three Months Ended June 30, 2022	For the Three Months Ended June 30, 2021	For the Six Months Ended June 30, 2022	For the Six Months Ended June 30, 2021
<u>Deferred tax</u>				
Recognized for the year				
- Exchange differences of foreign operations	( \$ 31,204 )	( \$ 13,017 )	\$ 34,741	( \$ 24,414 )
- Unrealized gain (loss) on financial assets at FVTOCI	<u>7</u>	<u>( 5 )</u>	<u>2</u>	<u>( 1 )</u>
Income tax recognized in other comprehensive income	<u>( \$ 31,197 )</u>	<u>( \$ 13,022 )</u>	<u>\$ 34,743</u>	<u>( \$ 24,415 )</u>

c. Income tax assessments

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

The income tax returns of Domex Technology for the year ended December 31, 2019 had been assessed by the tax authorities.

## 28. EARNINGS PER SHARE

	For the Three Months Ended June 30, 2022	For the Three Months Ended June 30, 2021	For the Six Months Ended June 30, 2022	For the Six Months Ended June 30, 2021
Basic earnings per share	<u>\$ 0.18</u>	<u>\$ 0.90</u>	<u>\$ 0.54</u>	<u>\$ 1.52</u>
Diluted earnings per share	<u>\$ 0.18</u>	<u>\$ 0.90</u>	<u>\$ 0.54</u>	<u>\$ 1.52</u>

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

### Net profit for the period

	For the Three Months Ended June 30, 2022	For the Three Months Ended June 30, 2021	For the Six Months Ended June 30, 2022	For the Six Months Ended June 30, 2021
Earnings used in the computation of basic and diluted earnings per share	<u>\$ 160,960</u>	<u>\$ 815,590</u>	<u>\$ 488,005</u>	<u>\$ 1,380,559</u>

### Shares

	For the Three Months Ended June 30, 2022	For the Three Months Ended June 30, 2021	For the Six Months Ended June 30, 2022	For the Six Months Ended June 30, 2021
Unit: Thousand shares				
Weighted average number of ordinary shares used in computation of basic earnings per share	908,420	908,420	908,420	908,420
Effect of potentially dilutive ordinary shares:				
Compensation of employees	<u>175</u>	<u>410</u>	<u>531</u>	<u>806</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>908,595</u>	<u>908,830</u>	<u>908,951</u>	<u>909,226</u>

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

## 29. INFORMATION ON CASH FLOWS

### Changes in liabilities arising from financing activities:

#### For the Six Months Ended June 30, 2022

			Non-cash flow		
	January 1, 2022	Cash flows	New lease/lease modification	Adjustment of changes in exchange rates	June 30, 2022
Short-term borrowings	\$ 1,372,463	\$ 528,204	\$ -	\$ 16,961	\$ 1,917,628
Short-term bills payable	259,855	( 30,026 )	-	-	229,829
Lease liabilities	319,973	( 47,203 )	16,583	3,963	293,316
Guarantee deposits	31,055	( 4,714 )	-	520	26,861
Other non-current liabilities	121	( 124 )	-	3	-
	<u>\$ 1,983,467</u>	<u>\$ 446,137</u>	<u>\$ 16,583</u>	<u>\$ 21,447</u>	<u>\$ 2,467,634</u>

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

			Non-cash flow		
	January 1, 2021	Cash flows	New lease/lease modification	Adjustment of changes in exchange rates	June 30, 2021
Short-term borrowings	\$ 1,846,767	\$ 100,159	\$ -	( \$ 18,560 )	\$ 1,928,366
Short-term bills payable	129,869	20,037	-	-	149,906
Lease liabilities	277,973	( 50,260 )	29,081	( 23,603 )	233,191
Guarantee deposits	19,990	3,832	-	( 240 )	23,582
Other non-current liabilities	130	-	-	( 9 )	121
	<u>\$ 2,274,729</u>	<u>\$ 73,768</u>	<u>\$ 29,081</u>	<u>( \$ 42,412 )</u>	<u>\$ 2,335,166</u>

## 30. CAPITAL RISK MANAGEMENT

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

## 31. FINANCIAL INSTRUMENTS

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

1) Fair value hierarchy

### June 30, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Listed shares	\$ 34,589	\$ -	\$ -	\$ 34,589
Unlisted shares	-	-	2,221	2,221
Mutual fund beneficiary certification	1,154,343	-	-	1,154,343
Debt securities	-	30,380	-	30,380
Total	<u>\$ 1,188,932</u>	<u>\$ 30,380</u>	<u>\$ 2,221</u>	<u>\$ 1,221,533</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
- Listed shares	\$ 293,316	\$ -	\$ -	\$ 293,316
- Unlisted shares	-	-	316,221	316,221
Total	<u>\$ 293,316</u>	<u>\$ -</u>	<u>\$ 316,221</u>	<u>\$ 609,537</u>

### December 31, 2021

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

### June 30, 2021

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

For the six months ended June 30, 2022 and 2021, there was no transfer between Level 1 and Level 2 fair value measurement.

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

For the Six Months Ended June 30, 2022

Financial assets	Financial assets at FVTPL Equity instruments	Financial assets at FVTOCI Equity instruments	Total
Balance as of January 1	\$ 2,244	\$ 412,104	\$ 414,348
Recognized in profit or loss (included in other gains and losses)	( 23 )	-	( 23 )
Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at FVTOCI)	-	( 95,902 )	( 95,902 )
Impact of exchange rates	-	19	19
Balance as of June 30	<u>\$ 2,221</u>	<u>\$ 316,221</u>	<u>\$ 318,442</u>
Recognized in other gains and losses - unrealized	( \$ 23 )	\$ -	( \$ 23 )

For the Six Months Ended June 30, 2021

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

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

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

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

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

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

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

b. Categories of financial instruments

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Financial assets</u>			
Financial assets at FVTPL			
Mandatorily classified as at FVTPL	\$ 1,221,533	\$ 1,182,195	\$ 2,674,911
Financial assets at amortized cost (Note 1)	11,759,217	12,487,635	10,531,761
Financial assets at FVTOCI			
Investments in equity instruments	609,537	821,180	708,745
<u>Financial liabilities</u>			
Financial liabilities at amortized cost (Note 2)	6,786,622	4,529,069	6,207,693

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

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

c. Financial risk management objectives and policies



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

1) Market risk

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

a) Foreign currency risk

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

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

Sensitivity analysis

The Group is mainly exposed to the fluctuation of RMB, USD, EUR, AUD, 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%. The amount below indicates an increase (decrease) in pre-tax profit associated with the functional currency weakening by 3% against the relevant currency. For a 3% strengthening of the functional currency against the relevant currency, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative.

	RMB Impact		USD Impact	
	For the Six Months Ended	For the Six Months Ended	For the Six Months Ended	For the Six Months Ended
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Profit or loss	\$ 29,601 (i)	\$ 28,575 (i)	\$ 15,136 (ii)	\$ 766 (ii)

  

	EUR Impact		AUD Impact	
	For the Six Months Ended	For the Six Months Ended	For the Six Months Ended	For the Six Months Ended
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Profit or loss	\$ - (iii)	(\$ 474)(iii)	\$ 2,079 (iv)	\$ 1,661 (iv)

  

	CHF Impact		SGD Impact	
	For the Six Months Ended	For the Six Months Ended	For the Six Months Ended	For the Six Months Ended
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Profit or loss	\$ 566 (v)	\$ 387 (v)	(\$ 345)(vi)	\$ - (vi)

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

- v. This was mainly derived from the outstanding CHF-denominated bank deposits and payables which were not hedged at the end of the reporting period.
- vi. This was mainly derived from the outstanding SGD-denominated payables which were not hedged at the end of the reporting period.

b) Interest rate risk

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

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

	June 30, 2022	December 31, 2021	June 30, 2021
Fair value interest rate risk			
- Financial assets	\$ 4,753,981	\$ 3,168,157	\$ 2,558,981
- Financial liabilities	2,263,273	1,784,660	2,195,463
Cash flow interest rate risk			
- Financial assets	929,900	979,900	929,900
- Financial liabilities	177,500	167,631	116,000

Sensitivity analysis

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

If the interest rate increases by 1% and all other variables remain unchanged, the Group's pre-tax profit for the six months period ended June 30, 2022 and 2021 would increase (decrease) by NT\$3,762 thousand and NT\$4,070 thousand, respectively; if the interest rate decreases by 1%, its impact on the pre-tax profit will be the negative of the same amount.

c) Other price risk

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

Sensitivity analysis

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

For the six months ended June 30, 2022, if prices rise/fall by 1%, the pre-tax income would increase/decrease by NT\$12,215 thousand due to the increase/decrease in the fair value of financial assets measured at fair value through profit or loss, while the pre-tax other comprehensive income for the six months ended June 30, 2022 would increase/decrease by NT\$6,095 thousand due to the increase/decrease in the fair value of financial assets measured at fair value through other comprehensive income.

