

**Standard Foods Corporation and Subsidiaries**

**Consolidated Financial Statements and Independent  
Auditors' Report**

**For the Nine Months Ended September 30, 2023 and 2022**

## **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 (collectively, the “Group”) as of September 30, 2023 and 2022 and the related consolidated statements of comprehensive income, the consolidated statements of changes in equity and cash flows for the nine months then ended, and the related notes to the consolidated financial statements, including material accounting policy information (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 issues 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 the Standards on Review Engagements of the Republic of China 2410 “Review of Interim 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 September 30, 2023 and 2022, combined total assets of these non-significant subsidiaries were NT\$8,035,001 thousand and NT\$7,775,475 thousand, respectively, representing 29% and 29%, respectively, of the consolidated total assets, and combined total liabilities of these subsidiaries were NT\$2,328,406 thousand and NT\$2,427,029 thousand, respectively, representing 24% and 28%, respectively, of the consolidated total liabilities; for the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022, the amounts of combined comprehensive income of these subsidiaries were NT\$35,629 thousand, NT\$202,119 thousand, NT\$83,099 thousand and NT\$129,713 thousand, respectively, representing 6%, 34%, 8% and 13%, 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 of September 30, 2023 and 2022, and of its consolidated financial performance and its consolidated cash flows for the nine months ended September 30, 2023 and 2022 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 Han-Ni Fang and Zhao-Yu Chen.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

November 8, 2023

## STANDARD FOODS CORPORATION AND SUBSIDIARIES

### CONSOLIDATED BALANCE SHEETS

September 30, 2023, December 31, 2022, and September 30, 2022  
(In Thousands of New Taiwan Dollars)

ASSETS	September 30, 2023		December 31, 2022		September 30, 2022	
	Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>						
Cash and cash equivalents (Note 6)	\$ 3,252,718	12	\$ 4,348,255	16	\$ 3,405,020	13
Financial assets at fair value through profit or loss - current (Note 7)	573,569	2	1,286,801	5	448,667	2
Financial assets at fair value through other comprehensive income - current (Note 8)	183,879	1	184,359	1	178,225	1
Financial assets at amortized cost - current (Note 9)	1,561,646	6	1,061,060	4	2,075,188	8
Notes receivable (Notes 10 and 25)	4,399	-	9,223	-	5,044	-
Trade receivables (Notes 10 and 25)	4,701,486	17	4,965,650	18	4,592,230	17
Trade receivables from related parties (Notes 25 and 32)	91	-	4,737	-	11,716	-
Finance lease receivables - current (Note 11)	902	-	516	-	514	-
Other receivables (Note 10)	435,997	2	307,080	1	333,702	1
Current tax assets	5,606	-	588	-	725	-
Inventories (Note 12)	6,291,445	23	5,658,738	20	5,490,237	21
Prepayments (Note 13)	1,251,352	4	1,258,577	4	1,262,168	5
Other current assets (Notes 19 and 33)	<u>98,301</u>	<u>-</u>	<u>109,597</u>	<u>-</u>	<u>96,218</u>	<u>-</u>
Total current assets	<u>18,361,391</u>	<u>67</u>	<u>19,195,181</u>	<u>69</u>	<u>17,899,654</u>	<u>68</u>
<b>NON-CURRENT ASSETS</b>						
Financial assets at fair value through profit or loss - non-current (Note 7)	13,523	-	8,721	-	8,984	-
Financial assets at fair value through other comprehensive income - non-current (Note 8)	212,290	1	359,217	1	425,636	2
Financial assets at amortized cost - non-current (Note 9)	2,043,500	8	1,807,854	7	1,720,290	7
Property, plant and equipment (Notes 15 and 33)	4,225,003	15	4,282,791	15	4,280,763	16
Right-of-use assets (Note 16)	557,665	2	590,816	2	619,168	2
Investment properties (Notes 17 and 33)	745,692	3	762,361	3	781,850	3
Goodwill	558	-	558	-	558	-
Other intangible assets (Note 18)	171,691	1	110,260	-	105,450	-
Deferred tax assets	393,246	1	430,159	2	396,926	1
Finance lease receivables - non-current (Note 11)	4,158	-	4,930	-	5,060	-
Net defined benefit assets - non-current	519	-	619	-	7,516	-
Other non-current assets (Note 19)	<u>582,104</u>	<u>2</u>	<u>375,946</u>	<u>1</u>	<u>200,587</u>	<u>1</u>
Total non-current assets	<u>8,949,949</u>	<u>33</u>	<u>8,734,232</u>	<u>31</u>	<u>8,552,788</u>	<u>32</u>
<b>TOTAL ASSETS</b>	<u>\$ 27,311,340</u>	<u>100</u>	<u>\$ 27,929,413</u>	<u>100</u>	<u>\$ 26,452,442</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Short-term borrowings (Notes 20 and 33)	\$ 2,128,747	8	\$ 2,928,175	10	\$ 1,280,460	5
Short-term bills payable (Note 20)	49,989	-	-	-	179,746	1
Contract liabilities - current (Note 25)	216,136	1	478,697	2	172,246	1
Notes payable (Note 21)	1,362,865	5	543,484	2	1,450,135	5
Trade payables (Note 21)	1,616,983	6	1,405,642	5	1,567,107	6
Trade payables to related parties (Note 32)	15,057	-	19,633	-	26,125	-
Other payables (Note 22)	3,608,603	13	3,737,651	14	3,099,887	12
Current tax liabilities	37,695	-	238,594	1	118,830	-
Lease liabilities - current (Note 16)	83,289	-	93,575	-	92,502	-
Other current liabilities (Note 22)	<u>146,459</u>	<u>1</u>	<u>130,462</u>	<u>-</u>	<u>107,840</u>	<u>-</u>
Total current liabilities	<u>9,265,823</u>	<u>34</u>	<u>9,575,913</u>	<u>34</u>	<u>8,094,878</u>	<u>30</u>
<b>NON-CURRENT LIABILITIES</b>						
Deferred tax liabilities	63,588	-	139,616	-	171,120	1
Lease liabilities - non-current (Note 16)	127,559	-	157,283	1	180,044	1
Net defined benefit liabilities - non-current	173,110	1	180,637	1	241,856	1
Other non-current liabilities (Note 22)	<u>22,261</u>	<u>-</u>	<u>22,224</u>	<u>-</u>	<u>23,263</u>	<u>-</u>
Total non-current liabilities	<u>386,518</u>	<u>1</u>	<u>499,760</u>	<u>2</u>	<u>616,283</u>	<u>3</u>
Total liabilities	<u>9,652,341</u>	<u>35</u>	<u>10,075,673</u>	<u>36</u>	<u>8,711,161</u>	<u>33</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 24)</b>						
Ordinary Shares	<u>9,150,897</u>	<u>34</u>	<u>9,150,897</u>	<u>33</u>	<u>9,150,897</u>	<u>35</u>
Capital surplus	<u>165,585</u>	<u>1</u>	<u>156,981</u>	<u>1</u>	<u>156,738</u>	<u>1</u>
Retained earnings						
Legal reserve	3,978,059	14	3,852,023	14	3,852,023	15
Special reserve	577,494	2	577,494	2	577,494	2
Unappropriated Earnings	<u>3,696,731</u>	<u>14</u>	<u>4,045,655</u>	<u>14</u>	<u>3,761,380</u>	<u>14</u>
Total retained earnings	<u>8,252,284</u>	<u>30</u>	<u>8,475,172</u>	<u>30</u>	<u>8,190,897</u>	<u>31</u>
Other equity	( <u>157,174</u> )	( <u>1</u> )	( <u>250,528</u> )	( <u>1</u> )	( <u>141,076</u> )	( <u>1</u> )
Treasury shares	( <u>21,182</u> )	<u>-</u>	( <u>21,182</u> )	<u>-</u>	( <u>21,182</u> )	<u>-</u>
Total equity attributable to owners of the Company	<u>17,390,410</u>	<u>64</u>	<u>17,511,340</u>	<u>63</u>	<u>17,336,274</u>	<u>66</u>
<b>NON-CONTROLLING INTERESTS (Note 24)</b>	<u>268,589</u>	<u>1</u>	<u>342,400</u>	<u>1</u>	<u>405,007</u>	<u>1</u>
Total equity	<u>17,658,999</u>	<u>65</u>	<u>17,853,740</u>	<u>64</u>	<u>17,741,281</u>	<u>67</u>
<b>TOTAL LIABILITIES AND EQUITY</b>	<u>\$ 27,311,340</u>	<u>100</u>	<u>\$ 27,929,413</u>	<u>100</u>	<u>\$ 26,452,442</u>	<u>100</u>

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

# STANDARD FOODS CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022 (REVIEWED, NOT AUDITED) (IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE)

	For the Three Months Ended September 30, 2023		For the Three Months Ended September 30, 2022		For the Nine Months Ended September 30, 2023		For the Nine Months Ended September 30, 2022	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE								
Sales (Notes 25 and 32)	\$ 7,925,667	100	\$ 7,676,870	100	\$ 20,129,635	100	\$ 20,399,539	100
OPERATING COSTS								
Cost of goods sold (Notes 12, 26, and 32)	<u>6,122,691</u>	<u>77</u>	<u>5,878,335</u>	<u>77</u>	<u>15,640,520</u>	<u>78</u>	<u>15,730,662</u>	<u>77</u>
GROSS PROFIT	<u>1,802,976</u>	<u>23</u>	<u>1,798,535</u>	<u>23</u>	<u>4,489,115</u>	<u>22</u>	<u>4,668,877</u>	<u>23</u>
OPERATING EXPENSES (Note 26)								
Selling and marketing expenses	907,506	12	916,158	12	2,546,181	12	2,623,785	13
General and administrative expenses	267,594	3	257,956	3	766,523	4	721,126	3
Research and development expenses	51,984	1	44,892	1	137,466	1	124,959	1
Expected credit losses (or reversal)	<u>20,231</u>	<u>-</u>	<u>22,861</u>	<u>-</u>	<u>26,707</u>	<u>-</u>	<u>35,413</u>	<u>-</u>
Total operating expenses	<u>1,247,315</u>	<u>16</u>	<u>1,241,867</u>	<u>16</u>	<u>3,476,877</u>	<u>17</u>	<u>3,505,283</u>	<u>17</u>
OPERATING INCOME	<u>555,661</u>	<u>7</u>	<u>556,668</u>	<u>7</u>	<u>1,012,238</u>	<u>5</u>	<u>1,163,594</u>	<u>6</u>
NON-OPERATING INCOME AND EXPENSES (Note 26)								
Interest income	46,037	-	35,362	-	125,301	1	91,548	1
Other income	26,390	-	22,234	-	46,754	-	44,066	-
Other gains and losses	57,812	1	62,568	1	92,007	-	72,283	-
Financial cost	<u>( 24,782)</u>	<u>-</u>	<u>( 19,153)</u>	<u>-</u>	<u>( 56,932)</u>	<u>-</u>	<u>( 43,263)</u>	<u>-</u>
Total non-operating income and expenses	<u>105,457</u>	<u>1</u>	<u>101,011</u>	<u>1</u>	<u>207,130</u>	<u>1</u>	<u>164,634</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	661,118	8	657,679	8	1,219,368	6	1,328,228	7
INCOME TAX EXPENSE (Note 27)	<u>138,222</u>	<u>1</u>	<u>136,075</u>	<u>1</u>	<u>245,305</u>	<u>1</u>	<u>303,448</u>	<u>2</u>
NET PROFIT FOR THE PERIOD	<u>522,896</u>	<u>7</u>	<u>521,604</u>	<u>7</u>	<u>974,063</u>	<u>5</u>	<u>1,024,780</u>	<u>5</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	( 146,733)	( 2)	( 5,690)	-	( 95,522)	( 1)	( 217,358)	( 1)
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 27)	<u>7</u>	<u>-</u>	<u>( 4)</u>	<u>-</u>	<u>( 15)</u>	<u>-</u>	<u>( 6)</u>	<u>-</u>
	<u>( 146,726)</u>	<u>( 2)</u>	<u>( 5,694)</u>	<u>-</u>	<u>( 95,537)</u>	<u>( 1)</u>	<u>( 217,364)</u>	<u>( 1)</u>
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating the financial statements of foreign operations	330,040	4	95,261	1	164,949	1	269,857	1
Income tax relating to the items that may be reclassified subsequently to profit or loss (Note 27)	<u>( 65,708)</u>	<u>( 1)</u>	<u>( 18,966)</u>	<u>-</u>	<u>( 32,850)</u>	<u>-</u>	<u>( 53,707)</u>	<u>-</u>
	<u>264,332</u>	<u>3</u>	<u>76,295</u>	<u>1</u>	<u>132,099</u>	<u>1</u>	<u>216,150</u>	<u>1</u>
Other comprehensive income for the period, net of income tax	<u>117,606</u>	<u>1</u>	<u>70,601</u>	<u>1</u>	<u>36,562</u>	<u>-</u>	<u>( 1,214)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 640,502</u>	<u>8</u>	<u>\$ 592,205</u>	<u>8</u>	<u>\$ 1,010,625</u>	<u>5</u>	<u>\$ 1,023,566</u>	<u>5</u>
NET PROFIT ATTRIBUTABLE TO:								
Owners of the Company	\$ 502,035	7	\$ 488,077	7	\$ 944,406	5	\$ 976,082	5
Non-controlling Interests	<u>20,861</u>	<u>-</u>	<u>33,527</u>	<u>-</u>	<u>29,657</u>	<u>-</u>	<u>48,698</u>	<u>-</u>
	<u>\$ 522,896</u>	<u>7</u>	<u>\$ 521,604</u>	<u>7</u>	<u>\$ 974,063</u>	<u>5</u>	<u>\$ 1,024,780</u>	<u>5</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owners of the Company	\$ 660,503	8	\$ 563,362	8	\$ 1,050,932	5	\$ 1,025,082	5
Non-controlling Interests	<u>( 20,001)</u>	<u>-</u>	<u>28,843</u>	<u>-</u>	<u>( 40,307)</u>	<u>-</u>	<u>( 1,516)</u>	<u>-</u>
	<u>\$ 640,502</u>	<u>8</u>	<u>\$ 592,205</u>	<u>8</u>	<u>\$ 1,010,625</u>	<u>5</u>	<u>\$ 1,023,566</u>	<u>5</u>
EARNINGS PER SHARE (Note 28)								
Basic	<u>\$ 0.55</u>		<u>\$ 0.54</u>		<u>\$ 1.04</u>		<u>\$ 1.07</u>	
Diluted	<u>\$ 0.55</u>		<u>\$ 0.54</u>		<u>\$ 1.04</u>		<u>\$ 1.07</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 Nine Months Ended September 30, 2023 And 2022 (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, 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
Allocation 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)
Distribution of dividends to subsidiaries to adjust the capital surplus	-	12,672	-	-	-	-	-	-	-	-	12,672	-	12,672
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	( 33,504)	( 33,504)
Net profit for the nine months ended September 30, 2022	-	-	-	-	976,082	976,082	-	-	-	-	976,082	48,698	1,024,780
Other comprehensive income for the nine months ended September 30, 2022	-	-	-	-	-	-	214,828	( 165,828)	49,000	-	49,000	( 50,214)	( 1,214)
Total comprehensive income for the nine months ended September 30, 2022	-	-	-	-	976,082	976,082	214,828	( 165,828)	49,000	-	1,025,082	( 1,516)	1,023,566
Balance on September 30, 2022	<u>\$ 9,150,897</u>	<u>\$ 156,738</u>	<u>\$ 3,852,023</u>	<u>\$ 577,494</u>	<u>\$ 3,761,380</u>	<u>\$ 8,190,897</u>	<u>(\$ 398,029)</u>	<u>\$ 256,953</u>	<u>(\$ 141,076)</u>	<u>(\$ 21,182)</u>	<u>\$ 17,336,274</u>	<u>\$ 405,007</u>	<u>\$ 17,741,281</u>
Balance as of January 1, 2023	\$ 9,150,897	\$ 156,981	\$ 3,852,023	\$ 577,494	\$ 4,045,655	\$ 8,475,172	(\$ 489,177)	\$ 238,649	(\$ 250,528)	(\$ 21,182)	\$ 17,511,340	\$ 342,400	\$ 17,853,740
Allocation and distribution of 2022 earnings													
Legal reserve	-	-	126,036	-	( 126,036)	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	( 1,180,466)	( 1,180,466)	-	-	-	-	( 1,180,466)	-	( 1,180,466)
Distribution of dividends to subsidiaries to adjust the capital surplus	-	8,604	-	-	-	-	-	-	-	-	8,604	-	8,604
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	( 33,504)	( 33,504)
Net profit for the nine months ended September 30, 2023	-	-	-	-	944,406	944,406	-	-	-	-	944,406	29,657	974,063
Other comprehensive income for the nine months ended September 30, 2023	-	-	-	-	-	-	131,402	( 24,876)	106,526	-	106,526	( 69,964)	36,562
Total comprehensive income for the nine months ended September 30, 2023	-	-	-	-	944,406	944,406	131,402	( 24,876)	106,526	-	1,050,932	( 40,307)	1,010,625
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	13,172	13,172	-	( 13,172)	( 13,172)	-	-	-	-
Balance on September 30, 2023	<u>\$ 9,150,897</u>	<u>\$ 165,585</u>	<u>\$ 3,978,059</u>	<u>\$ 577,494</u>	<u>\$ 3,696,731</u>	<u>\$ 8,252,284</u>	<u>(\$ 357,775)</u>	<u>\$ 200,601</u>	<u>(\$ 157,174)</u>	<u>(\$ 21,182)</u>	<u>\$ 17,390,410</u>	<u>\$ 268,589</u>	<u>\$ 17,658,999</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 Nine Months Ended September 30, 2023 And 2022 (Reviewed, not Audited) (In Thousands of New Taiwan Dollars)

	For the Nine Months Ended September 30, 2023	For the Nine Months Ended September 30, 2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 1,219,368	\$ 1,328,228
Adjustments for:		
Depreciation expenses	436,116	448,120
Amortization expenses	57,004	55,442
Expected credit losses (or reversal)	26,707	35,413
Net (income) loss recognized on financial assets and liabilities measured at FVTPL	( 28,919 )	72,855
Financial cost	56,932	43,263
Interest income	( 125,301 )	( 91,548 )
Dividend income	( 21,389 )	( 24,151 )
Net loss/gain on disposal of property, plant and equipment	( 1,003 )	( 1,526 )
Inventory devaluation and obsolescence loss	12,281	39,426
Others	( 1 )	5,591
Net changes in operating assets and liabilities		
Financial assets mandatorily classified as at FVTPL	737,571	654,539
Notes receivable	4,902	13,733
Trade receivables	273,273	1,148,551
Trade receivables from related parties	4,646	( 4,426 )
Other receivables	( 82,759 )	( 76,978 )
Inventory	( 583,003 )	251,546
Prepayments	26,123	293,828
Other current assets	12,093	2,555
Net defined benefit assets	100	( 1,373 )
Contract liabilities	( 266,907 )	( 348,369 )
Notes payable	796,104	562,712
Trade payables	205,060	( 339,284 )
Trade payables to related parties	( 4,576 )	6,653
Other payables	( 162,877 )	( 386,652 )
Other current liabilities	14,605	( 36,440 )
Net defined benefit liabilities	( 8,274 )	( 1,239 )
Cash generated from operations	2,597,876	3,650,469

(Continued)

(Continued from the previous page)

	For the Nine Months Ended September 30, 2023	For the Nine Months Ended September 30, 2022
Interest received	\$ 81,082	\$ 53,993
Interest paid	( 58,123 )	( 43,916 )
Income tax paid	( <u>522,132</u> )	( <u>741,655</u> )
Net cash inflow from operating activities	<u>2,098,703</u>	<u>2,918,891</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Disposal of financial assets at fair value through other comprehensive income	51,912	-
Purchase of financial assets at amortized cost	( 1,882,250 )	( 3,685,061 )
Disposal of financial assets at amortized cost	1,195,652	2,578,977
Acquisition of property, plant and equipment	( 242,071 )	( 246,488 )
Proceeds from disposal of property, plant and equipment	3,142	7,927
Payments for intangible assets	( 73,234 )	( 11,755 )
Acquisition of right-of-use assets	-	( 16,412 )
Decrease in finance lease receivables	386	18,457
Increase in other financial assets	( 183,822 )	-
Decrease in other financial assets	-	73,262
Increase in other non-current assets	( 51,847 )	( 40,049 )
Dividends received	<u>21,389</u>	<u>24,151</u>
Net cash used in investing activities	( <u>1,160,743</u> )	( <u>1,296,991</u> )
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Decrease in short-term borrowings	( 835,924 )	( 115,667 )
Increase in short-term notes and bills payable	49,989	-
Decrease in short-term bills payable	-	( 80,109 )
Repayment of lease principal	( 77,219 )	( 64,836 )
Decrease in other financial liabilities	( 328 )	( 8,533 )
Decrease in other non-current liabilities	-	( 125 )
Payment of dividends to the Company's owners	( 1,171,862 )	( 1,725,998 )
Payment of cash dividends on non-controlling equity	( <u>33,504</u> )	( <u>33,504</u> )
Net cash generated from financing activities	( <u>2,068,848</u> )	( <u>2,028,772</u> )
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>	<u>35,351</u>	<u>63,823</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS FOR THE CURRENT PERIOD</b>	( 1,095,537 )	( 343,049 )
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD</b>	<u>4,348,255</u>	<u>3,748,069</u>
<b>CASH AND CASH EQUIVALENTS, END OF THE PERIOD</b>	<u>\$ 3,252,718</u>	<u>\$ 3,405,020</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 Nine Months Ended September 30, 2023 and 2022**

**(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 were approved by the Board of Directors on November 8, 2023.

### **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 (“Group”).

b. IFRS-endorsed IFRSs applicable in 2024

<u>New/Amended/Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classify Liabilities as Current or Non-current”	Monday, January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	Monday, January 1, 2024
Amendments to IAS 7 and IFRS 7 regarding “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

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

Note 2: Seller and also Lessee shall retroactively apply the amendments to IFRS 16 to the sale and leaseback transactions executed after the date of the first-time application of IFRS 16.

Note 3: The initial application of the amendments is allowed to be exempted from certain disclosure requirements.

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

c. IFRSs effective upon publication by IASB but yet to be approved by FSC

<u>New/Amended/Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</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 21 regarding “Lack of exchangeability”	Wednesday, January 1, 2025 (Note 2)

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

Note 2: The amendments shall apply to annual reporting periods beginning on or after January 1, 2025. When adopting the amendments for the first time, the amount of impact is recognized into retained earnings on the day of initial adoption. Where non-functional currency is used by the Group as the presentation currency, the amount of impact is adjusted to the equity item - translation differences from foreign operations on the initial adoption date.

As of the date of authorization of the Consolidated Financial Statements, the Group has continued to assess the effects of amendments to the other 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 2022 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, 2022.

## 6. CASH AND CASH EQUIVALENTS

	September 30, 2023	December 31, 2022	September 30, 2022
Cash on hand	\$ 1,556	\$ 1,587	\$ 1,616
Checking accounts and demand deposits	2,371,895	2,772,146	1,852,128
Cash equivalents (investments with original maturities of less than 3 months)			
Time deposits	<u>879,267</u>	<u>1,574,522</u>	<u>1,551,276</u>
	<u>\$ 3,252,718</u>	<u>\$ 4,348,255</u>	<u>\$ 3,405,020</u>

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

	September 30, 2023	December 31, 2022	September 30, 2022
Bank deposits	0.001%-5.350%	0.001%-5.150%	0.001%-4.130%

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

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Financial assets at FVTPL -</u>			
<u>current</u>			
Mandatorily classified as at FVTPL			
Non-derivative financial assets			
- Listed shares	\$ 35,812	\$ 24,900	\$ 26,903
- Fund beneficiary certificates	457,147	1,261,901	421,764
- Bonds	80,610	-	-
	<u>\$ 573,569</u>	<u>\$ 1,286,801</u>	<u>\$ 448,667</u>
<u>Financial assets at FVTPL -</u>			
<u>non-current</u>			
Mandatorily classified as at FVTPL			
Non-derivative financial assets			
- Listed shares	\$ 11,490	\$ 6,662	\$ 6,907
- Unlisted shares	2,033	2,059	2,077
	<u>\$ 13,523</u>	<u>\$ 8,721</u>	<u>\$ 8,984</u>

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

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Current</u>			
Investments in equity instruments	<u>\$ 183,879</u>	<u>\$ 184,359</u>	<u>\$ 178,225</u>
<u>Non-current</u>			
Investments in equity instruments	<u>\$ 212,290</u>	<u>\$ 359,217</u>	<u>\$ 425,636</u>

Investments in equity instruments

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Current</u>			
Listed shares			
Ordinary shares - Far Eastern International Bank	\$ 17,089	\$ 16,135	\$ 16,282
Ordinary shares - Chunghwa Telecom Co., Ltd	5,638	5,492	5,540
Ordinary shares - Formosa Plastics Corp.	7,297	7,937	7,919
Ordinary shares - China Steel Corp.	20,282	23,937	21,447
Ordinary shares - Polytronics Technology Corp.	86,503	90,493	89,057
Ordinary shares - Taiwan Semiconductor Manufacturing Co., Ltd.	47,070	40,365	37,980
	<u>\$ 183,879</u>	<u>\$ 184,359</u>	<u>\$ 178,225</u>
<u>Non-current</u>			
Listed shares			
Ordinary shares - GeneFerm Biotechnology Co., Ltd. (GeneFerm)	\$ 193,274	\$ 143,508	\$ 122,915
Unlisted shares			
Ordinary shares - Dah Chung Bills Finance Corp.	17,907	15,549	15,064
Ordinary shares - InnoComm Mobile Technology Corp.	-	199,152	286,560
Ordinary shares - AsiaVest Liquidation Co.	1,109	1,008	1,097
	<u>\$ 212,290</u>	<u>\$ 359,217</u>	<u>\$ 425,636</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.

In September 2023, the Group adjusted the investment position to diversify the risk and sold the ordinary shares to InnoComm Mobile Technology Corp. at the fair value, NT\$51,912

thousand. The related other equity - unrealized gain (loss) on financial assets at FVTOCI, NT\$13,172 thousand, was restated into the retained earnings.

## 9. FINANCIAL ASSETS AT AMORTIZED COST

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Current</u>			
Time deposits with original maturities of more than 3 months	<u>\$ 1,561,646</u>	<u>\$ 1,061,060</u>	<u>\$ 2,075,188</u>
<u>Non-current</u>			
Time deposits with original maturities of more than 3 months	<u>\$ 2,043,500</u>	<u>\$ 1,807,854</u>	<u>\$ 1,720,290</u>

Until September 30, 2023 and December 31 and September 30, 2022, the ranges of annual interest rate of the time deposits with original maturities of more than 3 months have been 0.78% – 5.35%, 0.76% – 5.25% and 0.76% – 4.13%.

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

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Notes receivable</u>			
Operating	<u>\$ 4,399</u>	<u>\$ 9,223</u>	<u>\$ 5,044</u>
<u>Trade receivables</u>			
At amortized cost			
Gross carrying amount	\$ 4,789,288	\$ 5,025,105	\$ 4,649,613
Less: Allowance for impairment loss	( <u>87,802</u> )	( <u>59,455</u> )	( <u>57,383</u> )
	<u>\$ 4,701,486</u>	<u>\$ 4,965,650</u>	<u>\$ 4,592,230</u>
<u>Other receivables</u>			
Accrued income	\$ 112,912	\$ 66,902	\$ 57,264
Others	<u>323,085</u>	<u>240,178</u>	<u>276,438</u>
	<u>\$ 435,997</u>	<u>\$ 307,080</u>	<u>\$ 333,702</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 amount of loss provision on notes and accounts receivable is presented below:

#### September 30, 2023

	Not Pass Due	1-30 days	31-90 days	91-180 days	Over 180 Days	Total
ECL rate	0.11%	1.87%	16.74%	22.99%	96.64%	
Gross carrying amount	\$ 4,572,311	\$ 79,703	\$ 22,043	\$ 51,360	\$ 68,270	\$ 4,793,687
Loss allowance (Lifetime ECL)	( 4,833 )	( 1,490 )	( 3,691 )	( 11,810 )	( 65,978 )	( 87,802 )
Amortized cost	\$ 4,567,478	\$ 78,213	\$ 18,352	\$ 39,550	\$ 2,292	\$ 4,705,885

#### December 31, 2022

	Not Pass Due	1-30 days	31-90 days	91-180 days	Over 180 Days	Total
ECL rate	0.12%	2.89%	4.98%	12.66%	92.23%	
Gross carrying amount	\$ 4,492,449	\$ 214,865	\$ 146,754	\$ 157,919	\$ 22,341	\$ 5,034,328
Loss allowance (Lifetime ECL)	( 5,350 )	( 6,206 )	( 7,304 )	( 19,989 )	( 20,606 )	( 59,455 )
Amortized cost	\$ 4,487,099	\$ 208,659	\$ 139,450	\$ 137,930	\$ 1,735	\$ 4,974,873

#### September 30, 2022

	Not Pass Due	1-30 days	31-90 days	91-180 days	Over 180 Days	Total
ECL rate	0.06%	2.01%	2.77%	14.53%	94.33%	
Gross carrying amount	\$ 4,096,312	\$ 224,756	\$ 186,309	\$ 117,326	\$ 29,954	\$ 4,654,657
Loss allowance (Lifetime ECL)	( 2,417 )	( 4,513 )	( 5,152 )	( 17,045 )	( 28,256 )	( 57,383 )
Amortized cost	\$ 4,093,895	\$ 220,243	\$ 181,157	\$ 100,281	\$ 1,698	\$ 4,597,274

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

	For the Nine Months Ended September 30, 2023	For the Nine Months Ended September 30, 2022
Balance as of January 1	\$ 59,455	\$ 23,433
Add: Impairment loss provided for the current period	26,707	35,413
Less: Actual write-off for the current period	-	( 2,538)
Foreign exchange translation difference	1,640	1,075
Balance as of September 30	<u>\$ 87,802</u>	<u>\$ 57,383</u>

## 11. FINANCE LEASE RECEIVABLES

The composition of finance lease receivables was as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Undiscounted lease payments			
Year 1	\$ 952	\$ 571	\$ 571
Year 2	1,143	1,095	952
Year 3	1,143	1,143	1,143
Year 4	1,945	1,143	1,143
Year 5	-	1,659	1,945
	<u>5,183</u>	<u>5,611</u>	<u>5,754</u>
Less: Unearned finance income	( <u>123</u> )	( <u>165</u> )	( <u>180</u> )
Net investment in leases presented as finance lease receivables	<u>\$ 5,060</u>	<u>\$ 5,446</u>	<u>\$ 5,574</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

	September 30, 2023	December 31, 2022	September 30, 2022
Merchandise	\$ 482,844	\$ 470,926	\$ 500,732
Finished goods	2,219,495	2,196,524	1,872,718
Work in progress	756,586	909,042	1,045,181
Raw materials	2,744,947	1,996,324	1,984,282
Packing materials	87,573	85,922	87,324
	<u>\$ 6,291,445</u>	<u>\$ 5,658,738</u>	<u>\$ 5,490,237</u>

The cost of goods sold for the three and Nine months ended September 30, 2023 and 2022 includes the price decline in inventories (gain on price recovery), NT\$8,294 thousand, NT\$(4,954) thousand, NT\$12,281 thousand and NT\$39,426 thousand and the inventory obsolescence loss, NT\$1,575 thousand, NT\$15,058 thousand, NT\$12,958 thousand and NT\$38,451 thousand.