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

## 2) Credit risk

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

The accounts receivable cover a number of customers in different industries and geographical areas. The Group continuously evaluates the collateral and financial status obtained by accounts receivable customers.

## 3) Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. As of June 30, 2022, December 31, 2021, and June 30, 2021, the Group has available bank loan facilities in the amounts of NT\$6,661,195 thousand, NT\$5,397,639 thousand, and NT\$5,035,130 thousand, respectively.

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

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group may be required to pay. The table included both interest and principal cash flows. As a result, bank loans of the Group that are repayable on demand are included in the earliest period presented regardless of the probability of the banks exercising their right immediately. The maturity analysis for other non-derivative financial liabilities is prepared based on the agreed repayment dates.

June 30, 2022

	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	\$ 924,621	\$ 3,643,805	\$ 42,726	\$ 26,861
Lease liabilities	8,361	19,240	72,368	206,616
Variable interest rate liabilities	66,020	83,021	28,512	-
Fixed interest rate liabilities	401,052	1,109,363	18,401	442,830
Contract liabilities	77,776	155,551	-	-
	<u>\$ 1,477,830</u>	<u>\$ 5,010,980</u>	<u>\$ 162,007</u>	<u>\$ 676,307</u>

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	169,772	339,543	-	-
	<u>\$ 1,881,115</u>	<u>\$ 2,437,651</u>	<u>\$ 481,810</u>	<u>\$ 574,189</u>

June 30, 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	\$ 579,425	\$ 3,479,504	\$ 46,760	\$ 23,582
Lease liabilities	5,418	13,371	63,718	165,697
Variable interest rate liabilities	15,004	41,012	60,006	-
Fixed interest rate liabilities	1,136,421	566,357	264,124	-
Contract liabilities	56,693	113,386	-	-
	<u>\$ 1,792,961</u>	<u>\$ 4,213,630</u>	<u>\$ 434,608</u>	<u>\$ 189,279</u>

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

## 32. RELATED PARTY TRANSACTIONS

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

### a. Related parties and relationships

<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

<u>Related Party Category</u>	<u>For the Three Months Ended June 30, 2022</u>	<u>For the Three Months Ended June 30, 2021</u>	<u>For the Six Months Ended June 30, 2022</u>	<u>For the Six Months Ended June 30, 2021</u>
The Company is one of the directors	<u>\$ 10,883</u>	<u>\$ 4,825</u>	<u>\$ 19,498</u>	<u>\$ 11,056</u>

Sales from related parties were conducted on normal commercial terms.

### c. Purchases

<u>Related Party Category</u>	<u>For the Three Months Ended June 30, 2022</u>	<u>For the Three Months Ended June 30, 2021</u>	<u>For the Six Months Ended June 30, 2022</u>	<u>For the Six Months Ended June 30, 2021</u>
The Company is one of the directors	<u>\$ 25,763</u>	<u>\$ 13,947</u>	<u>\$ 45,120</u>	<u>\$ 36,386</u>

Purchases from related parties were conducted on normal commercial terms.

### d. Receivables from related parties

<u>Line Item</u>	<u>Name of Related Party</u>	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Trade receivables from related parties	GeneFerm	<u>\$ 11,544</u>	<u>\$ 7,290</u>	<u>\$ 7,467</u>

The outstanding receivables from related parties were unsecured. No loss allowances were set aside for receivables from related parties for the three months ended June 30, 2022 and 2021.

e. Payables to related parties

Line Item	Name of Related Party	June 30, 2022	December 31, 2021	June 30, 2021
Trade payables to related parties	GeneFerm	<u>\$ 22,389</u>	<u>\$ 19,472</u>	<u>\$ 13,394</u>

The outstanding payables to related parties were unsecured.

f. Compensation of key management personnel

	For the Three Months Ended June 30, 2022	For the Three Months Ended June 30, 2021	For the Six Months Ended June 30, 2022	For the Six Months Ended June 30, 2021
Short-term employee benefits	\$ 3,727	\$ 11,165	\$ 10,973	\$ 17,624
Post-employment benefits	<u>78</u>	<u>61</u>	<u>157</u>	<u>120</u>
	<u>\$ 3,805</u>	<u>\$ 11,226</u>	<u>\$ 11,130</u>	<u>\$ 17,744</u>

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

### 33. PLEDGED ASSETS

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

	June 30, 2022	December 31, 2021	June 30, 2021
Pledge time deposits (included in other current assets)	\$ 4,019	\$ 4,019	\$ 4,016
Property, plant and equipment - net	104,221	105,997	107,774
Investment properties - net	<u>34,666</u>	<u>35,257</u>	<u>35,848</u>
	<u>\$ 142,906</u>	<u>\$ 145,273</u>	<u>\$ 147,638</u>



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

Except for those disclosed in other notes, significant commitments and contingencies of the Group on June 30, 2022 are as follows:

- a. The Company has entered into a license agreement with The Quaker Oats Company (Quaker) for a period ending July 11, 2034. The agreement provides that the Company may use Quaker's trademark, and process, manufacture, market, and sell Quaker baby cereal, oatmeal, fruit cereal, ready-to-eat cereal, sesame paste, milk powder, and other cereal products in the ROC. In consideration of the above, the Company shall pay Quaker royalties at an agreed percentage of net sales (as defined).
- b. Unused letters of credit of approximately US\$1,530 thousand.
- c. Unrecognized commitments for acquisition of property, plant and equipment of approximately \$241,293 thousand.
- d. Unrecognized commitments for acquiring colostrum from dairymen were approximately 6,280 tons.

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

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

June 30, 2022

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Foreign currency assets</u>			
<u>Monetary items</u>			
USD	\$ 19,312	29.72 (USD:NTD)	\$ 573,954
USD	1,375	6.71 (USD:RMB)	40,956
RMB	222,280	4.44 (RMB:NTD)	986,699
AUD	3,388	20.45 (AUD:NTD)	69,290
CHF	606	31.12 (CHF:NTD)	18,856
			<u>\$ 1,689,755</u>
<u>Foreign currency liabilities</u>			
<u>Monetary items</u>			
USD	3,714	29.72 (USD:NTD)	\$ 110,389
SGD	538	21.37 (SGD:NTD)	11,494
			<u>\$ 121,883</u>

## December 31, 2021

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Foreign currency assets</u>			
<u>Monetary items</u>			
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)	8,432
			<u>\$ 1,384,494</u>
<u>Foreign currency liabilities</u>			
<u>Monetary items</u>			
USD	12,864	27.68 (USD:NTD)	\$ 356,088
EUR	2,854	31.32 (EUR:NTD)	89,390
			<u>\$ 445,478</u>

## June 30, 2021

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

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

Functional Currencies	For the Three Months Ended June 30, 2022		For the Three Months Ended June 30, 2021	
	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
NTD	1 (NTD:NTD)	\$ 3,128	1 (NTD:NTD)	( \$ 7,110 )
RMB	4.45 (RMB:NTD)	2,751	4.33 (RMB:NTD)	( 1,342 )
CHF	30.52 (CHF:NTD)	300	30.71 (CHF:NTD)	( 168 )
		<u>\$ 6,179</u>		<u>( \$ 8,620 )</u>

Functional Currencies	For the Six Months Ended June 30, 2022		For the Six Months Ended June 30, 2021	
	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
NTD	1 (NTD:NTD)	\$ 54,919	1 (NTD:NTD)	( \$ 19,469 )
RMB	4.43 (RMB:NTD)	2,317	4.35 (RMB:NTD)	488
CHF	30.42 (CHF:NTD)	297	31.03 (CHF:NTD)	( 165 )
		<u>\$ 57,533</u>		<u>( \$ 19,146 )</u>

### 36. SUPPLEMENTARY DISCLOSURES

#### a. Information on Significant Transactions:

- 1) Financing provided to others: Table 1.
- 2) Endorsements/guarantees provided to others: Table 2.
- 3) Marketable securities held (excluding investments in subsidiaries): Table 3.
- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None.
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None.
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4.
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 5.
- 9) Trading in derivative instruments: None.
- 10) Others: Intercompany relationships and significant intercompany transactions: Table 6.

#### b. Information on reinvestments (excluding investees in Mainland China): Table 7.

#### c. Information on investments in mainland China:

- 1) The name of the investee in mainland China, the main businesses and products, its issued capital, the method of investment, information on inflow or outflow of capital, percentage of ownership, investment income (losses), ending balance of investment,

amount repatriated as dividends from the investee, and the limit of investment on investee: Table 8.

- 2) Significant direct or indirect (through a third region) transactions with the investee, its prices and terms of payment, unrealized gain or loss: None.

- d. Information of major shareholders: List all shareholders with ownership of 5% or greater, showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder. (Table 9)

### 37. SEGMENT INFORMATION

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

Standard Foods segment - the Company.

Standard Dairy Products segment - Standard Dairy Products.

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

Other segments - other than the above subsidiaries.

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

	Standard Foods Segment	Standard Dairy Products Segment	China Standard Segment	Other Segments	Adjustments and Eliminations	Total
For the Six Months Ended June 30, 2022						
Sales from external customers	\$ 5,130,873	\$ 1,149,585	\$ 5,008,901	\$ 1,433,310	\$ -	\$12,722,669
Sales among intersegments	<u>691,542</u>	<u>507,031</u>	<u>33</u>	<u>797</u>	<u>( 1,199,403 )</u>	-
Total sales	<u>\$ 5,822,415</u>	<u>\$ 1,656,616</u>	<u>\$ 5,008,934</u>	<u>\$ 1,434,107</u>	<u>( \$ 1,199,403 )</u>	<u>\$12,722,669</u>
Interest income	<u>\$ 11,286</u>	<u>\$ 1,099</u>	<u>\$ 49,483</u>	<u>\$ 1,355</u>	<u>( \$ 7,037 )</u>	<u>\$ 56,186</u>
Financial cost	<u>\$ 718</u>	<u>\$ 1</u>	<u>\$ 21,332</u>	<u>\$ 9,096</u>	<u>( \$ 7,037 )</u>	<u>\$ 24,110</u>
Depreciation expenses	<u>\$ 110,488</u>	<u>\$ 21,973</u>	<u>\$ 121,915</u>	<u>\$ 49,768</u>	<u>( \$ 1,826 )</u>	<u>\$ 302,318</u>
Amortization expenses	<u>\$ 9,557</u>	<u>\$ 1,676</u>	<u>\$ 18,338</u>	<u>\$ 7,696</u>	<u>\$ -</u>	<u>\$ 37,267</u>
Operating segment income (loss)	<u>\$ 1,106,696</u>	<u>\$ 221,074</u>	<u>( \$ 699,654 )</u>	<u>( \$ 10,508 )</u>	<u>\$ 52,941</u>	\$ 670,549
Unallocated amount						-
Profit before income tax						<u>\$ 670,549</u>

(Continued)

(Continued from the previous page)

	Standard Foods Segment	Standard Dairy Products Segment	China Standard Segment	Other Segments	Adjustments and Eliminations	Total
For the Six Months Ended June 30, 2021						
Sales from external customers	\$ 5,816,476	\$ 1,165,366	\$ 6,858,491	\$ 1,836,174	\$ -	\$15,676,507
Sales among intersegments	<u>637,649</u>	<u>390,294</u>	<u>494</u>	<u>1,808</u>	( <u>1,030,245</u> )	-
Total sales	<u>\$ 6,454,125</u>	<u>\$ 1,555,660</u>	<u>\$ 6,858,985</u>	<u>\$ 1,837,982</u>	( <u>\$ 1,030,245</u> )	<u>\$15,676,507</u>
Interest income	<u>\$ 7,694</u>	<u>\$ 1,527</u>	<u>\$ 55,370</u>	<u>\$ 1,773</u>	( <u>\$ 4,675</u> )	<u>\$ 61,689</u>
Financial cost	<u>\$ 229</u>	<u>\$ 17</u>	<u>\$ 24,517</u>	<u>\$ 5,891</u>	( <u>\$ 4,675</u> )	<u>\$ 25,979</u>
Depreciation expenses	<u>\$ 111,987</u>	<u>\$ 24,951</u>	<u>\$ 118,358</u>	<u>\$ 47,249</u>	( <u>\$ 1,800</u> )	<u>\$ 300,745</u>
Amortization expenses	<u>\$ 6,731</u>	<u>\$ 2,622</u>	<u>\$ 22,317</u>	<u>\$ 7,082</u>	<u>\$ -</u>	<u>\$ 38,752</u>
Operating segment income (loss)	<u>\$ 1,530,261</u>	<u>\$ 268,004</u>	( <u>\$ 145,358</u> )	<u>\$ 11,844</u>	<u>\$ 41,361</u>	\$ 1,706,112
Unallocated amount						-
Profit before income tax						<u>\$ 1,706,112</u>

Table 1

## STANDARD FOODS CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS  
For the Six Months Ended June 30, 2022  
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Balance as of June 30	Amount Actually Drawn	Interest Rate	Nature of Financing (Note 2)	Business Transaction Amounts	Reasons for Short- term Financing	Allowance for Bad Debts	Collateral		Financing Limit for Each Borrowing Company	Financing Amount Limit	Note
													Name	Value			
0	Standard Foods Corporation	Dermalab S.A.	Financing receivables - related parties	Yes	\$ 18,561	\$ -	\$ -	1.000%	2	\$ -	Need for operation	\$ -	—	\$ -	\$ 7,411,358 (Note 3)	\$ 7,411,358 (Note 5)	-
0	Standard Foods Corporation	Standard Foods (China) Co., Ltd.	Financing receivables - related parties	Yes	225,460	221,415	221,415	1.000%	2	-	Need for operation	-	—	-	3,705,679 (Note 4)	7,411,358 (Note 5)	Note 11
0	Standard Foods Corporation	Standard Foods (Xiamen) Co., Ltd.	Financing receivables - related parties	Yes	676,380	664,245	664,245	1.000%	2	-	Need for operation	-	—	-	3,705,679 (Note 4)	7,411,358 (Note 5)	Note 11
0	Standard Foods Corporation	Standard Beverage Company Ltd.	Financing receivables - related parties	Yes	50,000	50,000	10,000	0.950%	2	-	Need for operation	-	—	-	7,411,358 (Note 3)	7,411,358 (Note 5)	Note 11
1	Standard Investment (China) Co., Ltd.	Shanghai Dermalab Corporation	Financing receivables - related parties	Yes	221,415	221,415	109,162	1.000%	2	-	Need for operation	-	—	-	1,855,857 (Note 6)	1,855,857 (Note 6)	Note 11
1	Standard Investment (China) Co., Ltd.	Le Bonta Wellness Co., Ltd.	Financing receivables - related parties	Yes	265,698	265,698	162,647	1.000%	2	-	Need for operation	-	—	-	1,855,857 (Note 6)	1,855,857 (Note 6)	Note 11
1	Standard Investment (China) Co., Ltd.	Standard Foods (Xiamen) Co., Ltd.	Financing receivables - related parties	Yes	664,245	664,245	104,508	1.000%	2	-	Need for operation	-	—	-	1,855,857 (Note 6)	1,855,857 (Note 6)	Note 11
1	Standard Investment (China) Co., Ltd.	Standard Foods (China) Co., Ltd.	Financing receivables - related parties	Yes	531,396	531,396	59,534	1.000%	2	-	Need for operation	-	—	-	1,855,857 (Note 6)	1,855,857 (Note 6)	Note 11
2	Shanghai Standard Foods Co., Ltd.	Standard Investment (China) Co., Ltd.	Financing receivables - related parties	Yes	642,104	642,104	179,532	1.000%	2	-	Need for operation	-	—	-	1,327,408 (Note 7)	1,327,408 (Note 7)	Note 11
2	Shanghai Standard Foods Co., Ltd.	Standard Foods (Xiamen) Co., Ltd.	Financing receivables - related parties	Yes	473,466	221,415	-	1.000%	2	-	Need for operation	-	—	-	1,327,408 (Note 7)	1,327,408 (Note 7)	-
2	Shanghai Standard Foods Co., Ltd.	Standard Foods (China) Co., Ltd.	Financing receivables - related parties	Yes	221,415	221,415	-	1.000%	2	-	Need for operation	-	—	-	1,327,408 (Note 7)	1,327,408 (Note 7)	-
3	Shanghai Le Ben De Health Technology Co., Ltd.	Standard Investment (China) Co., Ltd.	Financing receivables - related parties	Yes	11,273	5,757	5,757	1.000%	2	-	Need for operation	-	—	-	12,445 (Note 8)	12,445 (Note 8)	Note 11
4	Shanghai Le Ho Industrial Co., Ltd.	Standard Investment (China) Co., Ltd.	Financing receivables - related parties	Yes	35,426	35,426	8,950	1.000%	2	-	Need for operation	-	—	-	195,156 (Note 9)	195,156 (Note 9)	Note 11
5	Shanghai Le Min Industrial Co., Ltd.	Standard Investment (China) Co., Ltd.	Financing receivables - related parties	Yes	35,426	35,426	21,628	1.000%	2	-	Need for operation	-	—	-	121,897 (Note 10)	121,897 (Note 10)	Note 11