## 13. PREPAYMENTS

	September 30, 2023	December 31, 2022	September 30, 2022
Prepayments for purchases	\$ 476,296	\$ 824,247	\$ 802,045
Prepayments for rent	3,293	3,535	4,692
Prepayments for insurance	6,659	1,089	6,062
Excess business tax paid	242,149	156,193	179,763
Prepayments for advertisements	60,541	9,628	9,552
Others	462,414	263,885	260,054
	<u>\$ 1,251,352</u>	<u>\$ 1,258,577</u>	<u>\$ 1,262,168</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
			September 30, 2023	December 31, 2022	September 30, 2022	
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	Chang Hui Ltd. (Chang 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 into Cayman Standard in April 2022.
The Company	Standard Foods, LLC. (Note)	Sale of health food	100.0%	100.0%	100.0%	—
The Company	Standard Great Foods Singapore PTE. LTD. (Note)	Food trading	100.0%	100.0%	-	The Company invested SGD 14 thousand into the incorporation of Standard Great Foods Singapore PTE. LTD. in November 2022.
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%	Accession Limited underwent a re-organization in December 2022 and transferred equity ownership to Shanghai New Vitality.
Accession Limited	Dermalab S.A. (Dermalab) (Note)	Development and sale of cosmetics	100.0%	100.0%	100.0%	—
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 into Hong Kong Standard in April 2022.

(Continued)

(Continued from the previous page)

Investor Company	Name of Subsidiary	Main Business	Proportion of Ownership			Remark
			September 30, 2023	December 31, 2022	September 30, 2022	
Hong Kong Standard	Standard Investment (China) Co., Ltd. (China Standard Investment)	Investing and sale of edible oils and nutritious foods	99.0%	99.0%	99.0%	—
Hong Kong Standard	Shanghai New Vitality Health Technology (Group) Co., Ltd. (Shanghai New Vitality) (Note)	Sale of health foods and cosmetic goods, and import/export trade	99.0%	99.0%	-	Hong Kong Standard invested RMB 99,000 thousand into Shanghai New Vitality in November 2022.
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 health foods and cosmetic goods, and import/export trade	-	-	100.0%	Standard Investment (China) Ltd. underwent a re-organization in December 2022 and transferred equity ownership to Shanghai New Vitality.
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%	The Company and Standard Investment (China) underwent a re-organization in December 2022 and transferred equity ownership to Shanghai New Vitality.
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%	—
Shanghai New Vitality	Shanghai Dermalab Corporation (Shanghai Dermalab) (Note)	Sale of health foods and cosmetic goods, and import/export trade	100.0%	100.0%	-	Shanghai New Vitality underwent a re-organization in December 2022 and received equity ownership from Standard Investment (China).
Shanghai New Vitality	Le Bonta Wellness Co., Ltd. (Shanghai Le Bonta) (Note)	Sale of nutritional foods and engage in import and export business	100.0%	100.0%	-	Shanghai Le Bonta split the assets amounting to RMB20,300 thousand and incorporated Jiangsu Hua Sun in August 2023. Shanghai New Vitality underwent a re-organization in December 2022 and received equity ownership from the Company and Standard Investment (China).
Shanghai New Vitality	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%	-	Shanghai New Vitality underwent a re-organization in December 2022 and received equity ownership from Accession Limited.
Shanghai New Vitality	Jiangsu Hua Sun Health Technology Co., Ltd. (Jiangsu Hua Sun) (Note)	Develop brands and products in the field of health foods and special nutritious foods	100.0%	-	-	Shanghai Le Bonta split the assets amounting to RMB20,300 thousand and incorporated Jiangsu Hua Sun in August 2023.

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	Land improvements	Buildings	Equipment	Other equipment	Property in Construction and Equipment to Be Tested	Total
<b>Cost</b>							
Balance as of January 1, 2022	\$ 716,150	\$ -	\$ 3,434,095	\$ 4,166,454	\$ 592,885	\$ 436,447	\$ 9,346,031
Additions	-	-	-	-	371	246,117	246,488
Disposals	-	-	( 3,360)	( 52,843)	( 18,914)	-	( 75,117)
Reclassification	278,470	-	29,551	57,875	38,709	( 404,605)	-
Re-stated into the investment properties	-	-	( 23,788)	-	-	-	( 23,788)
Net foreign currency exchange differences	-	-	55,340	36,289	7,775	957	100,361
Balance on September 30, 2022	<u>\$ 994,620</u>	<u>\$ -</u>	<u>\$ 3,491,838</u>	<u>\$ 4,207,775</u>	<u>\$ 620,826</u>	<u>\$ 278,916</u>	<u>\$ 9,593,975</u>
<b>Accumulated depreciation and impairment</b>							
Balance as of January 1, 2022	\$ -	\$ -	\$ 1,538,424	\$ 3,022,774	\$ 451,152	\$ -	\$ 5,012,350
Disposals	-	-	( 2,297)	( 47,988)	( 18,431)	-	( 68,716)
Depreciation expenses	-	-	118,788	192,008	34,733	-	345,529
Reclassification	-	-	1,011	( 426)	( 585)	-	-
Re-stated into the investment properties	-	-	( 18,876)	-	-	-	( 18,876)
Net foreign currency exchange differences	-	-	17,686	19,502	5,737	-	42,925
Balance on September 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,654,736</u>	<u>\$ 3,185,870</u>	<u>\$ 472,606</u>	<u>\$ -</u>	<u>\$ 5,313,212</u>
Net on September 30, 2022	<u>\$ 994,620</u>	<u>\$ -</u>	<u>\$ 1,837,102</u>	<u>\$ 1,021,905</u>	<u>\$ 148,220</u>	<u>\$ 278,916</u>	<u>\$ 4,280,763</u>
<b>Cost</b>							
Balance as of January 1, 2023	\$ 994,620	\$ -	\$ 3,538,358	\$ 4,229,390	\$ 617,918	\$ 288,527	\$ 9,668,813
Additions	-	-	1,967	88	1,435	238,581	242,071
Disposals	-	-	( 1,234)	( 57,375)	( 13,170)	-	( 71,779)
Reclassification	-	28,661	37,351	132,724	29,012	( 228,238)	( 490)
Net foreign currency exchange differences	-	-	37,618	25,660	5,940	144	69,362
Balance on September 30, 2023	<u>\$ 994,620</u>	<u>\$ 28,661</u>	<u>\$ 3,614,060</u>	<u>\$ 4,330,487</u>	<u>\$ 641,135</u>	<u>\$ 299,014</u>	<u>\$ 9,907,977</u>
<b>Accumulated depreciation and impairment</b>							
Balance as of January 1, 2023	\$ -	\$ -	\$ 1,684,697	\$ 3,232,756	\$ 468,569	\$ -	\$ 5,386,022
Disposals	-	-	( 1,143)	( 56,047)	( 12,450)	-	( 69,640)
Reclassification	-	-	-	( 3,860)	3,860	-	-
Depreciation expenses	-	746	121,085	175,814	34,627	-	332,272
Net foreign currency exchange differences	-	-	14,236	15,592	4,492	-	34,320
Balance on September 30, 2023	<u>\$ -</u>	<u>\$ 746</u>	<u>\$ 1,818,875</u>	<u>\$ 3,364,255</u>	<u>\$ 499,098</u>	<u>\$ -</u>	<u>\$ 5,682,974</u>
Net amount as of December 31, 2022 and January 1, 2023	<u>\$ 994,620</u>	<u>\$ -</u>	<u>\$ 1,853,661</u>	<u>\$ 996,634</u>	<u>\$ 149,349</u>	<u>\$ 288,527</u>	<u>\$ 4,282,791</u>
Net on September 30, 2023	<u>\$ 994,620</u>	<u>\$ 27,915</u>	<u>\$ 1,795,185</u>	<u>\$ 966,232</u>	<u>\$ 142,037</u>	<u>\$ 299,014</u>	<u>\$ 4,225,003</u>

No impairment loss was recognized or reversed for the Nine months ended September 30, 2023 and 2022.

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

Land improvements	15 years
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

	September 30, 2023	December 31, 2022	September 30, 2022
Carrying amounts of right-of-use assets			
Land	\$ 396,898	\$ 396,328	\$ 403,462
Buildings	153,529	187,883	209,581
Office equipment	3,201	1,665	1,759
Transportation equipment	<u>4,037</u>	<u>4,940</u>	<u>4,366</u>
	<u>\$ 557,665</u>	<u>\$ 590,816</u>	<u>\$ 619,168</u>
	For the Three Months Ended September 30, 2023	For the Three Months Ended September 30, 2022	For the Nine Months Ended September 30, 2023
Additions to right-of-use assets	<u>\$ 45,252</u>	<u>\$ 35,491</u>	<u>\$ 72,242</u>
Depreciation expenses for right-of-use assets			
Land	\$ 3,301	\$ 3,188	\$ 9,751
Buildings	21,395	19,512	61,892
Office equipment	170	94	383
Transportation equipment	<u>820</u>	<u>965</u>	<u>2,538</u>
	<u>\$ 25,686</u>	<u>\$ 23,759</u>	<u>\$ 74,564</u>

### b. Lease liabilities

	September 30, 2023	December 31, 2022	September 30, 2022
Carrying amounts of lease liabilities			
Current	<u>\$ 83,289</u>	<u>\$ 93,575</u>	<u>\$ 92,502</u>
Non-current	<u>\$ 127,559</u>	<u>\$ 157,283</u>	<u>\$ 180,044</u>

Range of discount rate for lease liabilities was as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
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 September 30, 2023	For the Three Months Ended September 30, 2022	For the Nine Months Ended September 30, 2023	For the Nine Months Ended September 30, 2022
Expenses relating to short-term leases	<u>\$ 26,707</u>	<u>\$ 25,030</u>	<u>\$ 74,921</u>	<u>\$ 72,762</u>
Expenses relating to low-value asset leases	<u>\$ 288</u>	<u>\$ 182</u>	<u>\$ 1,170</u>	<u>\$ 670</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 20</u>	<u>\$ 20</u>	<u>\$ 60</u>	<u>\$ 60</u>
Total cash (outflow) from lease			( <u>\$ 157,198</u> )	( <u>\$ 144,037</u> )

## 17. INVESTMENT PROPERTY

	Completed Investment Properties	Right-of-use assets	Total
<u>Cost</u>			
Balance as of January 1, 2022	\$ 970,272	\$ 5,612	\$ 975,884
From property, plant and equipment	23,788	-	23,788
Net foreign currency exchange differences	<u>24,437</u>	<u>162</u>	<u>24,599</u>
Balance on September 30, 2022	<u>\$ 1,018,497</u>	<u>\$ 5,774</u>	<u>\$ 1,024,271</u>
<u>Accumulated depreciation and impairment</u>			
Balance as of January 1, 2022	\$ 188,931	\$ 1,218	\$ 190,149
Depreciation expenses	28,338	339	28,677
From property, plant and equipment	18,876	-	18,876
Net foreign currency exchange differences	<u>4,683</u>	<u>36</u>	<u>4,719</u>
Balance on September 30, 2022	<u>\$ 240,828</u>	<u>\$ 1,593</u>	<u>\$ 242,421</u>

	Completed Investment Properties	Right-of-use assets	Total
Net on September 30, 2022	<u>\$ 777,669</u>	<u>\$ 4,181</u>	<u>\$ 781,850</u>
<u>Cost</u>			
Balance as of January 1, 2023	\$ 1,005,938	\$ 5,693	\$ 1,011,631
Net foreign currency exchange differences	<u>17,093</u>	<u>110</u>	<u>17,203</u>
Balance on September 30, 2023	<u>\$ 1,023,031</u>	<u>\$ 5,803</u>	<u>\$ 1,028,834</u>
<u>Accumulated depreciation and impairment</u>			
Balance as of January 1, 2023	\$ 247,588	\$ 1,682	\$ 249,270
Depreciation expenses	28,944	336	29,280
Net foreign currency exchange differences	<u>4,554</u>	<u>38</u>	<u>4,592</u>
Balance on September 30, 2023	<u>\$ 281,086</u>	<u>\$ 2,056</u>	<u>\$ 283,142</u>
Net amount as of December 31, 2022 and January 1, 2023	<u>\$ 758,350</u>	<u>\$ 4,011</u>	<u>\$ 762,361</u>
Net on September 30, 2023	<u>\$ 741,945</u>	<u>\$ 3,747</u>	<u>\$ 745,692</u>

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

**Buildings**

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

The 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 said circumstances, the fair values of the Group's investment properties were NT\$1,154,198 thousand, NT\$1,142,323 thousand and NT\$1,155,644 thousand, respectively, on September 30, 2023 and December 31 and September 30, 2022. Said values were not evaluated by independent appraisers but determined based on the market evidence in reference to the transaction price 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, 2022	\$ 258,477	\$ 242,424	\$ 500,901
Additions	65	11,690	11,755
Disposals	-	( 742 )	( 742 )
Net foreign currency exchange differences	<u>8,955</u>	<u>17</u>	<u>8,972</u>
Balance on September 30, 2022	<u>\$ 267,497</u>	<u>\$ 253,389</u>	<u>\$ 520,886</u>
<u>Accumulated amortization and impairment</u>			
Balance as of January 1, 2022	\$ 177,636	\$ 220,842	\$ 398,478
Disposals	-	( 742 )	( 742 )
Amortization expenses	3,711	10,728	14,439
Net foreign currency exchange differences	<u>3,245</u>	<u>16</u>	<u>3,261</u>
Balance on September 30, 2022	<u>\$ 184,592</u>	<u>\$ 230,844</u>	<u>\$ 415,436</u>
Net on September 30, 2022	<u>\$ 82,905</u>	<u>\$ 22,545</u>	<u>\$ 105,450</u>
<u>Cost</u>			
Balance as of January 1, 2023	\$ 264,959	\$ 261,854	\$ 526,813
Additions	13	73,221	73,234
Net foreign currency exchange differences	<u>6,373</u>	<u>999</u>	<u>7,372</u>
Balance on September 30, 2023	<u>\$ 271,345</u>	<u>\$ 336,074</u>	<u>\$ 607,419</u>
<u>Accumulated amortization and impairment</u>			
Balance as of January 1, 2023	\$ 181,483	\$ 235,070	\$ 416,553
Amortization expenses	4,197	13,054	17,251
Net foreign currency exchange differences	<u>1,912</u>	<u>12</u>	<u>1,924</u>
Balance on September 30, 2023	<u>\$ 187,592</u>	<u>\$ 248,136</u>	<u>\$ 435,728</u>
Net amount as of December 31, 2022 and January 1, 2023	<u>\$ 83,476</u>	<u>\$ 26,784</u>	<u>\$ 110,260</u>
Net on September 30, 2023	<u>\$ 83,753</u>	<u>\$ 87,938</u>	<u>\$ 171,691</u>

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

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Current</u>			
Pledged bank time deposits (Note 33)	\$ 10,096	\$ 9,904	\$ 4,019
Advances to officers	13,087	29,217	33,141
Temporary payments	355	10	2,719
Right of products to be returned	74,754	70,445	56,275
Others	9	21	64
	<u>\$ 98,301</u>	<u>\$ 109,597</u>	<u>\$ 96,218</u>
<u>Non-current</u>			
Prepayments for equipment	\$ 3,324	\$ 12,834	\$ 37,034
Refundable deposits	463,558	271,840	68,361
Others	115,222	91,272	95,192
	<u>\$ 582,104</u>	<u>\$ 375,946</u>	<u>\$ 200,587</u>

## 20. BORROWINGS

### a. Short-term borrowings

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Secured borrowings</u> (Note 33)			
Bank loans	\$ 60,000	\$ 202,178	\$ 248,392
<u>Unsecured borrowings</u>			
Bank loans	2,068,747	2,725,997	1,032,068
	<u>\$ 2,128,747</u>	<u>\$ 2,928,175</u>	<u>\$ 1,280,460</u>

The annual interest rates of said short-term borrowings or financing were 1.81% – 3.00%, 1.73% – 2.80% and 1.25% – 2.90% on September 30, 2023 and December 31 and September 30, 2022.