- Note 1. "0" for the Company. Subsidiaries are numbered in order from "1."
- Note 2. Reasons for financing are as follows:
- a. Please fill in 1 for having business transactions.
  - b. Please fill in 2 for short-term financing.
- Note 3. The individual and total amount shall not exceed 40% of net value of Standard Foods Corporation per the latest financial statements, which was calculated to be \$7,411,358 thousand (the net value per financial statements of \$18,528,394 thousand x 40% as of March 31, 2022).
- Note 4. The individual and total amount shall not exceed 20% of net value of Standard Foods Corporation per the latest financial statements, which was calculated to be \$3,705,679 thousand (the net value per financial statements of \$18,528,394 thousand x 20% as of March 31, 2022).
- Note 5. The individual and total amount shall not exceed 40% of net value of Standard Foods Corporation per the latest financial statements, which was calculated to be \$7,411,358 thousand (the net value per financial statements of \$18,528,394 thousand x 40% as of March 31, 2022).
- Note 6. The individual and total amount shall not exceed 40% of net value of Standard Investment (China) Co., Ltd. per the latest financial statements, which was calculated to be \$1,855,857 thousand (the net value per financial statements of \$4,639,643 thousand x 40% as of March 31, 2022).
- Note 7. The individual and total amount shall not exceed 40% of the net value of Shanghai Standard Foods Co., Ltd. per the latest financial statements, which was calculated to be NT\$1,327,408 thousand (the net value per financial statements of \$3,318,519 thousand x 40% as of March 31, 2022).
- Note 8. The individual and total amount shall not exceed 40% of net value of Shanghai Le Ben De Health Technology Co., Ltd. per the latest financial statements, which was calculated to be \$12,445 thousand (the net value per financial statements of \$31,113 thousand x 40% as of March 31, 2022).
- Note 9. The individual and total amount shall not exceed 40% of net value of Shanghai Le Ho Industrial Co., Ltd. per the latest financial statements, which was calculated to be \$195,156 thousand (the net value per financial statements of \$487,890 thousand x 40% as of March 31, 2022).
- Note 10. The individual and total amount shall not exceed 40% of net value of Shanghai Le Min Industrial Co., Ltd. per the latest financial statements, which was calculated to be \$121,897 thousand (the net value per financial statements of \$304,742 thousand x 40% as of March 31, 2022).
- Note 11. The amounts presented above were eliminated upon consolidation.

**Table 2**

**STANDARD FOODS CORPORATION AND SUBSIDIARIES**

ENDORSEMENTS/GUARANTEES PROVIDED  
For the Six Months Ended June 30, 2022  
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Endorsement/Guarantee Provider	Guaranteed Party		Endorse to single entity Balance on guarantee	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/Guara ntee Amount	Guarantee Provided by Parent Company (Note 5)	Guarantee Provided by Subsidiar y (Note 5)	Guarantee Provided to Subsidiari es in Mainland China (Note 5)	Note
		Name	Nature of Relations hips (Note 2)											
0	Standard Foods Corporation	Standard Beverage Company Ltd.	(2)	\$ 14,822,715 (Note 3)	\$ 145,875	\$ 89,160	\$ -	\$ -	0.48%	\$ 18,528,394 (Note 4)	Y	-	-	

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

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

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

Note 3. The individual and total amount shall not exceed 80% of net value of Standard Foods Corporation per the latest financial statements, which was calculated to be \$14,822,715 thousand (the net value per financial statements of \$18,528,394 thousand x 80% as of March 31, 2022).

Note 4. The individual and total amount shall not exceed 100% of net value of Standard Foods Corporation per the latest financial statements, which was calculated to be \$18,528,394 thousand (the net value per financial statements of \$18,528,394 thousand x 100% as of March 31, 2022).

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



Table 3

## STANDARD FOODS CORPORATION AND SUBSIDIARIES

## MARKETABLE SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES)

June 30, 2022

(In Thousands of New Taiwan Dollars)

Holding Company Name	Type of Marketable Securities	Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	End of the Period				Note
					Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Standard Foods Corporation	Shares	Far Eastern International Commercial Bank Co., Ltd.	The Company is one of the directors	Financial assets at FVTOCI - current	1,444,013	\$ 16,245	-	\$ 16,245	
	Shares	Chunghwa Telecom Co., Ltd.		Financial assets at FVTOCI - current	48,600	5,929	-	5,929	
	Shares	GeneFerm Biotechnology Co., Ltd.		Financial assets at FVTOCI - non-current	2,145,110	88,915	5.2%	88,915	
	Shares	Dah Chung Bills Finance Corp.		Financial assets at FVTOCI - non-current	1,274,480	17,944	0.3%	17,944	
	Shares	Taiwan Semiconductor Manufacturing Co., Ltd.		Financial assets at FVTPL - current	12,000	5,712	-	5,712	
	Shares	Apple Inc.		Financial assets at FVTPL - current	1,675	6,806	-	6,806	
	Shares	Amazon.com, Inc.		Financial assets at FVTPL - current	740	2,336	-	2,336	
	Shares	Alphabet Inc.		Financial assets at FVTPL - current	41	2,655	-	2,655	
	Shares	Microsoft Corporation		Financial assets at FVTPL - current	372	2,840	-	2,840	
	Shares	NVIDIA Corporation		Financial assets at FVTPL - current	467	2,104	-	2,104	
	Shares	Tesla, Inc.		Financial assets at FVTPL - current	129	2,582	-	2,582	
	Mutual funds	Hua Nan Phoenix Money Market Fund		Financial assets at FVTPL - current	10,038,377	165,093	-	165,093	
	Mutual funds	Cathay China Domestic Demand Growth Fund		Financial assets at FVTPL - current	3,585,869	83,120	-	83,120	
	Mutual funds	Cathay Target Date 2029 Fund of Funds		Financial assets at FVTPL - current	4,720,915	53,008	-	53,008	
	Mutual funds	Cathay Glb Aggressive FOFs		Financial assets at FVTPL - current	2,284,844	50,358	-	50,358	
	Mutual funds	Jih Sun Money Market Fund		Financial assets at FVTPL - current	6,134,806	92,087	-	92,087	
	Mutual funds	Taishin 1699 Money Market Fund		Financial assets at FVTPL - current	14,621,218	200,330	-	200,330	
	Mutual funds	FSITC Taiwan Money Market Fund		Financial assets at FVTPL - current	11,142,150	172,664	-	172,664	

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Holding Company Name	Type of Marketable Securities	Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	End of the Period				Note
					Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Standard Dairy Products Taiwan Ltd.	Mutual funds	KGI Victory Money Market Fund	Parent of Charng Hui Ltd.	Financial assets at FVTPL - current	5,982,058	\$ 70,043	-	\$ 70,043	Note
	Debt securities	CODEIS Smart Cash Note		Financial assets at FVTPL - current	10,000	30,380	-	30,380	
	Shares	Techgains Pan-Pacific Corporation		Financial assets at FVTPL - non-current	500,000	-	0.9%	-	
	Shares	Authenex, Inc.		Financial assets at FVTPL - non-current	2,424,242	-	5.5%	-	
	Shares	Paradigm Venture Capital Corporation		Financial assets at FVTPL - non-current	153,320	2,221	7.0%	2,221	
	Shares	U-Teck Environment Corporation, Ltd.		Financial assets at FVTPL - non-current	11,200	-	0.2%	-	
	Shares	Octamer, Inc. - Series E Preferred Stock		Financial assets at FVTPL - non-current	800,000	-	7.8%	-	
	Shares	Octamer, Inc. - Series F Preferred Stock		Financial assets at FVTPL - non-current	107,815	-	1.0%	-	
	Shares	Fortemedia, Inc. - Series D Preferred Stock		Financial assets at FVTPL - non-current	3,455	-	1.2%	-	
	Shares	Fortemedia, Inc. - Series E Preferred Stock		Financial assets at FVTPL - non-current	71,397	-	1.2%	-	
	Shares	Fortemedia, Inc. - Series F Preferred Stock		Financial assets at FVTPL - non-current	29,173	-	1.2%	-	
	Shares	Fortemedia, Inc. - Series G Preferred Stock		Financial assets at FVTPL - non-current	31,135	-	1.3%	-	
	Shares	Fortemedia, Inc. - Series I Preferred Stock		Financial assets at FVTPL - non-current	29,102	-	1.3%	-	
	Shares	Fortemedia, Inc. - Common Stock		Financial assets at FVTPL - non-current	12,938	-	1.2%	-	
	Mutual funds	Cathay China Domestic Demand Growth Fund		Financial assets at FVTPL - current	1,195,290	27,707	-	27,707	
	Mutual funds	Cathay Target Date 2029 Fund of Funds		Financial assets at FVTPL - current	786,819	8,835	-	8,835	
	Mutual funds	Cathay Glb Aggressive FOFs		Financial assets at FVTPL - current	761,615	16,786	-	16,786	
	Mutual funds	Taishin 1699 Money Market Fund		Financial assets at FVTPL - current	4,608,601	63,144	-	63,144	
Charng Hui Ltd.	Shares	Standard Foods Corporation		Financial assets at FVTOCI - current	6,669,471	310,464	0.7%	310,464	Note
	Shares	Formosa Plastics Corporation		Financial assets at FVTOCI - current	91,440	9,921	-	9,921	
	Shares	China Steel Corporation		Financial assets at FVTOCI - current	803,258	22,853	-	22,853	

(Continued)

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Holding Company Name	Type of Marketable Securities	Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	End of the Period				Note
					Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Standard Beverage Company Ltd.	Shares	Polytronics Technology Corporation	Charng Hui Ltd. is one of the directors	Financial assets at FVTOCI - current	1,596,000	\$ 106,613	2.0%	\$ 106,613	
	Shares	Taiwan Semiconductor Manufacturing Co., Ltd.		Financial assets at FVTOCI - current	90,000	42,840	-	42,840	
	Mutual funds	Fuh Hwa Global Strategic Allocation FoF		Financial assets at FVTPL - current	1,000,000	11,620	-	11,620	
	Mutual funds	Franklin Templeton SinoAm Franklin Templeton Global Bond Fund of Funds		Financial assets at FVTPL - current	1,453,360	16,547	-	16,547	
	Mutual funds	Taishin 1699 Money Market Fund		Financial assets at FVTPL - current	862,374	11,815	-	11,815	
	Shares	Hong Da Leasing & Finance Co., Ltd.	Charng Hui Ltd. is one of the directors	Financial assets at FVTPL - non-current	8,297,000	-	23.7%	-	
	Shares	CNEX Co., Ltd.		Financial assets at FVTPL - non-current	1,000,000	-	6.0%	-	
	Shares	Amphastar Pharmaceuticals Inc. (AMPH)		Financial assets at FVTPL - non-current	7,742	8,005	-	8,005	
	Mutual funds	Fuh Hwa Greater China Mid & Small Cap Fund		Financial assets at FVTPL - current	225,000	2,527	-	2,527	
	Mutual funds	Franklin Templeton SinoAm Franklin Templeton Global Bond Fund of Funds - Accu.		Financial assets at FVTPL - current	282,988	3,222	-	3,222	
Domex Technology Corporation	Shares	InnoComm Mobile Technology Corp.		Financial assets at FVTOCI - non-current	3,600,000	297,216	13.4%	297,216	
Accession Limited	Shares	AsiaVest Liquidation Co.		Financial assets at FVTOCI - non-current	200	1,061	0.7%	1,061	
	Mutual funds	Term Liquidity Fund		Financial assets at FVTPL - current	33,453	105,437	-	105,437	
Standard Investment (China) Co., Ltd.	Shares	CCOOP Group Co., Ltd.		Financial assets at FVTPL - current	342,939	1,549	-	1,549	

Note: The amounts presented above were eliminated upon consolidation.

**Table 4****STANDARD FOODS CORPORATION AND SUBSIDIARIES**

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

For the Six Months Ended June 30, 2022

(In Thousands of New Taiwan Dollars)

Company Name	Counterparty	Nature of Relationships	Transaction Details				Abnormal Transaction		Notes/Trade Receivable (Payable)		Note
			Purchases (Sales)	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	Ratio to Total Notes or Accounts Receivable (payable)	
Standard Foods Corporation	Standard Dairy Products Taiwan Ltd.	The Company's subsidiary	Sales	( \$ 691,542 )	11.88%	55 days after month-end closing (net of receivables and payables)	—	—	\$ 177,957	10.03%	Note
			Purchases	507,031	13.26%	55 days after month-end closing (net of receivables and payables)	—	—	-	-	Note
Standard Dairy Products Taiwan Ltd.	Standard Foods Corporation	Parent company of Standard Dairy Products Taiwan Ltd.	Purchases	691,542	53.12%	55 days after month-end closing (net of receivables and payables)	—	—	( 177,957 )	42.88%	Note
			Sales	( 507,031 )	30.61%	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	( 695,063 )	68.99%	60 days after month-end closing	—	—	176,432	99.29%	Note
			Purchases	232,880	18.80%	60 days after month-end closing	—	—	( 67,667 )	74.76%	Note
Standard Investment (China) Co., Ltd.	Shanghai Standard Foods Co., Ltd.	Brother company of Standard Investment (China) Co., Ltd.	Purchases	695,063	19.68%	60 days after month-end closing	—	—	( 176,432 )	7.92%	Note
			Sales	( 232,880 )	4.92%	60 days after month-end closing	—	—	67,667	4.71%	Note
Standard Foods (China) Co., Ltd.	Standard Investment (China) Co., Ltd.	Parent company of Standard Foods (China) Co., Ltd.	Sales	( 1,556,685 )	85.58%	60 days after month-end closing	—	—	526,776	82.45%	Note
Standard Investment (China) Co., Ltd.	Standard Foods (China) Co., Ltd.	Standard Investment (China) Co., Ltd.'s subsidiary	Purchases	1,556,685	44.57%	60 days after month-end closing	—	—	( 526,776 )	23.63%	Note
Standard Foods (Xiamen) Co., Ltd.	Standard Investment (China) Co., Ltd.	Parent company of Standard Foods (Xiamen) Co., Ltd.	Sales	( 1,230,124 )	96.79%	60 days after month-end closing	—	—	190,131	99.90%	Note
Standard Investment (China) Co., Ltd.	Standard Foods (Xiamen) Co., Ltd.	Standard Investment (China) Co., Ltd.'s subsidiary	Purchases	1,230,124	35.22%	60 days after month-end closing	—	—	( 190,131 )	8.53%	Note
Standard Foods (Xiamen) Co., Ltd.	Standard Foods (China) Co., Ltd.	Brother company of Standard Foods (Xiamen) Co., Ltd.	Purchases	101,334	5.59%	60 days after month-end closing	—	—	( 111,462 )	87.25%	Note
Standard Foods (China) Co., Ltd.	Standard Foods (Xiamen) Co., Ltd.	Brother company of Standard Foods (China) Co., Ltd.	Sales	( 101,334 )	5.57%	60 days after month-end closing	—	—	111,462	17.45%	Note

Note: The amounts presented above were eliminated upon consolidation.