### b. Short-term bills payable

	September 30, 2023	December 31, 2022	September 30, 2022
Commercial paper payable	\$ 50,000	\$ -	\$ 180,000
Less: Discount on short-term bills payable	( 11)	-	( 254)
	<u>\$ 49,989</u>	<u>\$ -</u>	<u>\$ 179,746</u>

The annual interest rates of commercial paper payable were 2.00% and 1.70% – 1.94% on September 30, 2023 and 2022, respectively.

## 21. NOTES PAYABLE AND TRADE PAYABLES

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Notes payable</u>			
Operating	<u>\$ 1,362,865</u>	<u>\$ 543,484</u>	<u>\$ 1,450,135</u>
<u>Trade payables</u>			
Operating	<u>\$ 1,616,983</u>	<u>\$ 1,405,642</u>	<u>\$ 1,567,107</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

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Current</u>			
Other payables			
Payable for salaries or bonuses	\$ 360,135	\$ 418,811	\$ 327,952
Payable for compensation of employees	14,849	19,470	15,437
Payable for remuneration to directors	6,282	8,237	6,633
Payable for commission and rebates	1,841,441	1,593,054	1,254,114
Payable for advertisement	226,170	285,252	203,136
Payable for royalties	24,144	25,917	23,659
Payable for freight	25,065	64,997	52,676
Payable for equipment	99,217	74,402	66,811
Others	<u>1,011,300</u>	<u>1,247,511</u>	<u>1,149,469</u>
	<u>\$ 3,608,603</u>	<u>\$ 3,737,651</u>	<u>\$ 3,099,887</u>
Other liabilities			
Advance receipts from customers	\$ 480	\$ 1,771	\$ 2,541
Refund liability	116,988	113,120	96,789
Others	<u>28,991</u>	<u>15,571</u>	<u>8,510</u>
	<u>\$ 146,459</u>	<u>\$ 130,462</u>	<u>\$ 107,840</u>
<u>Non-current</u>			
Other liabilities			
Guarantee deposits	<u>\$ 22,261</u>	<u>\$ 22,224</u>	<u>\$ 23,263</u>
	<u>\$ 22,261</u>	<u>\$ 22,224</u>	<u>\$ 23,263</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

The defined benefit plan-related retirement costs recognized for the three and nine months ended September 30, 2023 and 2022 are calculated based on the pension costs determined by the actuarial calculation on December 31, 2022 and 2021, namely NT\$13,936 thousand, NT\$2,331 thousand, NT\$19,181 thousand and NT\$6,651 thousand.

## 24. EQUITY

### a. Share capital

#### Ordinary shares

	September 30, 2023	December 31, 2022	September 30, 2022
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>

### b. Capital surplus

	September 30, 2023	December 31, 2022	September 30, 2022
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital</u> (1)			
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	164,875	156,271	156,271
<u>May only be used to offset a deficit</u>			
Changes in percentage of ownership interests in subsidiaries (2)	<u>709</u>	<u>709</u>	<u>466</u>
	<u>\$ 165,585</u>	<u>\$ 156,981</u>	<u>\$ 156,738</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 Company held its annual general meeting on June 16, 2023 and June 16, 2022 to propose and resolve earnings distribution plans for 2022 and 2021, respectively, as follows:

	<u>2022</u>	<u>2021</u>
Legal reserve	<u>\$ 126,036</u>	<u>\$ 245,834</u>
Cash dividends	<u>\$ 1,180,466</u>	<u>\$ 1,738,670</u>
Cash dividends per share (NT\$)	<u>\$ 1.29</u>	<u>\$ 1.9</u>

d. Special reserve

	<u>For the Nine Months Ended September 30, 2023</u>	<u>For the Nine Months Ended September 30, 2022</u>
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

	<u>For the Nine Months Ended September 30, 2023</u>	<u>For the Nine Months Ended September 30, 2022</u>
Balance as of January 1	(\$ 489,177)	(\$ 612,857)
Recognized for the year		
Exchange differences on translating the financial statements of foreign operations	<u>131,402</u>	<u>214,828</u>
Other comprehensive income for the period	<u>131,402</u>	<u>214,828</u>
Balance as of September 30	( <u>\$ 357,775</u> )	( <u>\$ 398,029</u> )

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

	For the Nine Months Ended September 30, 2023	For the Nine Months Ended September 30, 2022
Balance as of January 1	\$ 238,649	\$ 422,781
Recognized for the year		
Unrealized gain (loss)		
Equity instruments	( 24,876 )	( 165,828 )
Other comprehensive income for the period	( 24,876 )	( 165,828 )
Accumulated income from disposal of equity instruments transferred to the retained earnings	( 13,172 )	-
Balance as of September 30	<u>\$ 200,601</u>	<u>\$ 256,953</u>

f. Non-controlling Interests

	For the Nine Months Ended September 30, 2023	For the Nine Months Ended September 30, 2022
Balance as of January 1	\$ 342,400	\$ 440,027
Net profit for the period	29,657	48,698
Other comprehensive income for the period		
Exchange differences on translating the financial statements of foreign operations	697	1,322
Unrealized gain (loss) on financial assets at FVTOCI	( 70,661 )	( 51,536 )
Payment of cash dividends by subsidiaries to non-controlling shareholders	( 33,504 )	( 33,504 )
Balance as of September 30	<u>\$ 268,589</u>	<u>\$ 405,007</u>

g. Treasury shares

Purpose of Buy-back	Number of parent company's shares held by subsidiaries (thousand shares)
Number of shares on January 1 and September 30, 2023	<u>6,669</u>
Number of shares on January 1 and September 30, 2022	<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>September 30, 2023</u>			
Charng Hui	6,669	<u>\$ 21,182</u>	<u>\$ 251,106</u>
<u>December 31, 2022</u>			
Charng Hui	6,669	<u>\$ 21,182</u>	<u>\$ 265,778</u>
<u>September 30, 2022</u>			
Charng Hui	6,669	<u>\$ 21,182</u>	<u>\$ 255,107</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 September 30, 2023</u>	<u>For the Three Months Ended September 30, 2022</u>	<u>For the Nine Months Ended September 30, 2023</u>	<u>For the Nine Months Ended September 30, 2022</u>
Revenue from contracts with customers				
Sale of goods	<u>\$ 7,925,667</u>	<u>\$ 7,676,870</u>	<u>\$ 20,129,635</u>	<u>\$ 20,399,539</u>

### a. Contract balances

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>	<u>January 1, 2022</u>
Notes receivable (Note 10)	<u>\$ 4,399</u>	<u>\$ 9,223</u>	<u>\$ 5,044</u>	<u>\$ 18,370</u>
Trade receivables (Note 10)	<u>\$ 4,789,288</u>	<u>\$ 5,025,105</u>	<u>\$ 4,649,613</u>	<u>\$ 5,722,846</u>
Trade receivables from related parties (Note 32)	<u>\$ 91</u>	<u>\$ 4,737</u>	<u>\$ 11,716</u>	<u>\$ 7,290</u>
Contract liabilities - current				
Sale of goods	<u>\$ 216,136</u>	<u>\$ 478,697</u>	<u>\$ 172,246</u>	<u>\$ 509,315</u>

### b. Disaggregation of revenue

#### For the Nine Months Ended September 30, 2023

	<u>Reportable Segments</u>			
	<u>Nutritious Foods</u>	<u>Cooking products Food</u>	<u>Others</u>	<u>Total</u>
<u>Types of goods or services</u>				
Sale of goods	<u>\$ 7,758,139</u>	<u>\$ 10,366,098</u>	<u>\$ 2,005,398</u>	<u>\$ 20,129,635</u>

For the Nine Months Ended September 30, 2022

<u>Types of goods or services</u>	Reportable Segments			Total
	Nutritious Foods	Cooking products Food	Others	
Sale of goods	<u>\$ 7,783,029</u>	<u>\$ 9,391,460</u>	<u>\$ 3,225,050</u>	<u>\$ 20,399,539</u>

**26. NET PROFIT**

Components of net profit includes:

a. Interest income

	For the Three Months Ended September 30, 2023	For the Three Months Ended September 30, 2022	For the Nine Months Ended September 30, 2023	For the Nine Months Ended September 30, 2022
Interest income				
Bank deposits	\$ 11,547	\$ 9,839	\$ 35,448	\$ 31,125
Financial assets at amortized cost	33,878	25,136	88,478	59,636
Bond repurchase agreement	-	-	18	-
Others	<u>612</u>	<u>387</u>	<u>1,357</u>	<u>787</u>
	<u>\$ 46,037</u>	<u>\$ 35,362</u>	<u>\$ 125,301</u>	<u>\$ 91,548</u>

b. Other income

	For the Three Months Ended September 30, 2023	For the Three Months Ended September 30, 2022	For the Nine Months Ended September 30, 2023	For the Nine Months Ended September 30, 2022
Operating lease rental income				
Investment properties	\$ 7,887	\$ 6,392	\$ 24,430	\$ 19,004
Others	<u>352</u>	<u>318</u>	<u>935</u>	<u>911</u>
	<u>8,239</u>	<u>6,710</u>	<u>25,365</u>	<u>19,915</u>
Dividend income				
Financial assets at FVTPL	114	13	142	29
Investments in equity instruments at FVTOCI	<u>18,037</u>	<u>15,511</u>	<u>21,247</u>	<u>24,122</u>
	<u>18,151</u>	<u>15,524</u>	<u>21,389</u>	<u>24,151</u>
	<u>\$ 26,390</u>	<u>\$ 22,234</u>	<u>\$ 46,754</u>	<u>\$ 44,066</u>

c. Other gains and losses

	For the Three Months Ended September 30, 2023	For the Three Months Ended September 30, 2022	For the Nine Months Ended September 30, 2023	For the Nine Months Ended September 30, 2022
Gains and losses of financial assets and financial liabilities				
Financial assets mandatorily classified as at FVTPL	( \$ 7,825 )	( \$ 9,810 )	\$ 28,919	( \$ 72,855 )
Net foreign exchange gains (losses)	70,178	54,213	68,352	111,746
Net gain (loss) from disposal of property, plant and equipment	344	( 3,216 )	1,003	1,526
Government grants	536	8,261	2,193	27,007
Others	( 5,421 )	13,120	( 8,460 )	4,859
	<u>\$ 57,812</u>	<u>\$ 62,568</u>	<u>\$ 92,007</u>	<u>\$ 72,283</u>

d. Financial cost

	For the Three Months Ended September 30, 2023	For the Three Months Ended September 30, 2022	For the Nine Months Ended September 30, 2023	For the Nine Months Ended September 30, 2022
Interest on bank loans	\$ 23,422	\$ 16,882	\$ 52,608	\$ 35,536
Interest on short-term bills payable	208	572	464	1,732
Interest on lease liabilities	1,141	1,691	3,828	5,709
Other interest expenses	11	8	32	286
	<u>\$ 24,782</u>	<u>\$ 19,153</u>	<u>\$ 56,932</u>	<u>\$ 43,263</u>

e. Impairment loss (gain on reversal)

	For the Three Months Ended September 30, 2023	For the Three Months Ended September 30, 2022	For the Nine Months Ended September 30, 2023	For the Nine Months Ended September 30, 2022
Trade receivables	<u>\$ 20,231</u>	<u>\$ 22,861</u>	<u>\$ 26,707</u>	<u>\$ 35,413</u>
Inventories (included in operating costs)	<u>\$ 8,294</u>	( <u>\$ 4,954</u> )	<u>\$ 12,281</u>	<u>\$ 39,426</u>

f. Depreciation and amortization

	For the Three Months Ended September 30, 2023	For the Three Months Ended September 30, 2022	For the Nine Months Ended September 30, 2023	For the Nine Months Ended September 30, 2022
An analysis of depreciation by function				
Operating costs	\$ 96,021	\$ 97,591	\$ 288,896	\$ 298,691
Operating expenses	39,960	38,543	117,940	120,752

(Continued)

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	For the Three Months Ended September 30, 2023	For the Three Months Ended September 30, 2022	For the Nine Months Ended September 30, 2023	For the Nine Months Ended September 30, 2022
Non-operating revenue and expenses	\$ <u>9,784</u> <u>\$ 145,765</u>	\$ <u>9,668</u> <u>\$ 145,802</u>	\$ <u>29,280</u> <u>\$ 436,116</u>	\$ <u>28,677</u> <u>\$ 448,120</u>
An analysis of amortization by function				
Operating costs	\$ 7,668	\$ 7,122	\$ 22,609	\$ 21,013
Operating expenses	<u>12,054</u> <u>\$ 19,722</u>	<u>11,053</u> <u>\$ 18,175</u>	<u>34,395</u> <u>\$ 57,004</u>	<u>34,429</u> <u>\$ 55,442</u>

g. Operating expenses directly related to investment properties

	For the Three Months Ended September 30, 2023	For the Three Months Ended September 30, 2022	For the Nine Months Ended September 30, 2023	For the Nine Months Ended September 30, 2022
Direct operating expenses of investment properties				
Direct operating expenses of investment properties that generated rental income	\$ 1,365	\$ 112	\$ 1,593	\$ 332
Direct operating expenses of investment properties that did not generated rental income	<u>143</u> <u>\$ 1,508</u>	<u>143</u> <u>\$ 255</u>	<u>431</u> <u>\$ 2,024</u>	<u>428</u> <u>\$ 760</u>

h. Employee benefit expenses

	For the Three Months Ended September 30, 2023	For the Three Months Ended September 30, 2022	For the Nine Months Ended September 30, 2023	For the Nine Months Ended September 30, 2022
Post-employment benefits				
Defined contribution plans	\$ 35,396	\$ 33,147	\$ 102,478	\$ 112,539
Defined benefit plans (Note 23)	<u>13,936</u> 49,332	<u>2,331</u> 35,478	<u>19,181</u> 121,659	<u>6,651</u> 119,190
Other employee benefits	<u>630,078</u>	<u>595,924</u>	<u>1,788,000</u>	<u>1,878,954</u>
Total employee benefit expenses	<u>\$ 679,410</u>	<u>\$ 631,402</u>	<u>\$ 1,909,659</u>	<u>\$ 1,998,144</u>
An analysis of employee benefit expenses by function				
Operating costs	\$ 237,284	\$ 228,851	\$ 693,848	\$ 672,108
Operating expenses	<u>442,126</u> <u>\$ 679,410</u>	<u>402,551</u> <u>\$ 631,402</u>	<u>1,215,811</u> <u>\$ 1,909,659</u>	<u>1,326,036</u> <u>\$ 1,998,144</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. The remuneration to employees and directors estimated for the three and nine months ended September 30, 2023 and 2022 is stated as follows:

Accrual rate

	For the Nine Months Ended September 30, 2023	For the Nine Months Ended September 30, 2022
Compensation of employees	1.30%	1.28%
Remuneration of directors	0.55%	0.55%

Amount

	For the Three Months Ended September 30, 2023	For the Three Months Ended September 30, 2022	For the Nine Months Ended September 30, 2023	For the Nine Months Ended September 30, 2022
Compensation of employees	<u>\$ 8,078</u>	<u>\$ 7,619</u>	<u>\$ 14,849</u>	<u>\$ 15,437</u>
Remuneration of directors	<u>\$ 3,417</u>	<u>\$ 3,274</u>	<u>\$ 6,282</u>	<u>\$ 6,633</u>

If the amount changes after the consolidated financial statements are approved and announced to the public, the difference will be treated as a change in accounting estimate and recognized as a gain or loss in the following year.