Table 5

## STANDARD FOODS CORPORATION AND SUBSIDIARIES

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

June 30, 2022

(In Thousands of New Taiwan Dollars)

Company Name	Counterparty	Nature of Relationships	Ending Balance for Trade Receivable - Related Parties	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for loss amount	Note
					Amount	Actions Taken			
Standard Foods Corporation	Standard Dairy Products Taiwan Ltd.	The Company's subsidiary	Trade receivables	9.27	\$ -		\$ 20,814 (Note 1)	\$ -	(Note 2)
			Other receivables		-		3,473 (Note 1)	-	(Note 2)
					<u>\$ 181,430</u>		<u>\$ 24,287</u> (Note 1)	<u>\$ -</u>	
Standard Foods Corporation	Standard Foods (China) Co., Ltd.	The Company's subsidiary	Financing receivables		\$ -		\$ 221,415 (Note 1)	\$ -	(Note 2)
			Other receivables		-		2,166 (Note 1)	-	(Note 2)
					<u>\$ 223,581</u>		<u>\$ 223,581</u> (Note 1)	<u>\$ -</u>	
Standard Foods Corporation	Standard Foods (Xiamen) Co., Ltd.	The Company's subsidiary	Financing receivables		\$ -		\$ 664,245 (Note 1)	\$ -	(Note 2)
			Other receivables		-		6,497 (Note 1)	-	(Note 2)
					<u>\$ 670,742</u>		<u>\$ 670,742</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	3.69	\$ -		\$ 140,087 (Note 1)	\$ -	(Note 2)
			Financing receivables		-		- (Note 1)	-	(Note 2)
			Other receivables		-		3,804 (Note 1)	-	(Note 2)
					<u>\$ 363,055</u>		<u>\$ 143,891</u> (Note 1)	<u>\$ -</u>	
Standard Foods (China) Co., Ltd.	Standard Investment (China) Co., Ltd.	Parent company of Standard Foods (China) Co., Ltd.	Trade receivables	3.17	\$ -		\$ 56,682 (Note 1)	\$ -	(Note 2)
			Other receivables		-		- (Note 1)	-	(Note 2)
					<u>\$ 532,170</u>		<u>\$ 56,682</u> (Note 1)	<u>\$ -</u>	
Standard Foods (China) Co., Ltd.	Standard Foods (Xiamen) Co., Ltd.	Brother company of Standard Foods (China) Co., Ltd.	Trade receivables	3.64	<u>\$ 111,462</u>		<u>\$ 111,462</u> (Note 1)	<u>\$ -</u>	(Note 2)
Standard Investment (China) Co., Ltd.	Standard Foods (Xiamen) Co., Ltd.	Standard Investment (China) Co., Ltd.'s subsidiary	Financing receivables		\$ -		\$ - (Note 1)	\$ -	(Note 2)
			Other receivables		-		- (Note 1)	-	(Note 2)
					<u>\$ 112,035</u>		<u>\$ -</u> (Note 1)	<u>\$ -</u>	
Standard Investment (China) Co., Ltd.	Le Bonta Wellness Co., Ltd.	Standard Investment (China) Co., Ltd.'s subsidiary	Financing receivables		\$ -		\$ - (Note 1)	\$ -	(Note 2)
			Other receivables		-		- (Note 1)	-	(Note 2)
					<u>\$ 163,489</u>		<u>\$ -</u> (Note 1)	<u>\$ -</u>	
Standard Investment (China) Co., Ltd.	Shanghai Dermalab Corporation	Standard Investment (China) Co., Ltd.'s subsidiary	Financing receivables		\$ -		\$ - (Note 1)	\$ -	(Note 2)
			Other receivables		-		- (Note 1)	-	(Note 2)
					<u>\$ 110,161</u>		<u>\$ -</u> (Note 1)	<u>\$ -</u>	
Standard Foods (Xiamen) Co., Ltd.	Standard Investment (China) Co., Ltd.	Parent company of Standard Foods (Xiamen) Co., Ltd.	Trade receivables	2.93	<u>\$ 190,131</u>		<u>\$ 150,138</u> (Note 1)	<u>\$ -</u>	(Note 2)

Note 1. The amount received as of August 9, 2022.

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

**Table 6****STANDARD FOODS CORPORATION AND SUBSIDIARIES****INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS**

For the Six Months Ended June 30, 2022

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Name of Company	Counterparty	Relationship (Note 2)	Transactions Details			
				Financial Statement Accounts	Amount (Note 4)	Payment Terms	% to Consolidated Total Sales or Assets (Note 3)
0	Standard Foods Corporation	Standard Dairy Products	1	Trade receivables	\$ 177,957	According to the general conditions	0.6%
0	Standard Foods Corporation	Standard Dairy Products	1	Other receivables	3,473	According to the general conditions	-
0	Standard Foods Corporation	Standard Dairy Products	1	Sales	691,542	According to the general conditions	5.4%
0	Standard Foods Corporation	Standard Dairy Products	1	Purchases	507,031	According to the general conditions	4.0%
0	Standard Foods Corporation	Standard Dairy Products	1	Royalty revenue	3,727	According to the general conditions	-
0	Standard Foods Corporation	Standard Beverage	1	Other receivables	116	According to the general conditions	-
0	Standard Foods Corporation	Standard Beverage	1	Financing receivables	10,000	Interest rate 0.950% per annum	-
0	Standard Foods Corporation	Standard Beverage	1	Interest income	63	Interest rate 0.950% per annum	-
0	Standard Foods Corporation	Standard Beverage	1	Service revenue (recognized under sundry revenue)	660	According to the general conditions	-
0	Standard Foods Corporation	Charng Hui	1	Other payables	1,651	According to the general conditions	-
0	Standard Foods Corporation	Dermalab	1	Interest income	186	Interest rate 1.000% per annum	-
0	Standard Foods Corporation	China Standard Foods	1	Other receivables	2,166	According to the general conditions	-
0	Standard Foods Corporation	China Standard Foods	1	Financing receivables	221,415	Interest rate 1.000% per annum	0.8%
0	Standard Foods Corporation	China Standard Foods	1	Interest income	1,108	Interest rate 1.000% per annum	-
0	Standard Foods Corporation	Xiamen Standard	1	Other receivables	6,497	According to the general conditions	-
0	Standard Foods Corporation	Xiamen Standard	1	Financing receivables	664,245	Interest rate 1.000% per annum	2.4%
0	Standard Foods Corporation	Xiamen Standard	1	Interest income	3,324	Interest rate 1.000% per annum	-
1	Standard Dairy Products Taiwan Ltd.	Charng Hui	3	Other payables	2,215	According to the general conditions	-
2	Shanghai Standard	China Standard Investment	3	Trade receivables	176,432	According to the general conditions	0.6%
2	Shanghai Standard	China Standard Investment	3	Financing receivables	179,532	Interest rate 1.000% per annum	0.6%
2	Shanghai Standard	China Standard Investment	3	Other receivables	7,091	According to the general conditions	-
2	Shanghai Standard	China Standard Investment	3	Trade payables	67,667	According to the general conditions	0.2%
2	Shanghai Standard	China Standard Investment	3	Other payables	2,798	According to the general conditions	-
2	Shanghai Standard	China Standard Investment	3	Sales	695,063	According to the general conditions	5.5%
2	Shanghai Standard	China Standard Investment	3	Purchases	232,880	According to the general conditions	1.8%
2	Shanghai Standard	China Standard Investment	3	Interest income	2,114	Interest rate 1.000% per annum	-
2	Shanghai Standard	China Standard Investment	3	Other expenses	204	According to the general conditions	-
2	Shanghai Standard	China Standard Investment	3	Research and development expenses	1,936	According to the general conditions	-
2	Shanghai Standard	China Standard Foods	3	Trade receivables	22	According to the general conditions	-
2	Shanghai Standard	China Standard Foods	3	Trade payables	113	According to the general conditions	-