Remunerations for employees and directors for 2022 and 2021 were resolved by the Board of Directors on March 15, 2023 and March 21, 2022, respectively.

	2022 Cash	2021 Cash
Compensation of employees	\$ 19,470	\$ 38,903
Remuneration of directors	8,237	16,716

The amounts of employee and directors' compensation distributed for the years ended December 31, 2022 and 2021 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 September 30, 2023	For the Three Months Ended September 30, 2022	For the Nine Months Ended September 30, 2023	For the Nine Months Ended September 30, 2022
Foreign exchange gains	\$ 86,017	\$ 82,242	\$ 139,105	\$ 188,943
Foreign exchange losses	( 15,839 )	( 28,029 )	( 70,753 )	( 77,197 )
Net gains	<u>\$ 70,178</u>	<u>\$ 54,213</u>	<u>\$ 68,352</u>	<u>\$ 111,746</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 September 30, 2023	For the Three Months Ended September 30, 2022	For the Nine Months Ended September 30, 2023	For the Nine Months Ended September 30, 2022
Current tax				
In respect of the current year	\$ 117,877	\$ 156,339	\$ 313,022	\$ 469,202
Additional tax on unappropriated earnings	-	-	147	23,692
Adjustments from previous years	<u>536</u>	<u>1</u>	<u>3,151</u>	<u>( 25,449 )</u>
	<u>118,413</u>	<u>156,340</u>	<u>316,320</u>	<u>467,445</u>
Deferred tax				
In respect of the current year	<u>19,809</u>	<u>( 20,265 )</u>	<u>( 71,015 )</u>	<u>( 163,997 )</u>
Income tax expenses recognized in profit or loss	<u>\$ 138,222</u>	<u>\$ 136,075</u>	<u>\$ 245,305</u>	<u>\$ 303,448</u>

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

	For the Three Months Ended September 30, 2023	For the Three Months Ended September 30, 2022	For the Nine Months Ended September 30, 2023	For the Nine Months Ended September 30, 2022
<u>Deferred tax</u>				
Recognized for the year				
- Exchange differences of foreign operations	\$ 65,708	\$ 18,966	\$ 32,850	\$ 53,707
- Unrealized gain (loss) on financial assets at FVTOCI	<u>( 7 )</u>	<u>4</u>	<u>15</u>	<u>6</u>
Income tax recognized in other comprehensive income	<u>\$ 65,701</u>	<u>\$ 18,970</u>	<u>\$ 32,865</u>	<u>\$ 53,713</u>

### c. Income tax assessments

The Company's income tax returns have been authorized by the tax collection authority up until 2020.

The income tax returns of Standard Dairy Products, Charng Hui, Standard Beverage and Domex Technology have been authorized by the tax collection authority up until 2021.

## 28. EARNINGS PER SHARE

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 September 30, 2023	For the Three Months Ended September 30, 2022	For the Nine Months Ended September 30, 2023	For the Nine Months Ended September 30, 2022
Earnings used in the computation of basic and diluted earnings per share	<u>\$ 502,035</u>	<u>\$ 488,077</u>	<u>\$ 944,406</u>	<u>\$ 976,082</u>

### Shares

Unit: Thousand shares

	For the Three Months Ended September 30, 2023	For the Three Months Ended September 30, 2022	For the Nine Months Ended September 30, 2023	For the Nine Months Ended September 30, 2022
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>408</u>	<u>425</u>	<u>540</u>	<u>661</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>908,828</u>	<u>908,845</u>	<u>908,960</u>	<u>909,081</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 Nine Months Ended September 30, 2023

			Non-cash flow		
	January 1, 2023	Cash flows	New lease/lease modification	Adjustment of changes in exchange rates	September 30, 2023
Other non-current liabilities	\$ 2,928,175	( \$ 835,924 )	\$ -	\$ 36,496	\$ 2,128,747
Short-term bills payable	-	49,989	-	-	49,989
Lease liabilities	250,858	( 77,219 )	54,902	( 17,693 )	210,848
Guarantee deposits	22,224	( 328 )	-	365	22,261
	<u>\$ 3,201,257</u>	<u>( \$ 863,482 )</u>	<u>\$ 54,902</u>	<u>\$ 19,168</u>	<u>\$ 2,411,845</u>

#### For the Nine Months Ended September 30, 2022

			Non-cash flow		
	January 1, 2022	Cash flows	New lease/lease modification	Adjustment of changes in exchange rates	September 30, 2022
Other non-current liabilities	\$ 1,372,463	( \$ 115,667 )	\$ -	\$ 23,664	\$ 1,280,460
Short-term bills payable	259,855	( 80,109 )	-	-	179,746
Lease liabilities	319,973	( 64,836 )	11,230	6,179	272,546
Guarantee deposits	31,055	( 8,533 )	-	741	23,263
Other non-current liabilities	121	( 125 )	-	4	-
	<u>\$ 1,983,467</u>	<u>( \$ 269,270 )</u>	<u>\$ 11,230</u>	<u>\$ 30,588</u>	<u>\$ 1,756,015</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

#### September 30, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Listed shares	\$ 47,302	\$ -	\$ -	\$ 47,302
Unlisted shares	-	-	2,033	2,033
Mutual fund beneficiary certification	457,147	-	-	457,147
Debt securities	-	80,610	-	80,610
Total	<u>\$ 504,449</u>	<u>\$ 80,610</u>	<u>\$ 2,033</u>	<u>\$ 587,092</u>

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
- Listed shares	\$ 377,153	\$ -	\$ -	\$ 377,153
- Unlisted shares	-	-	19,016	19,016
Total	<u>\$ 377,153</u>	<u>\$ -</u>	<u>\$ 19,016</u>	<u>\$ 396,169</u>

December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Listed shares	\$ 31,562	\$ -	\$ -	\$ 31,562
Unlisted shares	-	-	2,059	2,059
Mutual fund beneficiary certification	1,261,901	-	-	1,261,901
Total	<u>\$ 1,293,463</u>	<u>\$ -</u>	<u>\$ 2,059</u>	<u>\$ 1,295,522</u>

Financial assets at FVTOCI

Investments in equity instruments				
- Listed shares	\$ 327,867	\$ -	\$ -	\$ 327,867
- Unlisted shares	-	-	215,709	215,709
Total	<u>\$ 327,867</u>	<u>\$ -</u>	<u>\$ 215,709</u>	<u>\$ 543,576</u>

September 30, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Listed shares	\$ 33,810	\$ -	\$ -	\$ 33,810
Unlisted shares	-	-	2,077	2,077
Mutual fund beneficiary certification	421,764	-	-	421,764
Total	<u>\$ 455,574</u>	<u>\$ -</u>	<u>\$ 2,077</u>	<u>\$ 457,651</u>

Financial assets at FVTOCI

Investments in equity instruments				
- Listed shares	\$ 301,140	\$ -	\$ -	\$ 301,140
- Unlisted shares	-	-	302,721	302,721
Total	<u>\$ 301,140</u>	<u>\$ -</u>	<u>\$ 302,721</u>	<u>\$ 603,861</u>

Between January 1 and September 30, 2023 and 2022, there was no change of fair value measurement between level 1 and level 2.

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

For the Nine Months Ended September 30, 2023

Financial assets	Financial assets at FVTPL Equity instruments	Financial assets at FVTOCI Equity instruments	Total
Balance as of January 1	\$ 2,059	\$ 215,709	\$ 217,768
Recognized in profit or loss (included in other gains and losses)	( 26 )	-	( 26 )
Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at FVTOCI)	-	( 144,802 )	( 144,802 )
Disposals	-	( 51,912 )	( 51,912 )
Impact of exchange rates	-	21	21
Balance as of September 30	<u>\$ 2,033</u>	<u>\$ 19,016</u>	<u>\$ 21,049</u>
Recognized in other gains and losses - unrealized	( \$ 26 )	\$ -	( \$ 26 )

For the Nine Months Ended September 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)	( 167 )	-	( 167 )
Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at FVTOCI)	-	( 109,412 )	( 109,412 )
Impact of exchange rates	-	29	29
Balance as of September 30	<u>\$ 2,077</u>	<u>\$ 302,721</u>	<u>\$ 304,798</u>
Recognized in other gains and losses - unrealized	( \$ 167 )	\$ -	( \$ 167 )

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

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Financial assets</u>			
At FVTPL			
Mandatorily classified as at FVTPL	\$ 587,092	\$ 1,295,522	\$ 457,651
Financial assets at amortized cost (Note 1)	12,473,491	12,785,603	12,215,570
Financial assets at FVTOCI			
Investments in equity instruments	396,169	543,576	603,861
<u>Financial liabilities</u>			
Financial liabilities at amortized cost (Note 2)	5,297,219	4,996,745	\$ 4,595,589

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 Nine Months Ended September 30, 2023	For the Nine Months Ended September 30, 2022	For the Nine Months Ended September 30, 2023	For the Nine Months Ended September 30, 2022
Profit or loss	\$ 37,115 (i)	\$ 29,885 (i)	\$ 22,897 (ii)	\$ 13,503 (ii)

  

	EUR Impact		AUD Impact	
	For the Nine Months Ended September 30, 2023	For the Nine Months Ended September 30, 2022	For the Nine Months Ended September 30, 2023	For the Nine Months Ended September 30, 2022
Profit or loss	\$ 8,063 (iii)	(\$ 249)(iii)	\$ 4,568 (iv)	\$ 2,281 (iv)

  

	CHF Impact		SGD Impact	
	For the Nine Months Ended September 30, 2023	For the Nine Months Ended September 30, 2022	For the Nine Months Ended September 30, 2023	For the Nine Months Ended September 30, 2022
Profit or loss	(\$ 325)(v)	(\$ 468)(v)	\$ 32 (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 Company's SGD-denominated bank deposits and accounts payables which were still outstanding but were not hedged on the balance sheet date.

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.

	September 30, 2023	December 31, 2022	September 30, 2022
Fair value interest rate risk			
- Financial assets	\$ 4,328,369	\$ 4,137,886	\$ 4,676,047
- Financial liabilities	2,389,584	3,059,033	1,604,844
Cash flow interest rate risk			
- Financial assets	171,200	320,900	680,300
- Financial liabilities	-	120,000	127,908

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 the other variables remain unchanged, the Group's pre-tax profit for the nine months period ended September 30, 2023 and 2022 would increase (decrease) by NT\$1,284 thousand and NT\$4,143 thousand, respectively. If the interest rate decreases by 1%, it would be the same amount but negative number reflecting the effect on the pre-tax profit.

c) Other price risk

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

Sensitivity analysis

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

If the price increases/decreases by 1%, the pre-tax income for the nine months ended September 30, 2023 would increase/decrease by NT\$5,871 thousand, due to the increase/decrease in the fair value of the financial assets at fair value through profit or loss, and the pre-tax other comprehensive income for the nine months ended September 30, 2023 would increase/decrease by NT\$3,962 thousand, due to the increase/decrease in the fair value of the financial assets at fair value through other comprehensive income.

If the price increases/decreases by 1%, the pre-tax income for the nine months ended September 30, 2022 would increase/decrease by NT\$4,577 thousand, due to the increase/decrease in the fair value of the financial assets at fair value through profit or loss, and the pre-tax other comprehensive income for the nine months ended September 30, 2022 would increase/decrease by NT\$6,039 thousand, due to the increase/decrease in the fair value of the financial assets 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 balance sheet date, the Group's maximum exposure to the risk of financial loss due to counterparties' default on contractual obligations (specifically, the maximum amount of irrevocable exposure without taking into consideration the effect of collaterals and other credit enhancements) is represented by the book value of financial assets shown on the consolidated balance sheet.

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. Until September 30, 2023 and December 31 and September 30, 2022, the facilities remaining unused by the Group have been NT\$5,721,068 thousand, NT\$5,107,372 thousand and NT\$6,804,384 thousand.

### 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.

September 30, 2023

	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	\$ 1,003,853	\$ 2,015,856	\$ 76,375	\$ 22,062
Lease liabilities	8,741	21,221	55,474	132,588
Fixed interest rate liabilities	124,214	460,256	-	1,595,583
Contract liabilities	72,045	144,091	-	-
	<u>\$ 1,208,853</u>	<u>\$ 2,641,424</u>	<u>\$ 131,849</u>	<u>\$ 1,750,233</u>

December 31, 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	\$ 661,460	\$ 1,325,899	\$ 57,465	\$ 22,224
Lease liabilities	8,070	18,954	70,308	163,512
Variable interest rate liabilities	-	120,086	-	-
Fixed interest rate liabilities	860,858	382,951	-	1,565,337
Contract liabilities	159,566	319,131	-	-
	<u>\$ 1,689,954</u>	<u>\$ 2,167,021</u>	<u>\$ 127,773</u>	<u>\$ 1,751,073</u>

September 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	\$ 1,021,022	\$ 2,039,047	\$ 51,742	\$ 23,263
Lease liabilities	7,932	18,745	70,263	186,742
Variable interest rate liabilities	17,406	98,146	12,403	-
Fixed interest rate liabilities	693,147	399,936	248,420	-
Contract liabilities	57,415	114,831	-	-
	<u>\$ 1,796,922</u>	<u>\$ 2,670,705</u>	<u>\$ 382,828</u>	<u>\$ 210,005</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 September 30, 2023</u>	<u>For the Three Months Ended September 30, 2022</u>	<u>For the Nine Months Ended September 30, 2023</u>	<u>For the Nine Months Ended September 30, 2022</u>
The Company is one of the directors	\$ <u>87</u>	\$ <u>15,317</u>	\$ <u>139</u>	\$ <u>34,815</u>

Sales from related parties were conducted on normal commercial terms.

### c. Purchases

<u>Related Party Category</u>	<u>For the Three Months Ended September 30, 2023</u>	<u>For the Three Months Ended September 30, 2022</u>	<u>For the Nine Months Ended September 30, 2023</u>	<u>For the Nine Months Ended September 30, 2022</u>
The Company is one of the directors	\$ <u>14,340</u>	\$ <u>34,540</u>	\$ <u>38,452</u>	\$ <u>79,660</u>

Purchases from related parties were conducted on normal commercial terms.

d. Receivables from related parties

Line Item	Name of Related Party	September 30, 2023	December 31, 2022	September 30, 2022
Trade receivables from related parties	GeneFerm	<u>\$ 91</u>	<u>\$ 4,737</u>	<u>\$ 11,716</u>

The outstanding receivables from related parties were unsecured. No loss allowance was provided for the trade receivables from related parties for the nine months ended September 30, 2023 and 2022.

e. Payables to related parties

Line Item	Name of Related Party	September 30, 2023	December 31, 2022	September 30, 2022
Trade payables to related parties	GeneFerm	<u>\$ 15,057</u>	<u>\$ 19,633</u>	<u>\$ 26,125</u>

The outstanding payables to related parties were unsecured.

f. Compensation of key management personnel

	For the Three Months Ended September 30, 2023	For the Three Months Ended September 30, 2022	For the Nine Months Ended September 30, 2023	For the Nine Months Ended September 30, 2022
Short-term employee benefits	\$ 6,043	\$ 5,899	\$ 16,517	\$ 16,872
Post-employment benefits	<u>151</u>	<u>79</u>	<u>451</u>	<u>236</u>
	<u>\$ 6,194</u>	<u>\$ 5,978</u>	<u>\$ 16,968</u>	<u>\$ 17,108</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:

	September 30, 2023	December 31, 2022	September 30, 2022
Pledge time deposits (included in other current assets)	\$ 10,096	\$ 9,904	\$ 4,019
Property, plant and equipment - net	111,032	113,879	103,332
Investment properties - net	<u>33,189</u>	<u>34,075</u>	<u>34,371</u>
	<u>\$ 154,317</u>	<u>\$ 157,858</u>	<u>\$ 141,722</u>

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

In addition to the other notes, the Group's significant commitments or contingencies on September 30, 2023 are stated as following:

- 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. The letter of credit issued but remaining unused amounts to US\$785 thousand.
- c. Unrecognized property, plant and equipment contract commitments amount to NT\$429,435 thousand.
- d. Unrecognized commitments for acquiring colostrum from dairymen were approximately 41,808 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:

September 30, 2023

	Foreign Currencies	Exchange Rate	Carrying Amount
Foreign currency assets			
<u>Monetary items</u>			
USD	\$ 20,236	32.27 (USD:NTD)	\$ 653,028
USD	5,938	7.18 (USD:RMB)	191,609
EUR	7,926	33.91 (EUR:NTD)	268,771
RMB	275,256	4.49 (RMB:NTD)	1,237,167
AUD	7,410	20.55 (AUD:NTD)	152,274
SGD	305	23.53 (SGD:NTD)	7,167
			<u>\$ 2,510,016</u>
Foreign currency liabilities			
<u>Monetary items</u>			
USD	2,522	32.27 (USD:NTD)	\$ 81,397
CHF	309	7.80 (CHF:RMB)	10,837
SGD	259	23.53 (SGD:NTD)	6,096
			<u>\$ 98,330</u>

December 31, 2022

	Foreign Currencies	Exchange Rate	Carrying Amount
Foreign currency assets			
<u>Monetary items</u>			
USD	\$ 13,240	30.71 (USD:NTD)	\$ 406,590
USD	1,240	6.96 (USD:RMB)	38,087
EUR	2,042	32.72 (EUR:NTD)	66,803
RMB	223,367	4.41 (RMB:NTD)	984,913
AUD	4,116	20.83 (AUD:NTD)	85,733
SGD	387	22.88 (SGD:NTD)	8,851
			<u>\$ 1,590,977</u>
Foreign currency liabilities			
<u>Monetary items</u>			
USD	2,822	30.71 (USD:NTD)	\$ 86,650
CHF	139	7.53 (CHF:RMB)	4,616
			<u>\$ 91,266</u>

September 30, 2022

	Foreign Currencies	Exchange Rate	Carrying Amount
Foreign currency assets			
<u>Monetary items</u>			
USD	\$ 15,896	31.75 (USD:NTD)	\$ 504,701
USD	1,240	7.10 (USD:RMB)	39,371
EUR	263	31.26 (EUR:NTD)	8,233
RMB	222,706	4.47 (RMB:NTD)	996,166
AUD	3,681	20.66 (AUD:NTD)	76,044
			<u>\$ 1,624,515</u>
Foreign currency liabilities			
<u>Monetary items</u>			
USD	2,960	31.75 (USD:NTD)	\$ 93,965
EUR	528	31.26 (EUR:NTD)	16,518
CHF	480	7.27 (CHF:RMB)	15,609
			<u>\$ 126,092</u>

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

	For the Three Months Ended September 30, 2023	Net Foreign Exchange Gains (Losses)	For the Three Months Ended September 30, 2022	Net Foreign Exchange Gains (Losses)
Functional Currencies	Exchange Rate		Exchange Rate	
NTD	1(NTD:NTD)	\$ 70,400	1(NTD:NTD)	\$ 52,226
RMB	4.42(RMB:NTD)	( 561 )	4.45(RMB:NTD)	1,574
CHF	35.86(CHF:NTD)	339	31.44(CHF:NTD)	413
		<u>\$ 70,178</u>		<u>\$ 54,213</u>
	For the Nine Months Ended September 30, 2023	Net Foreign Exchange Gains (Losses)	For the Nine Months Ended September 30, 2022	Net Foreign Exchange Gains (Losses)
Functional Currencies	Exchange Rate		Exchange Rate	
NTD	1(NTD:NTD)	\$ 67,720	1(NTD:NTD)	\$ 107,145
RMB	4.41(RMB:NTD)	379	4.44(RMB:NTD)	3,891
CHF	34.30(CHF:NTD)	253	30.76(CHF:NTD)	710
		<u>\$ 68,352</u>		<u>\$ 111,746</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
<u>January 1 – September 30, 2023</u>						
Sales from external customers	\$ 7,918,465	\$ 1,910,942	\$ 8,889,804	\$ 1,410,424	\$ -	\$20,129,635
Sales among intersegments	<u>1,208,593</u>	<u>939,399</u>	<u>7,166</u>	<u>61</u>	( <u>2,155,219</u> )	<u>-</u>
Total sales	<u>\$ 9,127,058</u>	<u>\$ 2,850,341</u>	<u>\$ 8,896,970</u>	<u>\$ 1,410,485</u>	( <u>\$ 2,155,219</u> )	<u>\$20,129,635</u>
Interest income	<u>\$ 37,146</u>	<u>\$ 3,435</u>	<u>\$ 84,313</u>	<u>\$ 15,468</u>	( <u>\$ 15,061</u> )	<u>\$ 125,301</u>
Financial cost	<u>\$ 990</u>	<u>\$ 4</u>	<u>\$ 60,740</u>	<u>\$ 10,259</u>	( <u>\$ 15,061</u> )	<u>\$ 56,932</u>
Depreciation expenses	<u>\$ 152,450</u>	<u>\$ 35,969</u>	<u>\$ 180,972</u>	<u>\$ 69,158</u>	( <u>\$ 2,433</u> )	<u>\$ 436,116</u>
Amortization expenses	<u>\$ 19,483</u>	<u>\$ 2,273</u>	<u>\$ 24,051</u>	<u>\$ 11,197</u>	<u>\$ -</u>	<u>\$ 57,004</u>
Operating segment income (loss)	<u>\$ 1,291,433</u>	<u>\$ 241,543</u>	( <u>\$ 286,824</u> )	<u>\$ 26,744</u>	( <u>\$ 53,528</u> )	<u>\$ 1,219,368</u>
PROFIT BEFORE INCOME TAX						<u>\$ 1,219,368</u>
<u>January 1 – September 30, 2022</u>						
Sales from external customers	\$ 7,800,847	\$ 1,915,649	\$ 8,285,247	\$ 2,397,796	\$ -	\$20,399,539
Sales among intersegments	<u>1,138,636</u>	<u>839,815</u>	<u>33</u>	<u>841</u>	( <u>1,979,325</u> )	<u>-</u>
Total sales	<u>\$ 8,939,483</u>	<u>\$ 2,755,464</u>	<u>\$ 8,285,280</u>	<u>\$ 2,398,637</u>	( <u>\$ 1,979,325</u> )	<u>\$20,399,539</u>
Interest income	<u>\$ 18,824</u>	<u>\$ 1,472</u>	<u>\$ 79,533</u>	<u>\$ 2,459</u>	( <u>\$ 10,740</u> )	<u>\$ 91,548</u>
Financial cost	<u>\$ 1,055</u>	<u>\$ 1</u>	<u>\$ 39,176</u>	<u>\$ 13,771</u>	( <u>\$ 10,740</u> )	<u>\$ 43,263</u>
Depreciation expenses	<u>\$ 161,654</u>	<u>\$ 32,880</u>	<u>\$ 182,540</u>	<u>\$ 73,793</u>	( <u>\$ 2,747</u> )	<u>\$ 448,120</u>
Amortization expenses	<u>\$ 15,162</u>	<u>\$ 2,548</u>	<u>\$ 26,317</u>	<u>\$ 11,415</u>	<u>\$ -</u>	<u>\$ 55,442</u>
Operating segment income (loss)	<u>\$ 1,648,506</u>	<u>\$ 328,840</u>	( <u>\$ 696,416</u> )	<u>\$ 49,857</u>	( <u>\$ 2,559</u> )	<u>\$ 1,328,228</u>
PROFIT BEFORE INCOME TAX						<u>\$ 1,328,228</u>

Table 1

STANDARD FOODS CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS  
For the Nine Months Ended September 30, 2023  
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Balance as of September 30	Amount Actually Drawn	Interest Rate	Nature of Financing (Note 2)	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Bad Debts	Collateral		Single borrower lending limit	Financing Amount Limit	Note
													Name	Value			
0	Standard Foods Corporation	Standard Foods (China) Co., Ltd.	Financing receivables - related parties	Yes	\$ 868,380	\$ 449,460	\$ 449,460	2.500%	2	\$ -	Need for operation	\$ -	—	\$ -	\$ 3,344,261 (Note 3)	\$ 6,688,522 (Note 4)	Note 11
0	Standard Foods Corporation	Standard Foods (Xiamen) Co., Ltd.	Financing receivables - related parties	Yes	868,380	449,460	449,460	2.500%	2	-	Need for operation	-	—	-	3,344,261 (Note 3)	6,688,522 (Note 4)	Note 11
0	Standard Foods Corporation	Standard Beverage Company Ltd.	Financing receivables - related parties	Yes	50,000	50,000	-	1.750%	2	-	Need for operation	-	—	-	3,344,261 (Note 3)	6,688,522 (Note 4)	Note 11
0	Standard Foods Corporation	Chang Hui Ltd.	Financing receivables - related parties	Yes	50,000	50,000	50,000	2.867%	2	-	Need for operation	-	—	-	3,344,261 (Note 3)	6,688,522 (Note 4)	Note 11
1	Standard Investment (China) Co., Ltd.	Shanghai Dermalab Corporation	Financing receivables - related parties	Yes	179,784	179,784	132,661	2.000%	2	-	Need for operation	-	—	-	1,326,150 (Note 5)	1,326,150 (Note 5)	Note 11
1	Standard Investment (China) Co., Ltd.	Le Bonta Wellness Co., Ltd.	Financing receivables - related parties	Yes	404,514	404,514	288,751	2.000%	2	-	Need for operation	-	—	-	1,326,150 (Note 5)	1,326,150 (Note 5)	Note 11
1	Standard Investment (China) Co., Ltd.	Standard Foods (Xiamen) Co., Ltd.	Financing receivables - related parties	Yes	539,352	539,352	492,374	2.000%	2	-	Need for operation	-	—	-	1,326,150 (Note 5)	1,326,150 (Note 5)	Note 11
1	Standard Investment (China) Co., Ltd.	Standard Foods (China) Co., Ltd.	Financing receivables - related parties	Yes	444,280	89,892	86,930	2.000%	2	-	Need for operation	-	—	-	1,326,150 (Note 5)	1,326,150 (Note 5)	Note 11
2	Shanghai Standard Foods Co., Ltd.	Standard Investment (China) Co., Ltd.	Financing receivables - related parties	Yes	651,717	651,717	532,030	2.000%	2	-	Need for operation	-	—	-	1,329,830 (Note 6)	1,329,830 (Note 6)	Note 11
2	Shanghai Standard Foods Co., Ltd.	Standard Foods (Xiamen) Co., Ltd.	Financing receivables - related parties	Yes	224,730	224,730	224,730	2.000%	2	-	Need for operation	-	—	-	1,329,830 (Note 6)	1,329,830 (Note 6)	Note 11
2	Shanghai Standard Foods Co., Ltd.	Standard Foods (China) Co., Ltd.	Financing receivables - related parties	Yes	224,730	224,730	-	2.000%	2	-	Need for operation	-	—	-	1,329,830 (Note 6)	1,329,830 (Note 6)	Note 11
3	Shanghai Le Ben De Health Technology Co., Ltd.	Standard Investment (China) Co., Ltd.	Financing receivables - related parties	Yes	5,776	-	-	-	2	-	Need for operation	-	—	-	13,028 (Note 7)	13,028 (Note 7)	Note 11
4	Shanghai Le Ho Industrial Co., Ltd.	Standard Investment (China) Co., Ltd.	Financing receivables - related parties	Yes	53,935	53,935	36,622	2.000%	2	-	Need for operation	-	—	-	184,074 (Note 8)	184,074 (Note 8)	Note 11
5	Shanghai Le Min Industrial Co., Ltd	Standard Investment (China) Co., Ltd.	Financing receivables - related parties	Yes	53,935	53,935	25,237	2.000%	2	-	Need for operation	-	—	-	115,206 (Note 9)	115,206 (Note 9)	Note 11
6	Shanghai New Vitality Health Technology (Group) Co., Ltd.	Jiangsu Hua Sun Health Technology Co., Ltd.	Financing receivables - related parties	Yes	53,935	53,935	9,618	2.000%	2	-	Need for operation	-	—	-	128,711 (Note 10)	128,711 (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 single limit is calculated based on 20% of the net worth of the latest financial statements of Standard Foods Corporation, which is NT\$3,344,261 thousand (the net worth, NT\$16,721,304 thousand, of the financial statements dated June 30, 2023x20%).

Note 4: The maximum limit is calculated based on 40% of the net worth of the latest financial statements of Standard Foods Corporation, which is NT\$6,688,522 thousand (the net worth, NT\$16,721,304 thousand, of the financial statements dated June 30, 2023x40%).

Note 5: The single and maximum limit is calculated based on 40% of the net worth of the latest financial statements of Standard Investment (China) Co., Ltd., which is NT\$1,326,150 thousand (the net worth, NT\$3,315,374 thousand, of the financial statements dated June 30, 2023x40%).

Note 6: The single and maximum limit is calculated based on 40% of the net worth of the latest financial statements of Shanghai Standard Foods Co., Ltd., which is NT\$1,329,830 thousand (the net worth, NT\$3,324,575 thousand, of the financial statements dated June 30, 2023x40%).

Note 7: The single and maximum limit is calculated based on 40% of the net worth of the latest financial statements of Shanghai Le Ben De Health Technology Co., Ltd., which is NT\$13,028 thousand (the net worth, NT\$32,570 thousand, of the financial statements dated June 30, 2023x40%).