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No. (Note 1)	Name of Company	Counterparty	Relationship (Note 2)	Transactions Details			
				Financial Statement Accounts	Amount (Note 4)	Payment Terms	% to Consolidated Total Sales or Assets (Note 3)
2	Shanghai Standard	China Standard Foods	3	Sales	\$ 1,931	According to the general conditions	-
2	Shanghai Standard	China Standard Foods	3	Purchases	101	According to the general conditions	-
2	Shanghai Standard	Shanghai Le Bonta	3	Sales	1	According to the general conditions	-
2	Shanghai Standard	Xiamen Standard	3	Interest income	560	Interest rate 1.000% per annum	-
3	China Standard Investment	China Standard Foods	1	Trade receivables	3	According to the general conditions	-
3	China Standard Investment	China Standard Foods	1	Other receivables	10,663	According to the general conditions	-
3	China Standard Investment	China Standard Foods	1	Financing receivables	59,534	Interest rate 1.000% per annum	0.2%
3	China Standard Investment	China Standard Foods	1	Trade payables	526,776	According to the general conditions	1.9%
3	China Standard Investment	China Standard Foods	1	Other payables	5,394	According to the general conditions	-
3	China Standard Investment	China Standard Foods	1	Sales	166	According to the general conditions	-
3	China Standard Investment	China Standard Foods	1	Purchases	1,556,685	According to the general conditions	12.2%
3	China Standard Investment	China Standard Foods	1	Interest income	1,591	Interest rate 1.000% per annum	-
3	China Standard Investment	China Standard Foods	1	Other income	10,649	According to the general conditions	0.1%
3	China Standard Investment	China Standard Foods	1	Rental expenses	49	According to the general conditions	-
3	China Standard Investment	Shanghai Dermalab	1	Other receivables	999	According to the general conditions	-
3	China Standard Investment	Shanghai Dermalab	1	Financing receivables	109,162	Interest rate 1.000% per annum	0.4%
3	China Standard Investment	Shanghai Dermalab	1	Interest income	996	Interest rate 1.000% per annum	-
3	China Standard Investment	Xiamen Standard	1	Other receivables	7,527	According to the general conditions	-
3	China Standard Investment	Xiamen Standard	1	Financing receivables	104,508	Interest rate 1.000% per annum	0.4%
3	China Standard Investment	Xiamen Standard	1	Trade payables	190,131	According to the general conditions	0.7%
3	China Standard Investment	Xiamen Standard	1	Sales	153	According to the general conditions	-
3	China Standard Investment	Xiamen Standard	1	Purchases	1,230,124	According to the general conditions	9.7%
3	China Standard Investment	Xiamen Standard	1	Interest income	8,458	Interest rate 1.000% per annum	0.1%
3	China Standard Investment	Xiamen Standard	1	Other income	6,777	According to the general conditions	0.1%
3	China Standard Investment	Shanghai Le Bonta	1	Other receivables	842	According to the general conditions	-
3	China Standard Investment	Shanghai Le Bonta	1	Financing receivables	162,647	Interest rate 1.000% per annum	0.6%
3	China Standard Investment	Shanghai Le Bonta	1	Sales	32	According to the general conditions	-
3	China Standard Investment	Shanghai Le Bonta	1	Purchases	776	According to the general conditions	-
3	China Standard Investment	Shanghai Le Bonta	1	Interest income	1,040	Interest rate 1.000% per annum	-
3	China Standard Investment	Shanghai Le Bonta	1	Other expenses	21	According to the general conditions	-
3	China Standard Investment	Shanghai Le Ho Industrial Co., Ltd.	3	Other payables	131	According to the general conditions	-
3	China Standard Investment	Shanghai Le Ho Industrial Co., Ltd.	3	Financing payables	8,950	Interest rate 1.000% per annum	-

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No. (Note 1)	Name of Company	Counterparty	Relationship (Note 2)	Transactions Details			
				Financial Statement Accounts	Amount (Note 4)	Payment Terms	% to Consolidated Total Sales or Assets (Note 3)
3	China Standard Investment	Shanghai Le Ho Industrial Co., Ltd.	3	Rental expenses	\$ 12	According to the general conditions	-
3	China Standard Investment	Shanghai Le Ho Industrial Co., Ltd.	3	Interest expenses	120	Interest rate 1.000% per annum	-
3	China Standard Investment	Shanghai Le Min Industrial Co., Ltd	3	Other payables	161	According to the general conditions	-
3	China Standard Investment	Shanghai Le Min Industrial Co., Ltd	3	Financing payables	21,628	Interest rate 1.000% per annum	0.1%
3	China Standard Investment	Shanghai Le Min Industrial Co., Ltd	3	Rental expenses	12	According to the general conditions	-
3	China Standard Investment	Shanghai Le Min Industrial Co., Ltd	3	Interest expenses	149	Interest rate 1.000% per annum	-
3	China Standard Investment	Shanghai Le Ben De	3	Other payables	53	According to the general conditions	-
3	China Standard Investment	Shanghai Le Ben De	3	Financing payables	5,757	Interest rate 1.000% per annum	-
3	China Standard Investment	Shanghai Le Ben De	3	Interest expenses	52	Interest rate 1.000% per annum	-
4	Shanghai Dermalab	Dermalab	3	Trade payables	630	According to the general conditions	-
4	Shanghai Dermalab	Dermalab	3	Purchases	35,353	According to the general conditions	0.3%
4	Shanghai Dermalab	Shanghai Le Ben De	3	Trade payables	723	According to the general conditions	-
4	Shanghai Dermalab	Shanghai Le Ben De	3	Purchases	1,235	According to the general conditions	-
5	China Standard Foods	Shanghai Le Bonta	3	Other receivables	1,077	According to the general conditions	-
5	China Standard Foods	Shanghai Le Bonta	3	Rental income	1,826	According to the general conditions	-
5	China Standard Foods	Shanghai Le Bonta	3	Other expenses	2,673	According to the general conditions	-
5	China Standard Foods	Xiamen Standard	3	Trade receivables	111,462	According to the general conditions	0.4%
5	China Standard Foods	Xiamen Standard	3	Trade payables	64	According to the general conditions	-
5	China Standard Foods	Xiamen Standard	3	Sales	101,334	According to the general conditions	0.8%
5	China Standard Foods	Xiamen Standard	3	Purchases	76	According to the general conditions	-
6	Shanghai Le Bonta	Shanghai Le Ben De	3	Sales	2,542	According to the general conditions	-
6	Shanghai Le Bonta	Shanghai Le Ben De	3	Purchases	2,595	According to the general conditions	-
7	Shanghai Le Ben De	Dermalab	3	Trade payables	575	According to the general conditions	-
7	Shanghai Le Ben De	Dermalab	3	Purchases	1,114	According to the general conditions	-

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

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

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

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

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

Note 4. The amounts presented above were eliminated upon consolidation.



**Table 7****STANDARD FOODS CORPORATION AND SUBSIDIARIES****INFORMATION ON INVESTEE COMPANIES (EXCLUDING MAINLAND INVESTED COMPANIES)**