Note 8: The single and maximum limit is calculated based on 40% of the net worth of the latest financial statements of Shanghai Le Ho Industrial Co., Ltd., which is NT\$184,074 thousand (the net worth, NT\$460,186 thousand, of the financial statements dated June 30, 2023x40%).

Note 9: The single and maximum limit is calculated based on 40% of the net worth of the latest financial statements of Shanghai Le Min Industrial Co., Ltd., which is NT\$115,206 thousand (the net worth, NT\$288,016 thousand, of the financial statements dated June 30, 2023x40%).

Note 10: The single and maximum limit is calculated based on 40% of the net worth of the latest financial statements of Shanghai New Vitality Health Technology (Group) Co., Ltd., which is NT\$128,711 thousand (the net worth, NT\$321,778 thousand, of the financial statements dated June 30, 2023x40%).

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

**Table 2**

**STANDARD FOODS CORPORATION AND SUBSIDIARIES**

ENDORSEMENTS/GUARANTEES PROVIDED  
For the Nine Months Ended September 30, 2023  
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Endorsement/ Guarantee Provider	Guaranteed Party		Single party endorsement/ guarantee limit	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity Per Latest Financial Statements	Maximum Endorsement/Guarantee Amount	Guarantee Provided by Parent Company (Note 5)	Guarantee Provided by Subsidiary (Note 5)	Guarantee Provided to Subsidiaries in Mainland China (Note 5)	Note
		Nature of Relationships (Note 2)	Nature of Relationships (Note 2)											
0	Standard Foods Corporation	Standard Beverage Company Ltd.	(2)	\$ 13,377,043 (Note 3)	\$ 96,810	\$ 96,810	\$ -	\$ -	0.58%	\$ 16,721,304 (Note 4)	Y	-	-	
0	Standard Foods Corporation	Charng Hui Ltd.	(2)	13,377,043 (Note 3)	96,810	96,810	38,200	-	0.58%	16,721,304 (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 single enterprise’s limit is calculated based on 80% of the net worth of the latest financial statements of Standard Foods Corporation, which is NT\$13,377,043 thousand (the net worth, NT\$16,721,304 thousand, of the financial statements dated June 30, 2023x20%).

Note 4: The maximum limit is calculated based on 100% of the net worth of the latest financial statements of Standard Foods Corporation, which is NT\$16,721,304 thousand (the net worth, NT\$16,721,304 thousand, of the financial statements dated June 30, 2023x100%).

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)

September 30, 2023

(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	1,466,828	\$ 17,089	-	\$ 17,089	
	Shares	Chunghwa Telecom Co., Ltd.		Financial assets at FVTOCI - current	48,600	5,638	-	5,638	
	Shares	GeneFerm Biotechnology Co., Ltd.		Financial assets at FVTOCI - non-current	2,145,110	193,274	5.2%	193,274	
	Shares	Dah Chung Bills Finance Corp.		Financial assets at FVTOCI - non-current	1,274,480	17,907	0.3%	17,907	
	Shares	Taiwan Semiconductor Manufacturing Co., Ltd.		Financial assets at FVTPL - current	8,973	4,693	-	4,693	
	Shares	Apple Inc.		Financial assets at FVTPL - current	1,675	9,254	-	9,254	
	Shares	Amazon.com, Inc.		Financial assets at FVTPL - current	740	3,036	-	3,036	
	Shares	Alphabet Inc.		Financial assets at FVTPL - current	820	3,463	-	3,463	
	Shares	Microsoft Corporation		Financial assets at FVTPL - current	372	3,790	-	3,790	
	Shares	NVIDIA Corporation		Financial assets at FVTPL - current	467	6,555	-	6,555	
	Shares	Tesla, Inc.		Financial assets at FVTPL - current	387	3,125	-	3,125	
	Mutual funds	Taishin 1699 Money Market Fund		Financial assets at FVTPL - current	2,633,323	36,595	-	36,595	
	Mutual funds	Cathay China Domestic Demand Growth Fund		Financial assets at FVTPL - current	3,585,869	57,804	-	57,804	
	Mutual funds	Cathay Target Date 2029 Fund of Funds		Financial assets at FVTPL - current	4,720,915	58,833	-	58,833	
	Mutual funds	Franklin Templeton Sinoam Money Market Fund		Financial assets at FVTPL - current	9,445,279	100,046	-	100,046	
	Mutual funds	Cathay Glb Aggressive FOFs		Financial assets at FVTPL - current	2,284,844	58,446	-	58,446	
	Debt securities	HSBC Holdings USD Bond (HSBC_4.3_030826)		Financial assets at FVTPL - current	10,000	30,611	-	30,611	

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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.	Debt securities	TSMC Unsecured Corporate Bond 2023 2 <sup>nd</sup> Offering		Financial assets at FVTPL - current	500,000	\$ 49,999	-	\$ 49,999	
	Shares	Paradigm Venture Capital Corporation		Financial assets at FVTPL - non-current	153,320	2,033	7.0%	2,033	
	Shares	U-Teck Environment Corporation, Ltd.		Financial assets at FVTPL - non-current	11,200	-	0.2%	-	
	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	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	Taishin 1699 Money Market Fund		Financial assets at FVTPL - current	2,772,964	38,536	-	38,536	
	Mutual funds	Cathay China Domestic Demand Growth Fund		Financial assets at FVTPL - current	1,195,290	19,268	-	19,268	
	Mutual funds	Cathay Target Date 2029 Fund of Funds		Financial assets at FVTPL - current	786,819	9,805	-	9,805	
	Mutual funds	Cathay Glb Aggressive FOFs		Financial assets at FVTPL - current	761,615	19,482	-	19,482	
Charng Hui Ltd.	Shares	Standard Foods Corporation	Charng Hui Ltd.	Financial assets at FVTOCI - current	6,669,471	251,106	0.7%	251,106	Note

(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. Accession Limited	Shares	Formosa Plastics Corporation	Charng Hui Ltd. is one of the directors	Financial assets at FVTOCI - current	91,440	\$ 7,297	-	\$ 7,297	
	Shares	China Steel Corporation		Financial assets at FVTOCI - current	803,258	20,282	-	20,282	
	Shares	Polytronics Technology Corporation		Financial assets at FVTOCI - current	1,596,000	86,503	1.9%	86,503	
	Shares	Taiwan Semiconductor Manufacturing Co., Ltd.		Financial assets at FVTOCI - current	90,000	47,070	-	47,070	
	Mutual funds	Fuh Hwa Global Strategic Allocation FoF		Financial assets at FVTPL - current	1,000,000	12,010	-	12,010	
	Mutual funds	Franklin Templeton SinoAm Franklin Templeton Global Bond Fund of Funds		Financial assets at FVTPL - current	1,453,360	17,119	-	17,119	
	Shares	Amphastar Pharmaceuticals Inc. (AMPH)		Financial assets at FVTPL - non-current	7,742	11,490	-	11,490	
	Mutual funds	Taishin 1699 Money Market Fund		Financial assets at FVTPL - current	2,101,363	29,203	-	29,203	
	Shares	AsiaVest Liquidation Co.		Financial assets at FVTOCI - non-current	200	1,109	0.7%	1,109	
Standard Investment (China) Co., Ltd.	Shares	CCOOP Group Co., Ltd.		Financial assets at FVTPL - current	342,939	1,896	-	1,896	

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 Nine Months Ended September 30, 2023

(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) Ratio of notes/accounts	
Standard Foods Corporation	Standard Dairy Products Taiwan Ltd.	The Company's subsidiary	Sales	( \$ 1,208,593 )	13.24%	55 days after month-end closing (net of receivables and payables)	—	—	\$ 228,475	9.98%	Note
			Purchases	939,399	17.10%	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	1,208,593	52.97%	55 days after month-end closing (net of receivables and payables)	—	—	( 228,475 )	43.36%	Note
			Sales	( 939,399 )	32.96%	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	( 1,377,799 )	70.92%	60 days after month-end closing	—	—	468,885	99.93%	Note
			Purchases	591,625	31.13%	60 days after month-end closing	—	—	( 222,345 )	84.79%	Note
Standard Investment (China) Co., Ltd.	Shanghai Standard Foods Co., Ltd.	Brother company of Standard Investment (China) Co., Ltd.	Purchases	1,377,799	17.61%	60 days after month-end closing	—	—	( 468,885 )	12.44%	Note
			Sales	( 591,625 )	6.87%	60 days after month-end closing	—	—	222,345	11.87%	Note
Standard Foods (China) Co., Ltd.	Standard Investment (China) Co., Ltd.	Parent company of Standard Foods (China) Co., Ltd.	Sales	( 3,455,216 )	98.22%	60 days after month-end closing	—	—	1,209,841	99.95%	Note
Standard Investment (China) Co., Ltd.	Standard Foods (China) Co., Ltd.	Standard Investment (China) Co., Ltd.'s subsidiary	Purchases	3,455,216	44.13%	60 days after month-end closing	—	—	( 1,209,841 )	32.09%	Note
Standard Foods (Xiamen) Co., Ltd.	Standard Investment (China) Co., Ltd.	Parent company of Standard Foods (Xiamen) Co., Ltd.	Sales	( 2,946,333 )	91.85%	60 days after month-end closing	—	—	790,530	99.71%	Note
Standard Investment (China) Co., Ltd.	Standard Foods (Xiamen) Co., Ltd.	Standard Investment (China) Co., Ltd.'s subsidiary	Purchases	2,946,333	37.63%	60 days after month-end closing	—	—	( 790,530 )	20.97%	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

September 30, 2023

(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	Accounts receivable	8.72	\$ -		\$ 56,933 (Note 1)	\$ -	(Note 2)
			Other accounts receivable		-		3,926 (Note 1)	-	(Note 2)
					<u>\$ 232,401</u>		<u>\$ 60,859</u> (Note 1)	<u>\$ -</u>	
Standard Foods Corporation	Standard Foods (China) Co., Ltd.	The Company's subsidiary	Financing receivables		\$ -		\$ - (Note 1)	\$ -	(Note 2)
			Other accounts receivable		-		- (Note 1)	-	(Note 2)
					<u>\$ 451,892</u>		<u>\$ -</u> (Note 1)	<u>\$ -</u>	
Standard Foods Corporation	Standard Foods (Xiamen) Co., Ltd.	The Company's subsidiary	Financing receivables		\$ -		\$ - (Note 1)	\$ -	(Note 2)
			Other accounts receivable		-		- (Note 1)	-	(Note 2)
					<u>\$ 451,892</u>		<u>\$ -</u> (Note 1)	<u>\$ -</u>	
Shanghai Standard Foods Co., Ltd.	Standard Investment (China) Co., Ltd.	Shanghai Standard Foods Co., Ltd. Brother company	Accounts receivable	3.44	\$ -		\$ 240,533 (Note 1)	\$ -	(Note 2)
			Financing receivables		-		- (Note 1)	-	(Note 2)
			Other accounts receivable		-		462 (Note 1)	-	(Note 2)
					<u>\$ 1,004,142</u>		<u>\$ 240,995</u> (Note 1)	<u>\$ -</u>	
Shanghai Standard Foods Co., Ltd.	Standard Foods (Xiamen) Co., Ltd.	Shanghai Standard Foods Co., Ltd. Brother company	Accounts receivable	1.70	\$ -		\$ - (Note 1)	\$ -	(Note 2)
			Financing receivables		-		- (Note 1)	-	(Note 2)
			Other accounts receivable		-		- (Note 1)	-	(Note 2)
					<u>\$ 225,932</u>		<u>\$ -</u> (Note 1)	<u>\$ -</u>	
Standard Foods (China) Co., Ltd.	Standard Investment (China) Co., Ltd.	Standard Foods (China) Co., Ltd. Parent company	Accounts receivable	3.58	<u>\$ 1,209,841</u>		<u>\$ 241,720</u> (Note 1)	<u>\$ -</u>	(Note 2)
Standard Investment (China) Co., Ltd.	Standard Foods (China) Co., Ltd.	Standard Foods Investment (China) Co., Ltd. Name of Subsidiary	Accounts receivable	9.50	\$ 73		\$ - (Note 1)	\$ -	(Note 2)
			Financing receivables		86,930		- (Note 1)	-	(Note 2)
			Other accounts receivable		26,067		- (Note 1)	-	(Note 2)
					<u>\$ 113,070</u>		<u>\$ -</u> (Note 1)	<u>\$ -</u>	
Standard Investment (China) Co., Ltd.	Standard Foods (Xiamen) Co., Ltd.	Standard Foods Investment (China) Co., Ltd. Name of Subsidiary	Accounts receivable	14.18	\$ 41		\$ - (Note 1)	\$ -	(Note 2)
			Financing receivables		492,374		- (Note 1)	-	(Note 2)
			Other accounts receivable		27,119		- (Note 1)	-	(Note 2)
					<u>\$ 519,534</u>		<u>\$ -</u> (Note 1)	<u>\$ -</u>	
Standard Investment (China) Co., Ltd.	Shanghai Standard Foods Co., Ltd.	Standard Foods Investment (China) Co., Ltd. Brother company	Accounts receivable	3.25	<u>\$ 222,345</u>		<u>\$ 124,365</u> (Note 1)	<u>\$ -</u>	(Note 2)

(Continued)

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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 Investment (China) Co., Ltd.	Le Bonta Wellness Co., Ltd.	Standard Foods Investment (China) Co., Ltd. Brother company	Accounts receivable	\$ 401	2.41	\$ -	\$ 178 (Note 1)	\$ -	(Note 2)
			Financing receivables	\$ 288,751		-	- (Note 1)	-	(Note 2)
			Other accounts receivable	2,388		-	3 (Note 1)	-	(Note 2)
				<u>\$ 291,490</u>		<u>\$ -</u>	<u>\$ 181</u> (Note 1)	<u>\$ -</u>	
Standard Investment (China) Co., Ltd.	Shanghai Dermalab Corporation	Standard Foods Investment (China) Co., Ltd. Brother company	Financing receivables	\$ 132,366		\$ -	\$ - (Note 1)	\$ -	(Note 2)
			Other accounts receivable	1,684		-	- (Note 1)	-	(Note 2)
				<u>\$ 134,050</u>		<u>\$ -</u>	<u>\$ -</u> (Note 1)	<u>\$ -</u>	
Standard Foods (Xiamen) Co., Ltd.	Standard Investment (China) Co., Ltd.	Standard Foods (Xiamen) Co., Ltd. Parent company	Accounts receivable	<u>\$ 790,530</u>	4.17	<u>\$ -</u>	<u>\$ 296,644</u> (Note 1)	<u>\$ -</u>	(Note 2)

Note 1: The amount collected until November 8, 2023.

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 Nine Months Ended September 30, 2023

(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	As % of the consolidated total operating revenue or total assets (Note 3)
0	Standard Foods Corporation	Standard Dairy Products	1	Trade receivables	\$ 228,475	According to the general conditions	0.8%
0	Standard Foods Corporation	Standard Dairy Products	1	Other receivables	3,926	According to the general conditions	-
0	Standard Foods Corporation	Standard Dairy Products	1	Sales	1,208,593	According to the general conditions	6.0%
0	Standard Foods Corporation	Standard Dairy Products	1	Purchases	939,399	According to the general conditions	4.7%
0	Standard Foods Corporation	Standard Dairy Products	1	Royalty revenue	6,711	According to the general conditions	-
0	Standard Foods Corporation	Standard Beverage	1	Interest income	360	Interest rate 1.750% per annum	-
0	Standard Foods Corporation	Standard Beverage	1	Service revenue (recognized under sundry revenue)	770	According to the general conditions	-
0	Standard Foods Corporation	Charng Hui	1	Other receivables	127	According to the general conditions	-
0	Standard Foods Corporation	Charng Hui	1	Financing receivables	50,000	Interest rate 2.867% per annum	0.2%
0	Standard Foods Corporation	Charng Hui	1	Interest income	12	Interest rate 2.867% per annum	-
0	Standard Foods Corporation	Charng Hui	1	Service revenue (recognized under sundry revenue)	220	According to the general conditions	-
0	Standard Foods Corporation	China Standard Foods	1	Other receivables	2,432	According to the general conditions	-
0	Standard Foods Corporation	China Standard Foods	1	Financing receivables	449,460	Interest rate 2.500% per annum	1.6%
0	Standard Foods Corporation	China Standard Foods	1	Interest income	5,142	Interest rate 2.500% per annum	-
0	Standard Foods Corporation	Xiamen Standard	1	Other receivables	2,432	According to the general conditions	-
0	Standard Foods Corporation	Xiamen Standard	1	Financing receivables	449,460	Interest rate 2.500% per annum	1.6%
0	Standard Foods Corporation	Xiamen Standard	1	Interest income	5,142	Interest rate 2.500% per annum	-
1	Standard Dairy Products Taiwan Ltd.	Charng Hui	3	Other payables	358	According to the general conditions	-
2	Shanghai Standard	China Standard Investment	3	Trade receivables	468,885	According to the general conditions	1.7%
2	Shanghai Standard	China Standard Investment	3	Financing receivables	532,030	Interest rate 2.000% per annum	1.9%
2	Shanghai Standard	China Standard Investment	3	Other receivables	3,227	According to the general conditions	-
2	Shanghai Standard	China Standard Investment	3	Trade payables	222,345	According to the general conditions	0.8%
2	Shanghai Standard	China Standard Investment	3	Sales	1,377,799	According to the general conditions	6.8%
2	Shanghai Standard	China Standard Investment	3	Purchases	591,625	According to the general conditions	2.9%
2	Shanghai Standard	China Standard Investment	3	Interest income	2,266	Interest rate 2.000% per annum	-
2	Shanghai Standard	China Standard Investment	3	Other income	3,619	According to the general conditions	-
2	Shanghai Standard	China Standard Investment	3	Other expenses	8	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	As % of the consolidated total operating revenue or total assets (Note 3)
2	Shanghai Standard	China Standard Foods	3	Trade receivables	\$ 140	According to the general conditions	-
2	Shanghai Standard	China Standard Foods	3	Trade payables	18	According to the general conditions	-
2	Shanghai Standard	China Standard Foods	3	Sales	375	According to the general conditions	-
2	Shanghai Standard	China Standard Foods	3	Purchases	108	According to the general conditions	-
2	Shanghai Standard	Shanghai Le Bonta	3	Trade payables	6	According to the general conditions	-
2	Shanghai Standard	Shanghai Le Bonta	3	Sales	6,805	According to the general conditions	-
2	Shanghai Standard	Shanghai Le Bonta	3	Other expenses	5	According to the general conditions	-
2	Shanghai Standard	Xiamen Standard	3	Trade receivables	22	According to the general conditions	-
2	Shanghai Standard	Xiamen Standard	3	Other receivables	1,180	According to the general conditions	-
2	Shanghai Standard	Xiamen Standard	3	Financing receivables	224,730	Interest rate 2.000% per annum	0.8%
2	Shanghai Standard	Xiamen Standard	3	Sales	21	According to the general conditions	-
2	Shanghai Standard	Xiamen Standard	3	Interest income	1,159	Interest rate 2.000% per annum	-
3	China Standard Investment	China Standard Foods	1	Trade receivables	73	According to the general conditions	-
3	China Standard Investment	China Standard Foods	1	Other receivables	26,067	According to the general conditions	0.1%
3	China Standard Investment	China Standard Foods	1	Financing receivables	86,930	Interest rate 2.000% per annum	0.3%
3	China Standard Investment	China Standard Foods	1	Trade payables	1,209,841	According to the general conditions	4.4%
3	China Standard Investment	China Standard Foods	1	Sales	342	According to the general conditions	-
3	China Standard Investment	China Standard Foods	1	Purchases	3,455,216	According to the general conditions	17.2%
3	China Standard Investment	China Standard Foods	1	Interest income	3,020	Interest rate 2.000% per annum	-
3	China Standard Investment	China Standard Foods	1	Other income	22,629	According to the general conditions	0.1%
3	China Standard Investment	China Standard Foods	1	Rental expenses	73	According to the general conditions	-
3	China Standard Investment	Shanghai Dermalab	3	Other receivables	1,684	According to the general conditions	-
3	China Standard Investment	Shanghai Dermalab	3	Financing receivables	132,366	Interest rate 2.000% per annum	0.5%
3	China Standard Investment	Shanghai Dermalab	3	Interest income	1,655	Interest rate 2.000% per annum	-
3	China Standard Investment	Xiamen Standard	1	Other receivables	27,119	According to the general conditions	0.1%
3	China Standard Investment	Xiamen Standard	1	Financing receivables	492,374	Interest rate 2.000% per annum	1.8%
3	China Standard Investment	Xiamen Standard	1	Trade receivables	41	According to the general conditions	-
3	China Standard Investment	Xiamen Standard	1	Trade payables	790,530	According to the general conditions	2.9%
3	China Standard Investment	Xiamen Standard	1	Sales	218	According to the general conditions	-
3	China Standard Investment	Xiamen Standard	1	Purchases	2,946,333	According to the general conditions	14.6%
3	China Standard Investment	Xiamen Standard	1	Interest income	14,480	Interest rate 2.000% per annum	0.1%
3	China Standard Investment	Xiamen Standard	1	Other income	12,185	According to the general conditions	0.1%
3	China Standard Investment	Shanghai Le Bonta	3	Trade receivables	401	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	As % of the consolidated total operating revenue or total assets (Note 3)
3	China Standard Investment	Shanghai Le Bonta	3	Other receivables	\$ 2,338	According to the general conditions	-
3	China Standard Investment	Shanghai Le Bonta	3	Financing receivables	288,751	Interest rate 2.000% per annum	1.1%
3	China Standard Investment	Shanghai Le Bonta	3	Trade payables	46	According to the general conditions	-
3	China Standard Investment	Shanghai Le Bonta	3	Sales	362	According to the general conditions	-
3	China Standard Investment	Shanghai Le Bonta	3	Purchases	40	According to the general conditions	-
3	China Standard Investment	Shanghai Le Bonta	3	Interest income	2,153	Interest rate 2.000% per annum	-
3	China Standard Investment	Shanghai Le Bonta	3	Other expenses	15	According to the general conditions	-
3	China Standard Investment	Shanghai Le Ho	3	Other payables	335	According to the general conditions	-
3	China Standard Investment	Shanghai Le Ho	3	Financing payables	36,622	Interest rate 2.000% per annum	0.1%
3	China Standard Investment	Shanghai Le Ho	3	Interest expenses	327	Interest rate 2.000% per annum	-
3	China Standard Investment	Shanghai Le Min	3	Other payables	248	According to the general conditions	-
3	China Standard Investment	Shanghai Le Min	3	Financing payables	25,237	Interest rate 2.000% per annum	0.1%
3	China Standard Investment	Shanghai Le Min	3	Interest expenses	246	Interest rate 2.000% per annum	-
3	China Standard Investment	Shanghai Le Ben De	3	Interest expenses	23	Interest rate 1.000% per annum	-
4	Shanghai Dermalab	Dermalab	3	Trade payables	10,837	According to the general conditions	-
4	Shanghai Dermalab	Dermalab	3	Purchases	54,345	According to the general conditions	0.3%
4	Shanghai Dermalab	Shanghai Le Ben De	3	Trade payables	6,442	According to the general conditions	-
4	Shanghai Dermalab	Shanghai Le Ben De	3	Purchases	13,165	According to the general conditions	0.1%
5	China Standard Foods	Shanghai Le Bonta	3	Rental income	2,433	According to the general conditions	-
5	China Standard Foods	Shanghai Le Bonta	3	Other expenses	3,133	According to the general conditions	-
5	China Standard Foods	Xiamen Standard	3	Trade receivables	41	According to the general conditions	-
5	China Standard Foods	Xiamen Standard	3	Trade payables	2,041	According to the general conditions	-
5	China Standard Foods	Xiamen Standard	3	Sales	39	According to the general conditions	-
5	China Standard Foods	Xiamen Standard	3	Purchases	10,561	According to the general conditions	0.1%
5	China Standard Foods	Jiangsu Hua Sun	3	Other receivables	1,062	According to the general conditions	-
5	China Standard Foods	Jiangsu Hua Sun	3	Rental income	405	According to the general conditions	-
5	China Standard Foods	Jiangsu Hua Sun	3	Other expenses	290	According to the general conditions	-
6	Shanghai Le Bonta	Shanghai Le Ben De	3	Sales	11,303	According to the general conditions	0.1%
6	Shanghai Le Bonta	Shanghai Le Ben De	3	Purchases	13,927	According to the general conditions	0.1%
6	Shanghai Le Bonta	Jiangsu Hua Sun	3	Trade payables	357	According to the general conditions	-
6	Shanghai Le Bonta	Jiangsu Hua Sun	3	Purchases	310	According to the general conditions	-
7	Shanghai Le Ben De	Dermalab	3	Trade payables	1,057	According to the general conditions	-
7	Shanghai Le Ben De	Dermalab	3	Purchases	12,112	According to the general conditions	0.1%
8	Shanghai New Vitality	Jiangsu Hua Sun	1	Other receivables	13	According to the general conditions	-
8	Shanghai New Vitality	Jiangsu Hua Sun	1	Financing receivables	9,618	Interest rate 2.000% per annum	-
8	Shanghai New Vitality	Jiangsu Hua Sun	1	Interest income	12	Interest rate 2.000% per annum	-

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

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

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

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

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

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

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

For the Nine Months Ended September 30, 2023

(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of September 30, 2023			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				September 30, 2023	December 31, 2022	Shares	%	Carrying Amount			
Standard Foods Co., Ltd.	Accession Limited	Tortola, British Virgin Islands	Investing	\$ 3,936,267	\$ 3,936,267	123,600,000	100%	\$ 3,755,898	\$ 41,220	\$ 29,970 (Note 1)	Subsidiary (Note 4)
	Standard Investment (Cayman) Limited	Grand Cayman, Cayman Islands	Investing	4,713,791	4,713,791	150,224,815	100%	4,334,389	( 433,866 )	( 433,866 )	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%	911,573	194,201	183,192 (Note 2)	Subsidiary (Note 4)
	Charng Hui Ltd.	Taipei, Taiwan	Investing	230,000	230,000	24,100,000	100%	295,231	21,742	13,138	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%	252,336	70,443	36,637	Subsidiary (Note 4)
	Standard Beverage Company Ltd.	Taipei, Taiwan	Manufacture and sale of beverages	79,072	79,072	7,907,000	100%	81,383	615	615	Subsidiary (Note 4)
	Standard Foods, LLC.	U.S.A.	Sale of health food	9,056	9,056	註3	100%	9,681	-	-	Subsidiary (Note 4)
	Standard Great Foods Singapore PTE. LTD.	Singapore	Food trading	317	317	註3	100%	329	-	-	Subsidiary (Note 4)
	Accession Limited	Dermalab S.A.	Development and sale of cosmetics	379,489	379,489	4,050	100%	255,632	16,668	-	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	4,709,971	150,098,815	100%	4,332,889	( 433,750 )	-	Sub-subsidiary (Note 4)

Note 1: The amount after the net profit in investees recognized based on the shareholding ratio, NT\$41,220 thousand, less the adjustment on unrealized gain or loss from side-stream transactions, NT\$11,250 thousand.

Note 2: The amount after the net profit in investees recognized based on the shareholdings ratio, NT\$194,201 thousand, less the adjustment on unrealized gain or loss from up-stream transactions, NT\$11,009 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 Nine Months Ended September 30, 2023

(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 September 30, 2023	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)	\$ 18,930	100.0%	\$ 15,394 (Note 9)	\$ 3,344,149	\$ -	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)	( 330,681 )	99.0%	( 327,374 ) (Note 9)	3,304,127	-	Note 12
Shanghai New Vitality Health Technology (Group) Co., Ltd.	Sale of health foods and cosmetic goods, and import/export trade	445,000	(2) (Note 5)	- (Note 5)	-	-	- (Note 5)	( 84,188 )	99.0%	( 83,346 ) (Note 10)	286,676	-	Note 12
Standard Foods (China) Co., Ltd.	Manufacture and sale of edible oil products and nutritional foods	1,935,453	(3) (Note 6)	- (Note 6)	-	-	- (Note 6)	66,962	99.0%	55,391 (Note 9)	2,544,990	-	Note 12
Shanghai Dermalab Corporation	Sale of health foods and cosmetic goods, and import/export trade	93,989	(3) (Note 7)	- (Note 7)	-	-	- (Note 7)	( 9,155 )	99.0%	( 9,063 ) (Note 10)	( 26,773 )	-	Note 12
Le Bonta Wellness Co., Ltd.	Sale of nutritional foods and engage in import and export business	284,127	(3) (Note 7)	181,048 (Note 7)	-	-	181,048 (Note 7)	( 73,759 )	99.0%	( 73,021 ) (Note 10)	( 220,857 )	-	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 7)	31,220 (Note 4)	-	-	31,220 (Note 4)	1,049	99.0%	1,039 (Note 10)	32,548	-	Note 12
Standard Foods (Xiamen) Co., Ltd.	Manufacture and sell edible oil products and nutritious foods	1,307,582	(3) (Note 6)	- (Note 6)	-	-	- (Note 6)	70,750	99.0%	58,278 (Note 10)	1,691,644	-	Note 12
Shanghai Le Ho Industrial Co., Ltd.	Management of properties	607,717	(2) (Note 5)	607,717 (Note 5)	-	-	607,717 (Note 5)	( 14,219 )	100.0%	( 14,219 ) (Note 10)	455,333	-	Note 12
Shanghai Le Min Industrial Co., Ltd	Management of properties	378,009	(2) (Note 5)	378,009 (Note 5)	-	-	378,009 (Note 5)	( 8,733 )	100.0%	( 8,733 ) (Note 10)	285,015	-	Note 12
Jiangsu Hua Sun Health Technology Co., Ltd.	Develop brands and products in the field of health foods and special nutritious foods	96,291	(3) (Note 8)	- (Note 8)	-	-	- (Note 8)	( 6,743 )	99.0%	( 6,676 ) (Note 10)	81,448	-	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	\$9,876,527	Unlimited amount of investment (Note 11)

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

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

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

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

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

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

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

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

Note 7: The company in mainland China was reinvested through a company registered in mainland China, namely Shanghai New Vitality Health Technology (Group) Co., Ltd.

Note 8: A new company incorporated upon split of Le Bonta Wellness Co., Ltd., as invested by Shanghai New Vitality Health Technology (Group) Co., Ltd., a company in mainland China.

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**

September 30, 2023

Name of Major Shareholder	Shares	
	Number of Shares Held	Percentage of Ownership
Mu Te Investment Co., Ltd. Trust Property Account	178,727,315	19.53%
Chia Yun Investment Co., Ltd. Trust Property Account	147,633,489	16.13%
Chia Chieh Investment Co., Ltd. Trust Property Account	117,539,583	12.84%

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.