For the Six Months Ended June 30, 2022

(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of June 30, 2022			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				June 30, 2022	December 31, 2021	Shares	%	Carrying Amount			
Standard Foods Corporation	Accession Limited	Tortola, British Virgin Islands	Investing	\$ 3,936,267	\$ 3,936,267	123,600,000	100%	\$ 3,607,292	( \$ 11,632 )	( \$ 9,216 )	Subsidiary (Note 4)
	Standard Investment (Cayman) Limited	Grand Cayman , Cayman Islands	Investing	4,713,791	4,710,865	150,224,815	100%	4,965,015	( 679,216 )	( 679,216 )	Subsidiary (Note 4)
	Standard Dairy Products Taiwan Ltd.	Taipei, Taiwan	Manufacture and sale of dairy products and beverages	300,853	300,853	30,000,000	100%	1,307,899	177,141	173,878	Subsidiary (Note 4)
	Charng Hui Ltd.	Taipei, Taiwan	Investing	230,000	230,000	24,100,000	100%	320,619	8,762	8,762	Subsidiary (Note 4)
	Domex Technology Corporation	Hsinchu, Taiwan	Manufacture and sale of computer peripherals and computer appliances	114,116	114,116	10,374,399	52%	362,341	45,543	23,687	Subsidiary (Note 4)
	Standard Beverage Company Ltd.	Taipei, Taiwan	Manufacture and sale of beverages	79,072	79,072	7,907,000	100%	82,753	362	362	Subsidiary (Note 4)
Accession Limited	Standard Foods, LLC.	U.S.A.	Sale of health food	9,056	9,056	Note 3	100%	8,916	-	-	Subsidiary (Note 4)
	Dermalab S.A.	Switzerland	Development and sale of cosmetics	379,489	379,489	4,050	100%	225,489	( 9,115 )	-	Sub-subsidiary (Note 4)
Dermalab S.A.	Swissderma SL	Spain	Sale of cosmetics	96	96	3,000	100%	-	-	-	Third-tier subsidiary (Note 4)
Standard Investment (Cayman) Limited	Standard Corporation (Hong Kong) Limited	Hong Kong	Investing	4,709,971	4,708,566	150,098,815	100%	4,963,329	( 679,152 )	-	Sub-subsidiary (Note 4)

Note 1. This amount was the share of loss from the investee of NT\$11,632 thousand plus the unrealized gain on sidestream transactions of NT\$2,416 thousand.

Note 2. This amount was the share of profit from the investee of NT\$177,141 thousand minus the unrealized gain on upstream transactions of NT\$3,263 thousand.

Note 3. This is a limited company with no issued shares.

Note 4. The amount was eliminated upon consolidation.

Table 8

## STANDARD FOODS CORPORATION AND SUBSIDIARIES

## INFORMATION ON INVESTMENTS IN MAINLAND CHINA

For the Six Months Ended June 30, 2022

(In Thousands of New Taiwan Dollars)

Investee Company in Mainland China	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan at the Beginning of the Period	Remittance or Recovery of Funds		Accumulated Outward Remittance for Investment from Taiwan at the End of the Period	Net Income (Loss) of the Investee	% of Ownership of Direct or Indirect Investment	Investment Profit (Loss) Recognized (Note 2)	Carrying Amount as of June 30, 2022	Accumulated Repatriation of Investment Income at the End of the Period	Note
					Outward	Inward							
Shanghai Standard Foods Co., Ltd.	Manufacture and sale of edible oil products and nutritional foods	\$ 3,949,575	(2) (Note 3)	\$ 3,949,575 (Note 4)	\$ -	\$ -	\$ 3,949,575 (Note 4)	( \$ 3,981 )	100.0%	\$ 2,663 (Note 9)	\$ 3,252,244	\$ -	Note 12
Standard Investment (China) Co., Ltd.	Investment and sales of edible oil products and nutritional foods	3,755,530	(2) (Note 5)	3,718,677 (Note 5)	-	-	3,718,677 (Note 5)	( 668,429 )	99.0%	( 661,745 ) (Note 9)	4,191,768	-	Note 12
Standard Foods (China) Co., Ltd.	Manufacture and sale of edible oil products and nutritional foods	1,714,756	(3) (Note 6)	- (Note 6)	-	-	- (Note 6)	( 51,898 )	99.0%	( 26,036 ) (Note 9)	2,347,808	-	Note 12
Shanghai Dermalab Corporation	Sale of nutritional foods, cosmetics and engage in import and export business	93,989	(3) (Note 6)	- (Note 6)	-	-	- (Note 6)	( 2,167 )	99.0%	( 2,145 ) (Note 10)	( 4,764 )	-	Note 12
Le Bonta Wellness Co., Ltd.	Sale of nutritional foods and engage in import and export business	380,418	(1) and (3) (Note 7)	181,048 (Note 7)	-	-	181,048 (Note 7)	( 49,636 )	99.5%	( 49,393 ) (Note 10)	14,413	-	Note 12
Shanghai Le Ben De Health Technology Co., Ltd.	Sale of nutritional foods and engagement in export business	31,220	(3) (Notes 4 and 8)	31,220 (Note 4)	-	-	31,220 (Note 4)	274	100.0%	274 (Note 10)	30,693	-	Note 12
Standard Foods (Xiamen) Co., Ltd.	Manufacture and sale of edible oil products and nutritional foods	1,307,582	(3) (Note 6)	- (Note 6)	-	-	- (Note 6)	( 91,922 )	99.0%	( 62,558 ) (Note 10)	1,476,957	-	Note 12
Shanghai Le Ho Industrial Co., Ltd.	Management of properties	607,717	(2) (Note 5)	607,717 (Note 5)	-	-	607,717 (Note 5)	( 10,889 )	100.0%	( 10,889 ) (Note 10)	473,679	-	Note 12
Shanghai Le Min Industrial Co., Ltd.	Management of properties	378,009	(2) (Note 5)	378,009 (Note 5)	-	-	378,009 (Note 5)	( 6,504 )	100.0%	( 6,504 ) (Note 10)	296,090	-	Note 12

Accumulated Outward Remittance for Investment in Mainland China at the End of the Period	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$8,919,525	\$9,656,767	Unlimited amount of investment (Note 11)

- Note 1. The methods for engaging in investment in mainland China include the following:
- Direct investment in mainland China.
  - Indirect investment in mainland China through companies registered in a third region. (Please specify the investor company in a third region.)
  - Other methods.
- Note 2. For the investment income (loss) recognized in the current period:
- There was no investment income (loss) recognized due to the investment still being in the development stage.
  - The investment income (loss) was determined based on the following basis:
    - The financial statements were audited and certified by an international accounting firm in cooperation with an accounting firm in ROC.
    - The financial statements were audited by the CPA of the parent company in Taiwan.
    - Others.
- Note 3. Accession Ltd. is the investor company in a third region.
- Note 4. There was no difference between the beginning balance and the ending balance of the accumulated amount invested from Taiwan for the current period. The investment remained at \$4,034,074 thousand. Of the \$4,034,074 thousand, \$53,279 thousand has been retained in Accession Ltd. The remaining balance thereof, amounting to \$3,980,795 thousand, was originally the outward remittance of the investment of Shanghai Standard Foods Co., Ltd. However, as of July 2015, of the \$3,980,795 thousand, \$31,220 thousand was invested in Shanghai Le Ben De Health Technology Co., Ltd. by Shanghai Standard Foods Co., Ltd. In aggregate, the outward remittance of the investments in Shanghai Standard Foods Co., Ltd. and Shanghai Le Ben De Health Technology Co., Ltd. was \$3,949,575 thousand and \$31,220 thousand, respectively.
- Note 5. Standard Corporation (Hong Kong) Ltd. is the investor company in a third region.
- Note 6. The company in mainland China was reinvested through a company registered in mainland China, namely Standard Investment (China) Ltd.
- Note 7. The company in mainland China was invested directly by Standard Foods Corporation and was reinvested through a company registered in mainland China, namely Standard Investment (China) Ltd. The amount invested directly was \$181,048 thousand.
- Note 8. This company was spun off from Shanghai Standard Foods Co., Ltd. Accession Ltd. is the investor company in a third region.
- Note 9. The basis for recognition of investment profit and loss is Note 2.b. Item 3) is based on the financial statements of the investee reviewed by CPAs of the parent company in Taiwan during the same period.
- Note 10. The basis for recognition of investment profit and loss is Note 2.b. Item 3) is based on the financial statements of the investee that have not been reviewed by any CPA during the same period.
- Note 11. The Industrial Development Bureau of the MOEA issued the proofing document of operational headquarters to the Company; the document is still valid within the review period. Hence, according to the Investment Commission of the MOEA, there is no upper limit on the amount of investment.
- Note 12. The amounts presented above were eliminated upon consolidation.

**Table 9****STANDARD FOODS CORPORATION****INFORMATION ON MAJOR SHAREHOLDERS**

June 30, 2022

Name of Major Shareholder	Shares	
	Number of Shares Held	Percentage of Ownership
Mu Te Investment Co., Ltd. Trust Property Account	161,918,315	17.69%
Chia Yun Investment Co., Ltd. Trust Property Account	133,125,408	14.54%
Chia Chieh Investment Co., Ltd. Trust Property Account	108,503,160	11.85%

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

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